

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT* R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. c-43, AS AMENDED

**MOTION RECORD
(Receiver's Discharge)**

January 10, 2024

MILLER THOMSON LLP
One London Place
255 Queens Avenue, Suite 2010
London, ON N6A 5R8

Tony Van Klink LSO#: 29008M
Tel: 519.931.3509
Fax: 519.858.8511
Email: tvanklink@millerthomson.com

**Lawyers for BDO Canada Limited, the
Court-appointed Receiver of the assets,
undertakings and properties of 7132221
Canada Inc.**

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT* R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. c-43, AS AMENDED

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TAB 1

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

B E T W E E N:

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

APPLICATION UNDER SECTION 243(1) of the *BANKRUPTCY AND INSOLVENCY ACT* R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. c-43, AS AMENDED

**NOTICE OF MOTION
(Receiver's Discharge)
(Returnable January 22, 2024)**

BDO Canada Limited, ("**BDO**") in its capacity as the Court-appointed receiver (the "**Receiver**") of the assets, undertakings and properties of the Respondent, 7132221 Canada Inc. (the "**Debtor**"), will make a motion to the Court on Monday, January 22, 2024, at 10:00 a.m., or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard:

- In writing under subrule 37.12.1(1) because it is on consent
- In writing as an opposed motion under subrule 37.12.1(4);
- In person;
- By telephone conference;

By video conference.

at the following location:

Zoom details to be advised by the Court.

THE MOTION IS FOR :

1. An Order in the form of the draft Order at Tab 2 of the Receiver's motion record,
 - (a) to the extent necessary, abridging or waiving the time for service and filing of this Notice of Motion and all materials filed in support thereof, validating the method of service, and dispensing with further service so that this motion is properly returnable on January 22, 2024;
 - (b) approving the Second Report to the Court of the Receiver dated January 10, 2024 (the "**Report**") and the activities and actions of the Receiver described therein;
 - (c) approving the Receiver's Statement of Receipts and Disbursements as set out in the Report;
 - (d) approving the professional fees of the Receiver and its legal counsel, including the fee accruals to complete the administration of the receivership (the "**Professional Fees**");
 - (e) approving the distributions to Bank of Montreal ("**BMO**") and BDC Capital Inc. ("**BDCC**") on account of their secured claims as set out in the Report;
 - (f) approving the assignment to BMO of the WPT Litigation Receivable, as defined in the Report;

- (g) authorizing the Receiver to assign the Debtor into bankruptcy and to transfer \$16,950 from the receivership estate account to the bankruptcy trustee to fund the costs of same;
 - (h) subject to the Receiver completing the Remaining Matters, as defined in the Report, and filing a certificate of completion with the Court, discharging the Receiver as receiver of the assets, undertakings and properties of the Debtor and releasing BDO from any and all liability, save and except for any gross negligence or wilful misconduct on the Receiver's part.
2. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

Background

1. By Order of the Honourable Mr. Justice Cavanagh dated June 11, 2023 and made on July 11, 2023, BDO was appointed as Receiver without security of the assets, undertakings and properties (the "**Property**") of the Debtor pursuant to Section 243(1) of the *BIA* and Section 101 of the *Courts of Justice Act* (the "**Appointment Order**").

Approval of the Report, the Receiver's Activities and the R&D

2. The Receiver has carried out its duties and responsibilities in accordance with the terms of the Appointment Order.

Approval of Professional Fees

3. Pursuant to paragraph 17 of the Appointment Order, the Receiver and counsel to the Receiver were granted a first charge on the Property as security for the Professional Fees, both before and after the making of the Appointment Order.
4. Pursuant to paragraph 18 of the Appointment Order, the accounts of the Receiver and its legal counsel must be passed from time to time by a judge of the Commercial List of the Ontario Superior Court of Justice.
5. It is the Receiver's opinion that the Professional Fees are fair and reasonable and justified in the circumstances and accurately reflect the work performed by the Receiver and its counsel, Miller Thomson LLP.

Approval of Distributions

6. Subject to (i) the priority charges created by the Appointment Order (ii) amounts owing under the *Wage Earner Protection Program Act*, and (iii) government deemed trust priority amounts, BMO holds the first ranking security over the Property, other than the intellectual property. BDCC holds the first ranking security over the intellectual property.
7. The Receiver has received an independent legal opinion which, subject to the customary assumptions and qualifications, provides that the security held by BMO and BDCC is valid and enforceable.
8. Subject to the repayment of the amounts secured under the Receiver's Borrowing Charge, establishing reserves for the priority payable amounts, payment of the Accrued Obligations, as defined in the Report, Professional

Fees and other residual costs and expenses incurred in the administration of the receivership estate, the Receiver proposes to distribute the remaining funds in the receivership estate as follows:

- (a) \$93,750 to BDCC in respect of its secured claim; and
- (b) the remainder to BMO in respect of its secured claim, provided that the aggregate distributions to BMO shall not exceed the amount of its secured claim against the Property.

9. The Debtor is a party to litigation in Thailand with respect to a \$1.2 million deposit paid by the Debtor for the supply of nitrile gloves (the “**WPT Litigation Receivable**”). Any recovery from the WPT Litigation Receivable is uncertain and speculative. Any recovery from the WPT Litigation Receivable would be subject to BMO’s security. The amount of the WPT Litigation Receivable is materially less than the amount of BMO’s secured claim. The Receiver proposes to assign the WPT Litigation Receivable to BMO.

Assignment of Debtor into Bankruptcy

10. BMO has requested that the Receiver assign the Debtor into bankruptcy to reverse the priority of the HST arrears owing by the Debtor.
11. The Debtor is no longer operating, is insolvent and has no employees.
12. A bankruptcy to obtain the benefit of a priority reversal is a proper use of the bankruptcy process by a secured creditor.

Discharge of Receiver

13. All assets of the Debtor capable of being realized upon have been realized upon by the Receiver. Subject to the completion of the Remaining Matters, the administration of the receivership will be complete and it is appropriate that BDO be discharged as Receiver and released from any further liability.

Other

14. The Appointment Order.
15. Rules 1.04, 1.05, 2.03, 3.02(1), 16 and 37 of the Ontario Rules of Civil Procedure.
16. Such other grounds as counsel may advise and this Honourable Court may permit.

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

1. the Report;
2. the fee affidavit of Neil Jones sworn January 9, 2024;
3. the fee affidavit of Michael Prosia sworn January 10, 2024;
4. all other pleadings and materials previously filed in these proceedings; and

5. such further and other evidence as counsel may advise and this Honourable Court may permit.

January 10, 2024

MILLER THOMSON LLP

One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8

Tony Van Klink LSO#: 29008M
Tel: 519.931.3509
Fax: 519.858.8511
Email: tvanklink@millერთhompson.com

**Lawyers for BDO Canada Limited, the
Court-appointed Receiver of the assets,
undertakings and properties of 7132221
Canada Inc.**

SERVICE LIST

TO: **7132221 CANADA INC.**
204-220 Kennevale Dr.
Ottawa, ON K2J 6B6

Email: RFraser@hawktreesolutions.com
SFraser@hawktreesolutions.com
renee_tremmaglia@hotmail.com
like@bluesail.cn
tkourebeles@gmail.com

AND TO: **RECONSTRUCT LLP**
Royal Bank Plaza
200 Bay Street, Suite 2305
Toronto, ON M5J 2J3

Caitlin Fell
Tel: (416) 613-8282
Email: cfell@reconllp.com

Shaun Parsons
Tel: (416) 613-8284
Email: sparsons@reconllp.com

Lawyers for the Respondent, 7132221 Canada Inc.

AND TO: **CHAITONS LLP**
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Christopher J. Staples
Tel: (416) 218-1147
Email: chris@chaitons.com

Lawyers for Bank of Montreal

AND TO: **BDO CANADA LIMITED**
20 Wellington E, Suite 500
Toronto, ON M5E 1C5

Neil Jones
Tel: (902) 425-3408
Email: nejones@bdo.ca

Clark Lonergan
Tel: (647) 730-0934
Email: clonergan@bdo.ca

The Court-Appointed Receiver

AND TO: **BRAZEAU SELLER LLP**
700-100 Queen Street
Ottawa, ON K1P 1J9

Fred Seller
Tel: (613) 907-8150
Email: fseller@brazeauseller.com

Geoffrey Cullwick
Tel: (613) 722-8923
Email: gcullwick@brazeauseller.com

Lawyers for BDC Capital Inc.

AND TO: **MINISTRY OF FINANCE LEGAL SERVICES BRANCH**
Michael Starr Building
33 King Street West, 6th Floor
P.O. Box 627, Station A
Oshawa, ON L1H 8H5

Email: insolvency.unit@ontario.ca

AND TO: **CANADA REVENUE AGENCY**
c/o DEPARTMENT OF JUSTICE (CRA)
The Exchange Tower, Box 36
130 King Street West, Suite 3400
Toronto, ON M5X 1K6

Email: AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca

EMAIL SERVICE LIST

cfell@reconllp.com; sparsons@reconllp.com; chris@chaitons.com; nejones@bdo.ca;
clonergan@bdo.ca; fseller@brazeauseller.com; gcullwick@brazeauseller.com;
insolvency.unit@ontario.ca; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca

BANK OF MONTREAL

Applicant

and

7132221 CANADA INC .

Respondent

Court File No. CV-23-00700033-00CL

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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**NOTICE OF MOTION
(RETURNABLE JANUARY 22, 2024)**

MILLER THOMSON LLP

One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8

Tony Van Klink LSO#: 29008M

tvanklink@millerthomson.com

Tel: (519) 931-3509

Fax: (519) 858-8511

**Lawyers for BDO Canada Limited, the
Court-appointed Receiver of the assets,
undertakings and properties of 7132221
Canada Inc.**

TAB 2

Court File No. CV-23-00700033-00CL

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

THE HONOURABLE MR.)	MONDAY, THE 22ND DAY
)	
JUSTICE PENNY)	OF JANUARY, 2024

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

APPLICATION UNDER SECTION 243(1) of the *BANKRUPTCY AND INSOLVENCY ACT* R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. c-43, AS AMENDED

ORDER**(Approval of Activities and Professional Fees,
Distribution and Discharge of Receiver)**

THIS MOTION, made by BDO Canada Limited (“**BDO**”), in its capacity as Court-appointed receiver (the “**Receiver**”) of the assets, undertakings and properties of the Respondent, 7132221 Canada Inc. (the “**Debtor**”), for an order,

- (a) to the extent necessary, abridging or waiving the time for service and filing of this Notice of Motion and all materials filed in support thereof, validating

the method of service, and dispensing with further service so that this motion is properly returnable on January 22, 2024;

- (b) approving the Second Report to the Court of the Receiver dated January 10, 2024 (the “**Report**”) and the activities and actions of the Receiver described therein;
- (c) approving the Receiver’s Statement of Receipts and Disbursements as set out in the Report;
- (d) approving the professional fees of the Receiver and its legal counsel, including the fee accruals to complete the administration of the receivership (the “**Professional Fees**”);
- (e) approving the distributions to Bank of Montreal (“**BMO**”) and BDC Capital Inc. (“**BDCC**”) on account of their secured claims as set out in the Report;
- (f) approving the assignment to BMO of the WPT Litigation Receivable, as defined in the Report;
- (g) authorizing the Receiver to assign the Debtor into bankruptcy and to transfer \$16,950 from the receivership estate account to the bankruptcy trustee to fund the costs of same;
- (h) subject to the Receiver completing the Remaining Matters, as defined in the Report, and filing a certificate of completion with the Court, discharging the Receiver as receiver of the assets, undertakings and properties of the

Debtor and releasing BDO from any and all liability, save and except for any gross negligence or willful misconduct on the Receiver's part; and

- (i) such further and other relief as counsel may advise and this Honourable Court may deem just;

was heard this day by videoconference.

ON READING the Report and on hearing the submissions of counsel for the Receiver, BMO, BDCC and such other counsel that were present as listed on the participant information sheet, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service, filed:

1. THIS COURT ORDERS that the time for and method of service of the Notice of Motion and the Motion Record are hereby abridged and validated, as necessary, and hereby dispenses with further service thereof so that this motion is properly returnable today.
2. THIS COURT ORDERS that the Report and the activities and actions of the Receiver described therein are hereby approved; provided, however, that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.
3. THIS COURT ORDERS that the Statement of Receipts and Disbursements as set out in the Report be and the same is hereby approved.
4. THIS COURT ORDERS that the Professional Fees of the Receiver and its legal counsel, Miller Thomson LLP, as described in the fee affidavits of Neil Jones sworn

January 9, 2024 attached as Appendix G to the Report and Michael Prosia sworn January 10, 2024 attached as Appendix H to the Report, including the fee accruals described in the Report, be and the same are hereby approved.

5. THIS COURT ORDERS that subject to the payment of the Accrued Obligations, as defined in the Report, establishment of the reserves for the potential priority payable amounts as described in the Report, the transfer of \$16,950 from the receivership estate account to the bankruptcy trustee of the Debtor and payment of the Professional Fees and other residual costs and expenses incurred in the administration of the receivership estate, the Receiver is authorized and directed to distribute the remaining funds in the receivership estate as follows:

- (a) \$93,750 to BDCC in respect of its secured claim; and
- (b) the remainder to BMO in respect of its secured claim, but not to exceed the amount of its secured claim.

6. THIS COURT ORDERS that the Receiver shall be authorized to assign to BMO in respect of its secured claim all right, title and interest of the Debtor in and to the WPT Litigation Receivable, as defined in the Report.

7. THIS COURT ORDERS that the Receiver shall be authorized to assign the Debtor into bankruptcy and to execute on behalf of the Debtor all documents required to do so.

8. THIS COURT ORDERS that the Receiver shall be authorized to transfer to the bankruptcy trustee of the Debtor \$16,950 from the receivership estate account to fund the costs of the bankruptcy.

9. THIS COURT ORDERS that upon the Receiver filing with the Court a certificate in the form attached as Schedule A to this Order, the Receiver shall be discharged as Receiver of the assets, undertakings and properties of the Debtor provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of BDO in its capacity as Receiver.

10. THIS COURT ORDERS AND DECLARES that BDO is hereby released and discharged from any and all liability that BDO now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of BDO while acting in its capacity as Receiver herein, save and except for any gross negligence or willful misconduct on the Receiver's part. Without limiting the generality of the foregoing, BDO is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or willful misconduct on the Receiver's part.

11. 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 Receiver and its 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

Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Justice, Ontario Superior Court of Justice

SCHEDULE A

Court File No. CV-23-00700033-00CL

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

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

APPLICATION UNDER SECTION 243(1) of the *BANKRUPTCY AND INSOLVENCY ACT* R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. c-43, AS AMENDED

DISCHARGE CERTIFICATE

BDO Canada Limited, as Receiver, hereby certifies that the Remaining Matters, as defined in the Second Report of the Receiver to the Court dated January 10, 2024 have been completed and that it has completed the administration of the receivership estate.

Dated this ___ day of _____, 202_.

BDO Canada Limited., the Court
appointed Receiver of the assets,
undertakings and properties of 7132221
Canada Inc.

Per:

Neil Jones

BANK OF MONTREAL 7132221 CANADA INC.
Applicant and Respondent

Court File No. CV-23-00700033-00CL

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

Proceeding commenced at TORONTO

**ORDER
(APPROVAL OF ACTIVITIES AND
PROFESSIONAL FEES, DISTRIBUTION AND
DISCHARGE)**

MILLER THOMSON LLP

One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8

Tony Van Klink LSO#: 29008M
tvanklink@millerthomson.com
Tel: 519.931.3509
Fax: 519.858.8511

**Lawyers for BDO Canada Limited, the
Court-appointed Receiver of the assets,
undertakings and properties of 7132221
Canada Inc.**

TAB 3

Court File No. — CV-23-00700033-00CL

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

THE HONOURABLE — MR.) ~~WEEKDAY~~ MONDAY, THE # 22ND
)
JUSTICE — PENNY) DAY
)
OF ~~MONTH, 20YR~~ JANUARY,
) 2024

~~BETWEEN:~~

~~PLAINTIFF~~

~~Plaintiff~~

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

~~DEFENDANT~~

~~Defendant~~

~~DISCHARGE~~

7132221 CANADA INC.

Respondent

APPLICATION UNDER SECTION 243(1) of the *BANKRUPTCY AND INSOLVENCY*
ACT R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF
JUSTICE ACT, R.S.O. 1990, c. c-43, AS AMENDED

**(Approval of Activities and Professional Fees,
Distribution and Discharge of Receiver)**

THIS MOTION, made by ~~[RECEIVER'S NAME]~~ BDO Canada Limited ("BDO"), in its capacity as ~~the~~ Court-appointed receiver (the "Receiver") of the ~~undertaking, property and~~ assets of [DEBTOR], undertakings and properties of the Respondent, 7132221 Canada Inc. (the "Debtor"), for an order:

- (a) to the extent necessary, abridging or waiving the time for service and filing of this Notice of Motion and all materials filed in support thereof, validating the method of service, and dispensing with further service so that this motion is properly returnable on January 22, 2024;
- (b) ~~1. approving the activities of the Receiver as set out in~~ Second Report to the report Court of the Receiver dated [DATE] January 10, 2024 (the "Report") and the activities and actions of the Receiver described therein;
- (c) ~~2. approving the~~ Receiver's Statement of Receipts and Disbursements as set out in the Report;
- (d) approving the professional fees and disbursements of the Receiver and its legal counsel, including the fee accruals to complete the administration of the receivership (the "Professional Fees");
- ~~3. approving the distribution of the remaining proceeds available in the estate of the Debtor;~~
~~{and}~~
- (e) approving the distributions to Bank of Montreal ("BMO") and BDC Capital Inc. ("BDCC") on account of their secured claims as set out in the Report;

- (f) approving the assignment to BMO of the WPT Litigation Receivable, as defined in the Report;
- (g) authorizing the Receiver to assign the Debtor into bankruptcy and to transfer \$16,950 from the receivership estate account to the bankruptcy trustee to fund the costs of same;
- (h) ~~4.~~ subject to the Receiver completing the Remaining Matters, as defined in the Report, and filing a certificate of completion with the Court, discharging ~~{RECEIVER'S NAME}~~ as the Receiver as receiver of the ~~undertaking, property and~~ assets, undertakings and properties of the Debtor~~;~~ and ~~5.~~ releasing ~~{RECEIVER'S NAME}~~ BDO from any and all liability, ~~as set out in paragraph 5 of this Order~~[†], save and except for any gross negligence or willful misconduct on the Receiver's part; and
- (i) such further and other relief as counsel may advise and this Honourable Court may deem just;

was heard this day ~~at 330 University Avenue, Toronto, Ontario~~ by videoconference.

ON READING the Report, ~~the affidavits of the Receiver and its counsel as to fees (the "Fee Affidavits")~~, and on hearing the submissions of counsel for the Receiver, BMO, BDCC and such other counsel that were present as listed on the participant information sheet, no one ~~else~~ appearing for any other person on the service list, although properly

[†] If this relief is being sought, stakeholders should be specifically advised, and given ample notice. See also Note 4, below.

served as ~~evidenced by~~appears from the ~~Affidavit~~affidavit of ~~[NAME]~~ sworn ~~[DATE]~~service, filed²;

1. THIS COURT ORDERS that the time for and method of service of the Notice of Motion and the Motion Record are hereby abridged and validated, as necessary, and hereby dispenses with further service thereof so that this motion is properly returnable today.

1. THIS COURT ORDERS that ~~the Report and~~ the activities ~~and actions~~ of the Receiver, ~~as set out in the Report,~~ described therein are hereby approved; provided, however, that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

~~2. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel, as set out in the Report and the Fee Affidavits, are hereby approved.~~

1. THIS COURT ORDERS that, ~~after payment of the fees and disbursements herein~~ the Statement of Receipts and Disbursements as set out in the Report be and the same is hereby approved, ~~the Receiver shall pay the monies remaining in its hands to [NAME OF PARTY]~~³.

2. THIS COURT ORDERS that the Professional Fees of the Receiver and its legal counsel, Miller Thomson LLP, as described in the fee affidavits of Neil Jones sworn January 9, 2024 attached as Appendix G to the Report and Michael Prosia sworn

² ~~This model order assumes that the time for service does not need to be abridged.~~

³ ~~This model order assumes that the material filed supports a distribution to a specific secured creditor or other party.~~

January 10, 2024 attached as Appendix H to the Report, including the fee accruals described in the Report, be and the same are hereby approved.

3. THIS COURT ORDERS that subject to the payment of the Accrued Obligations, as defined in the Report, establishment of the reserves for the potential priority payable amounts as described in the Report, the transfer of \$16,950 from the receivership estate account to the bankruptcy trustee of the Debtor and payment of the Professional Fees and other residual costs and expenses incurred in the administration of the receivership estate, the Receiver is authorized and directed to distribute the remaining funds in the receivership estate as follows:

- (a) \$93,750 to BDCC in respect of its secured claim; and
- (b) the remainder to BMO in respect of its secured claim, but not to exceed the amount of its secured claim.

4. THIS COURT ORDERS that the Receiver shall be authorized to assign to BMO in respect of its secured claim all right, title and interest of the Debtor in and to the WPT Litigation Receivable, as defined in the Report.

5. THIS COURT ORDERS that the Receiver shall be authorized to assign the Debtor into bankruptcy and to execute on behalf of the Debtor all documents required to do so.

6. THIS COURT ORDERS that the Receiver shall be authorized to transfer to the bankruptcy trustee of the Debtor \$16,950 from the receivership estate account to fund the costs of the bankruptcy.

7. ~~4.~~ THIS COURT ORDERS that ~~upon payment of the amounts set out in paragraph 3 hereof [and upon the Receiver filing~~ with the Court a certificate ~~certifying that it has completed the other activities described in the Report]~~ in the form attached as Schedule A to this Order, the Receiver shall be discharged as Receiver of the ~~undertaking,~~ property assets, undertakings and ~~assets~~ properties of the Debtor, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of ~~[RECEIVER'S NAME]~~ BDO in its capacity as Receiver.

8. ~~5.~~ THIS COURT ORDERS AND DECLARES that ~~[RECEIVER'S NAME]~~ BDO is hereby released and discharged from any and all liability that ~~[RECEIVER'S NAME]~~ BDO now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of ~~[RECEIVER'S NAME]~~ BDO while acting in its capacity as Receiver herein, save and except for any gross negligence or ~~wilful~~ willful misconduct on the Receiver's part. Without limiting the generality of the foregoing, ~~[RECEIVER'S NAME]~~ BDO is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or ~~wilful~~ willful misconduct on the Receiver's part.⁴

⁴ ~~The model order subcommittee was divided as to whether a general release might be appropriate. On the one hand, the Receiver has presumably reported its activities to the Court, and presumably the reported activities have~~

9. 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 Receiver and its 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

~~been approved in prior Orders. Moreover, the Order that appointed the Receiver likely has protections in favour of the Receiver. These factors tend to indicate that a general release of the Receiver is not necessary. On the other hand, the Receiver has acted only in a representative capacity, as the Court's officer, so the Court may find that it is appropriate to insulate the Receiver from all liability, by way of a general release. Some members of the subcommittee felt that, absent a general release, Receivers might hold back funds and/or wish to conduct a claims bar process, which would unnecessarily add time and cost to the receivership. The general release language has been added to this form of model order as an option only, to be considered by the presiding Judge in each specific case. See also Note 1, above.~~

Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Justice, Ontario Superior Court of Justice

SCHEDULE A

Court File No. CV-23-00700033-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

APPLICATION UNDER SECTION 243(1) of the *BANKRUPTCY AND INSOLVENCY*
ACT R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF*
JUSTICE ACT, R.S.O. 1990, c. c-43, AS AMENDED

DISCHARGE CERTIFICATE

BDO Canada Limited, as Receiver, hereby certifies that the Remaining Matters, as
defined in the Second Report of the Receiver to the Court dated January 10, 2024 have
been completed and **that it has completed the** administration of the receivership estate.

Dated this ___ day of _____, 202_.

BDO Canada Limited., the Court
appointed Receiver of the assets,
undertakings and properties of 7132221
Canada Inc.

Per:

Neil Jones

BANK OF MONTREAL 7132221 CANADA INC.
Applicant and Respondent

Court File No. CV-23-00700033-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at TORONTO

ORDER
(APPROVAL OF ACTIVITIES AND
PROFESSIONAL FEES, DISTRIBUTION AND
DISCHARGE)

MILLER THOMSON LLP

One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8

Tony Van Klink LSO#: 29008M
tvanklink@millerthomson.com
Tel: 519.931.3509
Fax: 519.858.8511

Lawyers for BDO Canada Limited, the
Court-appointed Receiver of the assets,
undertakings and properties of 7132221
Canada Inc.

Document comparison by Workshare Compare on Wednesday, January 10, 2024 11:20:16 AM

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Description	#61377194v1<Legal> - MODEL DISCHARGE ORDER
Document 2 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/74214404/1
Description	#74214404v1<Legal> - Draft Discharge Order - 22-JAN-2024
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TAB 4

7132221 CANADA INC.

SECOND REPORT OF THE COURT APPOINTED RECEIVER

January 10, 2024

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

SECOND REPORT OF BDO CANADA LIMITED
IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF
7132221 CANADA INC.

JANUARY 10, 2024

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APPENDIX "A" – Receivership Order dated June 11, 2023 and made on July 11, 2023

APPENDIX "B" – Approval and Vesting Order dated September 21, 2023

APPENDIX "C" – Endorsement of Justice Cavanagh dated September 21, 2023

APPENDIX "D" – First Report of the Receiver dated September 7, 2023

APPENDIX "E" – Purchase Agreement (unredacted)

APPENDIX "F" – BMO and BDCC **Security Opinion from the Receiver's counsel**, dated November 21, 2023

APPENDIX "G" – Affidavit of Neil Jones, dated January 9, 2024

APPENDIX "H" – Affidavit of Michael Prosia, dated January 10, 2024

I. INTRODUCTION

1. Pursuant to an order (the “Receivership Order”) of the Honourable Mr. Justice Cavanagh of the Ontario Superior Court of Justice, Commercial List (the “Court”) dated June 11, 2023 and made on July 11, 2023 (the “**Date of Appointment**”), **BDO Canada Limited (“BDO”) was appointed as receiver and manager (the “Receiver”) of all of the assets, properties and undertakings (collectively, the “Property”) of 7132221 Canada Inc. (o/a Hawktree Solutions) (“Hawktree” or the “Company”) pursuant to section 243 (1) of the *Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended* (the “BIA”) and section 101 of the *Courts of Justice Act R.S.O 1990, c. C.43 as amended* (the “CJA”). A copy of the Receivership Order is attached hereto as **Appendix “A”**. The application for the Receivership Order was made by Bank of Montreal (“BMO” or the “Bank”).**
2. Hawktree is an importer and distributor of wholesale and retail health and safety products, including first aid kits, disaster preparedness kits, training and apparel, automated external defibrillators, **and personal protective equipment (“PPE”) such as masks, respirators, eye protection, gowns, and gloves, and testing devices (including COVID-19 rapid tests).** It was the near-exclusive distributor of these products **under the Canadian Red Cross (“CRC”) brand.**
3. Pursuant to an order of the Court dated September 21, 2023 (the “Approval and Vesting Order”), the sale by the Receiver to **Acme United Limited (the “Purchaser”) of substantially all of Hawktree’s inventory** (excluding PPE inventory), contracts and intellectual property (the “Sale Transaction”) as contemplated in an agreement of purchase and sale dated August 29, 2023 (the “Purchase Agreement”) was approved. A copy of the Approval and Vesting Order and the endorsement of Justice Cavanagh dated September 21, 2023 are attached hereto as **Appendix “B”** and **Appendix “C”**, respectively.
4. In support of the motion to obtain the Approval and Vesting Order, the Receiver submitted to the Court its first report dated September 7, 2023 (the “**First Report**”). A copy of the First Report, without appendices, is attached hereto as Appendix “D”.

II. PURPOSE OF REPORT

5. The purpose of this second report of the Receiver (the “**Second Report**”) is to:
 - (a) Provide this Court with certain information pertaining to the receivership, including:
 - (i) The activities of the Receiver since the First Report;
 - (ii) An update on the completion of the Sale Transaction;
 - (iii) **The status of Hawktree’s** remaining assets that were not included in the Sale Transaction;
 - (iv) **The Receiver’s fees and disbursements and those of the Receiver’s legal counsel;**

- (v) **The Receiver's interim** statement of receipt and disbursements from the Date of Appointment to December 18, 2023;
 - (vi) **The Receiver's estimate of accrued and unpaid obligations as of** the date of this Second Report (together, the "Accrued Obligations"); and
 - (vii) **The Receiver's estimate of** the remaining administrative and operational costs and professional fees required to complete these receivership proceedings (the "Remaining Costs" and collectively with the Accrued Obligations, the "Outstanding Disbursements").
- (b) Recommend that this Court make an order (s):
- (i) Approving this Second Report, including the actions and activities of the Receiver set out herein;
 - (ii) **Approving the Receiver's interim statements** of receipts and disbursements from the Date of Appointment to December 31, 2023;
 - (iii) Authorizing and directing the Receiver to make an interim distribution to BMO in the amount of \$14,101.99 in respect of its secured claim against the Property;
 - (iv) Authorizing and directing the Receiver to make a final distribution to **BDC Capital Inc. ("BDCC")** in the amount of \$93,750 in respect of its secured claim against the **Company's intellectual property**;
 - (v) Authorizing the Receiver to make such subsequent distributions to BMO as the Receiver determines appropriate, without further order of this Court, provided the aggregate distributions to BMO do not exceed the amount of its secured claim against the Property, including all interest and costs, with the Receiver maintaining sufficient reserves to satisfy the Outstanding Disbursements;
 - (vi) **Approving the Receiver's request to abandon, or assign to BMO as the senior secured creditor, the Company's remaining assets, including the WPT Litigation Receivable (as hereinafter defined), which the Receiver has been unable to realize upon and which, in the Receiver's assessment, have minimal or no realizable value;**
 - (vii) Approving the professional fees of the Receiver and its counsel, including the fees accruals to complete the administration of the receivership;
 - (viii) Authorizing the Receiver to assign the Company into bankruptcy;
 - (ix) Authorizing the Receiver to transfer \$16,950 from the receivership estate account to BDO, in its capacity as bankruptcy trustee, to fund the bankruptcy; and
 - (x) Discharging the Receiver upon completion of the Remaining Matters (as hereinafter defined) and terminating **the Receiver's Charge and the Receiver's Borrowing Charge, as provided for in the Receivership Order,**

subject to the Receiver filing a discharge certificate (the **“Certificate of Discharge”**) confirming the same with the Court.

III. QUALIFICATIONS

6. In preparing this Second Report, the Receiver has relied upon unaudited financial information, Hawktree’s **books and records**, and other financial information provided to it by **Hawktree’s** lender(s) (**collectively, the “Information”**). The Receiver has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein. The Receiver has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially **comply with Generally Accepted Auditing Standards (“GAAS”) pursuant to the Canadian Institute of Chartered Accountants Handbook** and, as such, the Receiver expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. **An examination of the Company’s financial forecasts** in accordance with the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information reported on or relied upon in this Report is based on **management’s assumptions regarding future events**; actual results achieved may vary from forecast and such variations may be material.
7. Unless otherwise noted, all monetary amounts contained in this Second Report are expressed in Canadian dollars (“CAD”).

IV. ACTIVITIES OF THE RECEIVER

Receiver’s Activities since the First Report

8. Since the First Report, the Receiver has performed the following activities:
- (a) The Receiver completed all necessary steps to close the Sale Transaction;
 - (b) The Receiver worked with former employees of the Company to obtain information and data for the Canadian Red **Cross (the “CRC”) eShop that was part of the Purchased Assets in the Sale Transaction**;
 - (c) The Receiver corresponded with Canada Revenue Agency (“CRA”) and facilitated the trust examination of the Company’s **payroll and Harmonized Sales Tax (“HST”) accounts**;
 - (d) The Receiver reviewed and compiled the Company’s book and records;
 - (e) The Receiver administered the claims of certain former employees of the Company pursuant to the *Wage Earner Protection Program Act* (“WEPPA”);
 - (f) **The Receiver responded to calls and enquiries from the Company’s creditors, including** former employees, customers, suppliers, and other stakeholders;
 - (g) The Receiver facilitated the continuance of **the Company’s insurance policy**;

- (h) The Receiver made efforts to collect the **Company's accounts receivables ("AR")**, as well as had its legal counsel issue a legal letter to the Mexican Red Cross (the "MRC");
- (i) The Receiver attempted to find an interested party for the **Company's PPE inventory**;
- (j) The Receiver attempted to find an interested party in the **Company's** international Red Cross contracts;
- (k) The Receiver investigated the potential realization of an existing supplier distribution agreement;
- (l) The Receiver communicated with its legal counsel and logistics providers regarding a container of PPE inventory in the possession of a third-party;
- (m) The Receiver investigated inventory located at a **third-party logistics warehouse ("3PL")** in the United Kingdom;
- (n) The Receiver communicated with BMO, BDCC and their respective legal counsel in connection with various aspects of the receivership;
- (o) The Receiver agreed with BDCC on the amount of the receivership costs to be allocated against the sale proceeds from the intellectual property;
- (p) The Receiver provided regular updates with respect to its realization strategy and the status of the Sales Transaction to the CRC, a key stakeholder of the Company;
- (q) The Receiver provided updates with respect to its realization strategy to the guarantors of the BMO indebtedness;
- (r) The Receiver investigated the merit in continuing multiple legal proceedings initiated by the Company prior to the receivership, including a proceeding to enforce a movable hypothec security on all the assets of **G-Force CNC Enterprises Inc. ("G-Force")**, and a proceeding to collect a deposit receivable from **World Prestige Treasure SDN BHD ("WPT")**;
- (s) The Receiver engaged a private investigator to determine the probability that sufficient assets exist to enforce the movable hypothec security on the assets of G-Force; and
- (t) The Receiver prepared this Second Report.

V. THE SALE TRANSACTION

9. An unredacted copy of the Purchase Agreement for the Sale Transaction was attached as a confidential appendix in the First Report and is also attached as **Appendix "E"** to this Report. Capitalized terms in this section not otherwise defined herein have the meaning ascribed to them in the Purchase Agreement.
10. Pursuant to the Purchase Agreement, the Purchaser purchased, for a cash purchase price of \$900,000 (**the "Purchase Price"**), **all of the right, title, and interest in the following assets of the Company**: i) all non-PPE inventory; ii) contracts,

including a contract with the CRC (collectively, **the “Assumed Contracts”**), and **iii) all websites**, marketing lists, and other **intellectual property (collectively, the “Purchased Assets”)**.

11. The Sale Transaction closed on September 27, 2023 (**the “Closing Date”**), and **the Purchase Price was fully paid by the Closing Date**.
12. Pursuant to the Purchase Agreement, the Purchase Price was subject to an inventory price adjustment for unsellable and stale inventory (**the “PPA”**). The PPA was to be determined between the Vendor and Purchaser within 60 days following the Closing Date.
13. On November 27, 2023 the Purchaser advised the Receiver that they would not be requesting a PPA. The Receiver also reconciled the inventory shipped to the Purchaser with the inventory purchased by the Purchaser under the Purchase Agreement and concluded that a PPA was not warranted.

Cost-sharing Agreement with BDCC

14. **BDCC had the first ranking security interest over the Company’s intellectual property**. \$125,000 of the Purchase Price was allocated to the intellectual property included in the Sale Transaction. The Receiver agreed to terms on a cost-sharing agreement with BDCC whereby 25% of the sale proceeds attributed to the intellectual property (\$31,250) would be applied against the receivership costs and the remainder of the sale proceeds (\$93,750) would be distributed to BDCC.

Profit-sharing Agreements with Wills and Gilmore

15. **As reported in the First Report, the majority of the Company’s inventory was held at two (2) 3PL facilities in Ottawa, Ontario operated by Wills Transfer Ltd. (“Wills”) and Gilmore Global Logistics Services Inc. (“Gilmore”)**. According to the **Company’s books and records, the Company owed Wills and Gilmore \$553,309 and \$164,411, respectively, for storage charges**.
16. The Receiver entered into separate profit-sharing agreements with Wills and Gilmore. In the profit-sharing agreements, each 3PL agreed to cease charging any storage-related fees as of the Date of Appointment and agreed to a split with the Receiver of the proceeds from the sale of the inventory located at their respective locations after deducting the following **costs: i) the 3PL’s cost of picking, handling, and shipping (if applicable) of the inventory sold (the “3PL Selling Expenses”); and ii) the Receiver’s cost of administering the sales process (set at a minimum amount in each profit-sharing agreement, and capped to a maximum amount of the 3PL Costs) (the “Receiver’s Selling Expenses”)**.
17. The Purchaser paid to the Receiver \$500,000 for the inventory at the Wills and Gilmore warehouses. Based on the **profit-sharing arrangements, the Receiver’s share of the proceeds was \$203,522.12** as summarized in the following chart.

	Wills	Gilmore
Gross proceeds	\$ 386,500.00	\$ 113,500.00
Less:		
3PL's selling expenses	6,664.74	8,757.50
Receiver's selling expenses	28,250.00	14,125.00
Net proceeds	351,585.26	90,617.50
Receiver's share of proceeds	158,213.37	45,308.75
3PL's share of proceeds	\$ 193,371.89	\$ 45,308.75

VI. ASSETS IN RECEIVER'S POSSESSION

18. As reported in the First Report, the Property primarily consisted of inventory, accounts receivables, loan and deposits receivables which are under litigation, contracts, and intellectual property.

Accounts Receivables

19. As reported in the First Report, the **book value of the Company's trade AR**, as per the Company's **books and records**, was \$636,932. The majority of the AR is significantly aged and uncollectible.

20. **The Company's AR was not included in the Sale Transaction.** Accordingly, the Receiver has been making efforts to collect the AR. To date, the Receiver has collected \$20,513.32.

21. It is anticipated that approximately \$34,000 in AR from the MRC will be collected in early 2024. Other than that payment, the Receiver does not expect that there will be further significant AR collections.

Litigation Receivables

22. As reported in the First Report, the Company had legal claims against two (2) companies, G-Force and WPT (collectively, **the "Litigation Receivables"**).

23. G-Force:

(a) The Company has two (2) legal claims against G-Force totaling approximately \$1.3 million (**the "G-Force Litigation Receivable"**) of which \$900,000 is secured by a moveable hypothec on all of the assets of G-Force.

(b) A surveillance report from a private investigation company that was commissioned by the Receiver showed a low probability that sufficient assets exist to enforce the movable hypothec security on the assets of G-Force. In addition, the report identified that there are four (4) other civil claims registered against G-Force.

(c) The legal counsel that the Company engaged with respect to the claims has recommended that the Receiver pursue litigation against G-Force's shareholder and director. The cost to pursue litigation is estimated to be approximately \$40,000, consisting of \$10,000 in legal fee arrears and \$15,000 in additional legal fees to conduct out-of-court examinations, and \$15,000 in legal fees at the trial.

24. WPT:

- (a) The Company commenced a legal proceeding in Thailand against WPT related to a \$1.2 million deposit paid by the Company for the supply of nitrile gloves (**the “WPT Litigation Receivable”**). WPT acted as a broker, or intermediary, for the supply of nitrile gloves from a manufacturer based in Thailand.
- (b) In addition to the legal claim directly against WPT to recover the deposit, there is a legal proceeding underway to gain standing in a lawsuit in Thailand whereby WPT is the plaintiff and the glove manufacturer is the defendant. Hawktree was successful in the initial claim to join the lawsuit; however, that decision was overturned on appeal. A further appeal to the Thailand Supreme Court was undertaken, with the decision pending. Obtaining standing in the litigation against the manufacturer may improve the prospects of recovery.
- (c) WPT’s claim against the glove manufacturer is currently on hold pending the decision from the Thailand Supreme Court.
- (d) Any collection from WPT Litigation Receivable is uncertain and speculative.

Inventory

- 25. **The Company’s inventory** consisting of first aid products, emergency preparedness products, training and apparel items, and automated external defibrillators were all included in the Sale Transaction and have been sold to the Purchaser.
- 26. PPE inventory and samples were not included in the Sale Transaction.
- 27. The Receiver understands that **Canadian National Railway (“CNR”)** is in possession of a container of PPE product shipped from China and which is subject to a **dispute with the Company’s customs broker**.
- 28. Based on information obtained from the Company, Inventory with a book value of approximately \$294,000 was located at a 3PL in the United Kingdom, **VIP Freight Ltd. (“VIP Freight”)**. As reported in the First Report, on July 13, 2023, VIP Freight informed the Receiver that it was not in possession of any of **Hawktree’s inventory as the inventory was disposed** of due to arrears owing to VIP Freight. The Receiver has made multiple requests of VIP Freight to provide a full accounting of the inventory disposal, but no response was received.
- 29. The Receiver contacted various parties regarding the PPE inventory, including the PPE in the possession of CNR. The Receiver received four (4) offers, ranging from a low of \$378 to a high of \$31,652, for portions of the Company’s PPE inventory.
- 30. The CRC informed the Receiver that CRC-branded PPE can only be marketed and sold within Canada, and that any purchaser of CRC-branded PPE would **require CRC’s** approval for the sale and distribution of the PPE. The Receiver understood that the parties submitting the four offers intended to sell the PPE outside of Canada.

31. In view of the foregoing and after considering the profit-sharing agreements with the 3PL facilities and the professional fees which would be incurred in completing any sale, the Receiver concluded that the any realization from the PPE inventory would be minimal at best. Accordingly, the Receiver abandoned further realization efforts for the PPE.

Contracts with International Red Cross Societies

32. One of the assets of the Company is its contract with **the CRC (the "CRC Contract")**. The Company also has international contracts with Red Cross societies in Mexico, Columbia, and Argentina. The CRC Contract was included in the Sale Transaction, but the international contracts were not. Business conducted by Hawktree with international Red Cross societies was minimal as at the Date of Appointment.
33. On August 28, 2023, Mexican Red Cross issued a letter to Hawktree terminating its distribution and licensing agreement with the Company.
34. A party had expressed potential interest in the international Red Cross contracts. The party signed a non-disclosure agreement to review the contracts. To date, that party and no other party has not submitted an offer for the contracts.
35. The Receiver contacted the Argentinian Red Cross and Colombian Red Cross to inquire whether they would be willing to cooperate with the Receiver to execute a sale of their respective agreements should a reputable buyer be located, but the Receiver did not receive responses from either party.

Lumos Distribution Agreement

36. Hawktree and RPS/Lumos Diagnostics ("Lumos") were parties to a distributor agreement whereby Hawktree would take into inventory and distribute 500,000 SARS-CoV-2 rapid antigen tests (the "CoviDx Tests") and the sale proceeds would be split between Lumos and Hawktree. The Receiver understands that Lumos was a contract manufacturer of the CoviDx Tests, not the original manufacturer.
37. Correspondence from Lumos stated that the CoviDx Tests were pulled by Lumos from the Canadian market and are no longer manufactured by Lumos. In addition, the e-mail noted that it would be difficult for Lumos to move forward with Hawktree due to an amount of \$25,000 USD owed by Hawktree to Lumos.
38. Given the change in the market for such COVID testing kits, the Receiver anticipates that the costs of shipping, securing and potentially storing the product for resale would likely outweigh the time and potential profit-sharing of any realizations from the Lumos distribution agreement.

Intellectual Property

39. **The Company's intellectual property primarily consisted** of its website (the CRC eShop), an enterprise resource planning system, marketing, **and customer lists (collectively, the "IP")**. The IP was included in the Sale Transaction and purchased by the Purchaser.

Abandonment or Assignment of Certain Assets

40. As discussed above, the Receiver is of the view that Hawktree's PPE inventory, the Lumos distributor agreement, the G-Force Litigation Receivable, and the international Red Cross contracts do not have any realizable value for the receivership estate.
41. **The Receiver inquired whether the guarantors of BMO's indebtedness were interested in purchasing the above-noted assets from the Receiver.** The guarantors advised they were not interested in doing so.
42. **Based on the Receiver's view that the** PPE inventory, the Lumos distributor agreement, the G-Force Litigation Receivable, and the international Red Cross contracts do not have no realizable value for the receivership estate, the Receiver will be abandoning its realization efforts for those assets.
43. **BMO's security includes choses in action. The benefit of any recovery from the WPT Litigation Receivable would flow to BMO pursuant to its security.** To permit the receivership proceeding to be concluded in a timely manner, the Receiver recommends that it be authorized to assign the WPT Litigation Receivable to BMO pursuant to its security, if so requested by BMO. **The amount of the WPT Litigation Receivable (\$1.2 million) is significantly less than the amount of BMO's secured claim (approximately \$3.5 million, plus accruing interest and costs).**

VII. CREDITORS

Secured Claims

44. The Receiver is aware of two secured creditors: BMO and BDCC. As at the Date of Appointment, the Company reported indebtedness owing to BMO and BDCC of approximately \$3.5 million and \$2 million, respectively, for a total of approximately \$5.5 million.
45. The indebtedness of the Company to BMO is secured by a general security agreement dated August 14, 2019 **(the "BMO GSA") granted** by the Company in favour of BMO. The indebtedness of the Company to BDCC is secured by a general **security agreement dated February 24, 2021 (the "BDCC GSA") granted by the Company in favour of BDCC.**
46. Pursuant to the Subordination Agreement made between BMO and BDCC in March 2021, BDCC has priority over the IP.
47. **The Receiver has obtained an independent legal opinion (the "Security Opinion") from the Receiver's counsel, Miller Thomson LLP ("Miller Thomson") on the BMO security and BDCC security.** The Security Opinion opines that the security interests of both BMO and BDCC on the assets of Hawktree are valid and enforceable and have been properly perfected in Ontario, subject to standard assumptions, qualifications, and limitations. A copy of the Security Opinion is attached hereto as **Appendix "F"**.

Priority Claims

48. As reported in the First Report, the priority claims in respect of the Property are comprised of:

- (a) **The Receiver's Charge**¹;
- (b) **The Receiver's Borrowing Charge**²;
- (c) Deemed trust claims;
- (d) Statutory claims pursuant to the BIA (the "**BIA Claims**"); and
- (e) Storage lien claims pursuant to the Ontario Repair and Storage Lien Act ("**RSLA**").

Receiver's Charge

49. Paragraph 17 of the Receivership Order provided a first priority **charge on the Property for the Receiver's fees and costs and those of the Receiver's Counsel in priority to all other security interest, trusts, liens, charges and encumbrances.**

Receiver's Borrowing Charge

50. Pursuant to paragraph 20 of the Receivership Order, the Receiver is authorized to borrow up to \$1,000,000, as it considered necessary or desirable. As of the date of the Second Report, the Receiver has borrowed a total of \$150,000 for which it has **issued two (2) Receiver's** certificates.

Deemed Trust Claims

51. As reported in the First Report, amounts owing to CRA for HST and source deductions have yet to be confirmed. **The Receiver understands that the Company's books and records had not been updated for several weeks prior to the Date of Appointment, and the Company's Management advised that source deduction remittances to CRA had not been made since April 2023.**

52. **CRA has appointed a trust examiner to review the Company's payroll accounts and HST accounts. The results of the examination have not been finalized.**

53. **In order to provide for a potential deemed trust claim pending the CRA's review, the Receiver proposes to hold a reserve of \$100,000.**

BIA Claims

54. The Receiver has administered the WEPP claims process, and all but one (1) of the eligible former employees have filed WEPP claims. Service Canada has not yet filed a claim with the Receiver for the priority claim pursuant to section 81.4 of the BIA for unpaid wages and vacation pay.

¹ As defined under the Receivership Order

² As defined under the Receivership Order

55. In order to provide for the priority claim pursuant to section 81.4 of the BIA pending the filing of the claim by Service Canada, the Receiver proposes to hold a reserve of \$15,000.

56. As reported in the First Report, the Receiver understands that the Company did not provide a registered pension plan for its employees. Accordingly, the Receiver is not aware of any amounts owing to former employees pursuant to section 81.6 of the BIA.

Storage Lien Claims

57. As mentioned above, the Company owed Wills and Gilmore \$553,309 and \$164,411, respectively, for storage charges. Accordingly, the inventory on-hand at each 3PL was subject to a possessory storage lien pursuant to the *RSLA*. These liens were settled as part of the profit-sharing agreements discussed above.

Unsecured Claims

58. The Receiver understands that the Company had unsecured trade payables and accrued liabilities owing of approximately \$5.6 million as at the Date of Appointment.

59. BMO and BDCC will both incur a significant shortfall on their indebtedness. As a result, there will be no amounts available for unsecured creditors.

VIII. BANKRUPTCY ASSIGNMENT

60. As a result of the pre-receivership HST and sales tax exposure to the estate, BMO has requested that the Receiver seek approval to assign the Company into bankruptcy. In considering the request, the Receiver notes that (a) the Company is no longer operating and has no employees; (b) the Company is clearly insolvent; (c) the Courts have held that a bankruptcy initiated by a secured creditor to get the benefit of a priority reversal is a proper use of the bankruptcy process; and (d) but for the stay of proceedings in the receivership order, BMO would be entitled to apply for a bankruptcy order. In consultation with BMO, if an assignment into bankruptcy is made, it is proposed that BDO Canada Limited be named as trustee ("Trustee") and \$16,950 be transferred from the receivership estate account (which funds would otherwise be distributed to BMO on account of its secured claim) to cover the Trustee's fees and disbursements associated with administering the bankruptcy.

IX. PROFESSIONAL FEES

61. Paragraph 17 of the Receivership Order provided a first priority charge on the Property for the Receiver's fees and costs and those of the Receiver's counsel both before and after making of the Receivership Order in priority to all other security interests, trusts, liens, charges and encumbrances. The Receiver's charge was not to include fees and disbursements incurred by BDO while providing consulting and/or advisory services to the Company before the making of the Receivership Order.

62. As outlined in the First Report, BDO, in its capacity as financial advisor to the Company, assisted the Company in undertaking a SISP prior to the Appointment Date. Although the SISP was unsuccessful, the work product from that SISP allowed the Receiver to undertake an expedited marketing and sales process in the receivership, thereby reducing the costs that would otherwise have been incurred in undertaking the sale process in the receivership.
63. Pursuant to an engagement letter between BDO and the Company executed on December 1, 2022, as financial advisor to the Company, BDO incurred fees of \$256,079, inclusive of applicable taxes, which were not paid by the Company. Of this amount, the Receiver has calculated that \$64,416.22 in fees, inclusive of applicable taxes, was in relation to work related to the SISP which benefitted the sale process undertaken in the receivership.
64. Accordingly, the fees for which the Receiver is seeking approval in the receivership include the pre-receivership fees related to the SISP in the amount of \$56,500, inclusive of applicable taxes. BMO, as the affected secured creditor, supports that request.
65. **The Receiver and the Receiver's counsel have maintained** detailed records of their professional time and disbursements since the Date of Appointment.
66. **The Receiver's professional fees incurred for services** rendered from May 29, 2023 to December 8, 2023 amount to \$236,433, plus disbursements in the amount of \$6,573.80 and sales taxes of \$31,590.89 for a total of \$274,597.69. These amounts represent professional fees and disbursements not yet approved by the Court. Additionally, the Receiver estimates an accrual of not more than \$15,330.71, inclusive of applicable taxes, to complete its administration to the filing of its Discharge Certificate. The time spent **by the Receiver's professionals, as well as the above accrual, is detailed in** the affidavit of Neil Jones dated January 9, 2024, and is attached hereto as **Appendix "G"**. The Receiver is requesting that the Court approve its total fees and disbursements, inclusive of the fee accrual and applicable taxes, in the amount of \$289,928.40.
67. **The fees of the Receiver's counsel, Miller Thomson LLP ("Miller Thomson"),** for services rendered from June 2, 2023 to December 31, 2023 amount to \$36,633.50, plus disbursements in the amount of \$371, plus sales taxes of \$4,766.53, for a total of \$41,771.03. These amounts represent professional fees and disbursements not yet approved by the Court. Additionally, Miller Thomson estimates an accrual of not more than \$8,475, inclusive of applicable taxes, to assist the Receiver through to the filing of its Discharge Certificate. The time spent by Miller Thomson's professionals, as well as the above accrual, is detailed in the affidavit of Michael Prosia dated January 10, 2024, and is hereto attached as Appendix "H". The Receiver is requesting **that the Court approve the Receiver's counsel's total fees and disbursements**, inclusive of the fee accrual and applicable taxes, in the amount of \$50,246.03.
68. The Receiver has reviewed Miller Thomson's accounts and has determined that the services have been duly authorized and duly rendered and that the charges are reasonable given the circumstances.

X. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

69. The Receiver's interim statement of receipts and disbursements for the period from the Date of Appointment to December 31, 2023 (the "Interim R&D") is summarized in the chart below.

7132221 Canada Inc. (o/a Hawktree Solutions)	
Interim Statement of Receipts and Disbursements	
For the Period of July 11, 2023 to December 31, 2023	
Receipts:	
Sale of assets	\$ 900,000.00
Funding from Receiver's certificates	150,000.00
Accounts receivable collections	20,513.32
Interest earned	10,133.27
Total Receipts	1,080,646.59
Disbursements:	
Receiver's fees	94,430.80
HST/GST/QST paid	13,268.30
Independent contractors	12,647.50
Insurance	6,099.34
Computer services	5,704.00
Medical device establishment licence	4,797.54
Occupation rent	4,262.85
Travel	3,813.80
Private investigator service	1,674.66
Filing fees	75.30
Total Disbursements	146,774.09
Excess Receipts over Disbursements	\$ 933,872.50

- (a) Total receipts of \$1,080,646.59, the majority of which relate to the net proceeds received in relation to the Sale Transaction.
- (b) Total disbursements over the same period were \$146,774.09, the majority of which relate to **Receiver's fees and** operational costs, including payments to the independent contractors required to assist in the administration of the receivership proceedings, insurance, computer services, medical device establishment license, and occupation rent.

7132221 Canada Inc. (o/a Hawktree Solutions)	
Outstanding Disbursements and Proposed Interim Distribution	
As at December 31, 2023	
Excess Receipts over Disbursements	\$ 933,872.50
Less: Accrued Obligations	
Profit-sharing and costs payable to Wills	200,036.63
Repayment of Receiver's Certificates	150,000.00
Receiver's fees and disbursements - to December 8, 2023	167,890.89
Pre-receivership fees relating to the SISP	56,500.00
Profit-sharing and costs payable to Gilmore	54,066.25
Receiver's counsel fees and disbursements - to December 31, 2023	41,771.03
Total Accrued Obligations	670,264.80
Less: Remaining Costs	
Reserve for payroll trust examination obligations	100,000.00
Funding of bankruptcy	16,950.00
Receiver's fees and disbursements - to complete receivership	15,330.71
Reserve for potential secured claim pursuant to BIA s. 81.4	15,000.00
Receiver's counsel fees and disbursements - to complete receivership	8,475.00
Total Remaining Costs	155,755.71
Excess Receipts over Disbursements after Accrued Obligations and Remaining Costs	107,851.99
Proposed Interim Distribution to BMO	14,101.99
Proposed Interim Distribution to BDCC	93,750.00
Total Proposed Interim Distributions to BMO and BDCC	\$ 107,851.99

- (c) As detailed in the chart above, the Receiver estimates there is approximately \$670,264.80 in Accrued Obligations incurred up to the date of this Second Report as part of these receivership proceedings relating primarily to:
- (i) Professional fees and disbursements, relating to the receivership, of \$266,161.92;
 - (ii) Profit-sharing and costs payable to 3PLs of \$254,102.88; and
 - (iii) **Repayment of the Receiver's Certificates** in the amount of \$150,000, plus applicable interest.
- (d) In addition to the Accrued Obligations, the Receiver estimates there will be Remaining Costs in the amount of approximately \$155,755.71, related primarily to:
- (i) Reserve for payroll deemed trust obligations of \$100,000;
 - (ii) Funding of a bankruptcy of the Company of \$16,950;
 - (iii) Accrual of \$15,330.71 for the fees and disbursements of the Receiver to complete the administration of the receivership;
 - (iv) Reserve for potential secured claims pursuant to section 81.4 of the BIA of \$15,000; and

- (v) **Accrual of \$8,475 for the fees and disbursements of the Receiver's Counsel, Miller Thomson LLP, to complete the administration of the receivership.**

XI. PROPOSED DISTRIBUTIONS TO BMO AND BDCC

70. Prior to completing any distribution to the secured creditors, the Receiver will be paying the Accrued Obligations and establishing the reserves for the Remaining Obligations as set out above.
71. **Subject to this Court's approval, the Receiver recommends that it make** a final distribution to BDCC in the amount of \$93,750³ **(the "BDCC Final Distribution")** and an interim distribution to BMO in the sum of \$14,101.99 **(the "BMO Interim Distribution") as outlined in the previous chart.**
72. Other than the claims described above (Deemed Trust Claims, BIA Claims, and charges under the Receivership Order), the Receiver is not aware of any security interests, liens, charges, encumbrances, or other rights of third parties that would have priority **over BMO's security or BDCC's security**, with respect to the Property or the proceeds therefrom.
73. Upon completion of the Remaining Matters (as hereinafter defined), the Receiver proposes to distribute any residual amounts remaining in its possession, or subsequently collected by the Receiver, to BMO on account of the outstanding secured indebtedness owing by the Company to BMO without further order of this Court. As at the date of this Second Report, the Receiver anticipates no further material proceeds other than **the refund of the Receiver's post-filing HST amounts, if any.**
74. The Receiver respectfully requests that the Court authorize the BDCC Final Distribution, the BMO Interim Distribution and such subsequent distributions to BMO as the Receiver determines are appropriate.

XII. REMAINING MATTERS TO BE COMPLETED IN THESE PROCEEDINGS

75. If the Court grants the order requested herein, the Receiver will have completed its duties, statutory or otherwise, except **for the following (the "Remaining Matters"):**
- (a) **Completion of the coordination of CRA's trust examination of the Company's payroll** and HST, and any other accounts requested to be audited by CRA or any other provincial authorities;
 - (b) Completing the administration of WEPPA claims;
 - (c) Processing and paying the Accrued Obligations;
 - (d) Paying the BDCC Final Distribution, the BMO Interim Distribution and the distribution of any residual amounts to BMO;

³ The calculation of this amount is discussed in paragraph 13 of this Report.

- (e) Pursuing the potential recovery of any unclaimed HST paid during these proceedings;
- (f) Completing and filing the Company's **outstanding corporate tax returns and/or waivers regarding the same with CRA**, as they become due;
- (g) **Attending to other administrative matters incidental to these proceedings such as filing the Receiver's report pursuant to sections 246(2) and 246(3) of the BIA as applicable; and**
- (h) Filing the Certificate of Discharge, as defined below.

76. Upon the completion of the Remaining Matters, the Receiver will have realized on the Property and completed its statutory duties as well as those duties set out in the Receivership Order or subsequent orders of this Court. Accordingly, the Receiver is of the view that it is appropriate to seek an order of the Court discharging and releasing the Receiver upon the **filing of a certificate (the "Certificate of Discharge")** with this Court certifying that all of the Remaining Matters have been completed.

XIII. RECOMMENDATIONS

77. To the best of the Receiver's knowledge and belief, all duties of the Receiver, as set out in the Receivership Order and subsequent orders of this Court, will be completed upon completion of the Remaining Matters.

78. Based on the foregoing, the Receiver respectfully recommends that the Court issue the orders set out in paragraph 4(b) above.

All of which is respectfully submitted on the 10th day of January, 2024.

BDO Canada Limited
in its capacity as Court Appointed Receiver of
7132221 Canada Inc. (o/a Hawktree Solutions)
and not in its personal or corporate capacity



Neil Jones, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX “A”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) TUESDAY, THE 11th
JUSTICE CAVANAGH) DAY OF JUNE, 2023

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

ORDER

THIS APPLICATION, brought by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing BDO Canada Limited as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of 7132221 Canada Limited (the "Debtor") acquired for, or used in relation to business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Leo Chun sworn May 5, 2023 and the Exhibits thereto and on hearing the submissions of counsel for the applicant and counsel for BDC Capital Inc., no one appearing for the respondent although duly served, and on reading the consent of BDO Canada Limited to act as the Receiver,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO Canada Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and

negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000.00, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,] shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that

nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (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 THE RECEIVER

10. THIS COURT ORDERS that 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 Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor 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 Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all

material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver'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.

LIMITATION ON THE RECEIVER'S LIABILITY

16. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless

otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA. For greater certainty, the Receiver's Charge shall only include fees and disbursements incurred by the Receiver in its capacity as Receiver and shall not include fees and disbursements incurred while providing consulting and/or advisory services to the Debtor before the making of this Order.

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

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel as provided in paragraph 17 herein, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in

priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

GENERAL

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

25. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

26. 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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

27. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located,

for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver 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.

28. THIS COURT ORDERS that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

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

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that BDO Canada Limited, the receiver (the "Receiver") of the assets, undertakings and properties of 7132221 Canada Limited (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 8th day of June, 2023 (the "Order") made in an action having Court file number CV-23-00700033-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of MONTH, 20YR.

BDO Canada Limited, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____

Name:

Title:

7132221 CANADA INC.

7132221 CANADA INC.

Applicant

and

Respondent

CV-23-00700033-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at TORONTO

ORDER

CHAITONS LLP

5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Christopher J. Staples (LSUC #31302R)

Tel: 416-218-1147

chris@chaitons.com

Lawyers for the Applicant

APPENDIX “B”



Court File No. CV-23-0070033-00CL

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

THE HONOURABLE MR.) THURSDAY, THE 21ST DAY
JUSTICE CAVANAGH) OF SEPTEMBER, 2023

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT* R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. c-43, AS AMENDED

APPROVAL AND VESTING ORDER

THIS MOTION, made BDO Canada Limited in its capacity as the Court-appointed receiver (the "Receiver") of the assets, undertakings, and properties of 7132221 Canada Inc. (the "Debtor"), for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and Acme United Limited (the "Purchaser") dated August 29, 2023 and appended as Confidential Appendix "C" to the First Report of the Receiver dated September 7, 2023 (the "Report"), and vesting in the Purchaser the Debtor's right, title

and interest, if any, in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day by zoom videoconference.

ON READING the Report and the appendices attached to the Report, including the Confidential Appendices, and on hearing the submissions of counsel for the Receiver and such other counsel that were present as listed on the participant information sheet, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service, filed:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest, if any, in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the

"Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Mr. Justice Cavanagh dated June 11, 2023 and signed July 11, 2023; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act*, (Ontario) or any other personal property registry system (all of which are collectively referred to as the "Encumbrances") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

5. THIS COURT ORDERS that, notwithstanding:

(a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

6. 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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

7. THIS COURT ORDERS that, notwithstanding Rule 59.05, this order is effective from the date that it is issued, and is enforceable without any need for entry and filing.



Digitally signed by
Peter Cavanagh

Justice, Ontario Superior Court of Justice

Schedule A – Form of Receiver’s Certificate

Court File No. CV-23-00700033-00CL

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

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT* R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. c-43, AS AMENDED

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Cavanagh of the Ontario Superior Court of Justice (the "Court") dated June 11, 2023 and signed July 11, 2023, BDO Canada Limited was appointed as the receiver (the "Receiver") of the assets, undertakings and properties of 7132221 Canada Inc. (the "Debtor").

B. Pursuant to an Order of the Court dated September 21, 2023, the Court approved the agreement of purchase and sale made as of August 29, 2023 (the "Sale Agreement") between the Receiver and Acme United Limited (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor’s right, title and interest, if any, in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the

conditions to Closing as set out in Article 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

BDO CANADA LIMITED, in its capacity as Receiver of the assets, undertakings and properties of 7132221 CANADA INC. and not in its personal capacity

Per: _____
Name:

Schedule B – Purchased Assets

1. Inventory - All new, merchantable inventories of every kind and nature pertaining to the Business (as defined in the Sale Agreement) and described on the attached listing, but not including PPE Inventory and inventory that is within 12 months of its expiration date unless otherwise indicated on the attached listing
2. Assumed Contracts – the following contracts to be assumed by the Purchaser:
 - (a) Canadian Red Cross Society Contract – Supply Management, Distribution and License Agreement dated February 1, 2021
 - (b) Shopify Inc. Agreement – Shopify Plus Agreement dated June 9, 2021
 - (c) Oracle Netsuite Agreement – Payment Plan Agreement date April 26, 2023
3. Intellectual Property and Goodwill - all intellectual property and goodwill of the Business and all information and documents relating thereto, including customer lists, supplier relationships, and transferable rights relating to telephone numbers, eShop, enterprise resource planning, website, links, internet addresses, and any other means of communicating with the Business, together with the right of the Purchaser to represent itself as carrying on the Business in succession to the Debtor

BANK OF MONTREAL 7132221 CANADA INC.

and

Applicant Respondent

Court File No. CV-23-00700033-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

APPROVAL AND VESTING ORDER

MILLER THOMSON LLP
One London Place

255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8

Tony Van Klink LSO#: 29008M

Tel: 519.931.3509

Fax: 519.858.8511

Email: tvanklink@millerthomson.com

**Lawyers for BDO Canada Limited, the
Court-appointed Receiver of the assets,
undertakings and properties of 7132221
Canada Inc.**

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APPENDIX “C”



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL SLIP/ENDORSEMENT

COURT FILE NO.: CV-23-00700033-00CL DATE: 21 September 2023

NO. ON LIST: 3

TITLE OF PROCEEDING: **BANK OF MONTREAL v. 7132221 CANADA INC.**

BEFORE JUSTICE: **CAVANAGH, J.**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info

For Defendant, Respondent, Responding Party, Defence:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Tony Van Klink	Lawyer for The Receiver,	tvanklink@millerthomson.com
Fred Seller	Lawyer for the Third Party, BDO CAPITAL INC.	fseller@brazeauseller.com

1. The Receiver seeks an order approving a sale agreement entered into by it for the sale of the assets described in an Agreement of Purchase and Sale dated August 29, 2023 made between the Receiver, as vendor, and Acme United Limited, as purchaser, and vesting of the assets in the purchaser free and clear of all claims and encumbrances.
2. I am satisfied that the proposed sale satisfies the *Soundair* test. The market for the assets was thoroughly canvassed in a sale and investment solicitation process undertaken by 7132221 Canada Inc. with the assistance of BDO prior to the receivership, which did not produce a buyer, and in an expedited sale process undertaken by the Receiver. The secured creditors will suffer shortfalls on their secured claims if the transaction is approved. They support the transaction.
3. Orders to issue in forms of Orders signed by me today.



Digitally signed by
Peter Cavanagh

APPENDIX “D”

7132221 CANADA INC.

FIRST REPORT OF THE COURT APPOINTED RECEIVER

September 7, 2023

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

**FIRST REPORT OF BDO CANADA LIMITED
IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF
7132221 CANADA INC.**

SEPTEMBER 7, 2023

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APPENDICES

APPENDIX "A" – Receivership Order dated June 11, 2023 and made on July 11, 2023

APPENDIX "B" – Expedited Sale Process Letter

APPENDIX "C" – "Redacted" Purchase Agreement dated August 29, 2023

CONFIDENTIAL APPENDIX "A" – Letter of Intent from LOI Bidder A dated August 3, 2023

CONFIDENTIAL APPENDIX "B" – Letter of Intent from LOI Bidder B dated August 11, 2023

CONFIDENTIAL APPENDIX "C" – "Unredacted" Purchase Agreement dated August 29, 2023

I. INTRODUCTION

1. Pursuant to an order (the "**Receivership Order**") of the Honourable Mr. Justice Cavanagh of the Ontario Superior Court of Justice, Commercial List (the "**Court**") dated June 11, 2023 and made on July 11, 2023 (the "**Date of Appointment**"), BDO Canada Limited ("**BDO**") was appointed as receiver and manager (the "**Receiver**") of all of the assets, properties and undertakings (collectively, the "**Property**") of 7132221 Canada Inc. (o/a Hawktree Solutions) ("**Hawktree**" or the "**Company**") pursuant to section 243 (1) of the *Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended* (the "**BIA**") and section 101 of the *Courts of Justice Act R.S.O 1990, c. C.43 as amended* (the "**CJA**"). A copy of the Receivership Order is attached hereto as **Appendix "A"**.

II. PURPOSE OF REPORT

2. The purpose of this first report of the Receiver (the "**First Report**") is to:
 - (a) Provide this Court with certain information pertaining to the receivership, including:
 - (i) Hawktree's background, operations, and certain facts leading up to the appointment of the Receiver;
 - (ii) Taking possession and control of Hawktree's assets;
 - (iii) Other activities of the Receiver since the Date of Appointment;
 - (b) Provide this Court with information on a proposed transaction (the "**Proposed Transaction**") between the Receiver Acme United Limited (the "**Purchaser**") for the sale of substantially all of Hawktree's inventory (excluding PPE inventory), contracts and intellectual property, and the steps taken to get to this transaction, including:
 - (i) Information regarding the marketing and sales process undertaken by the Company prior to the appointment of the Receiver to effect an acquisition or investment in the Company or a sale of the Company or its assets;
 - (ii) The marketing and sales process undertaken by the Receiver to effect a sale of the Company's assets;
 - (iii) the agreement of purchase and sale entered into between the Receiver, as vendor, and the Purchaser dated August 29, 2023 (the "**Purchase Agreement**"), subject to Court approval; and
 - (iv) The Receiver's recommendations with respect to the Proposed Transaction.
 - (c) Recommend that this Court make an order(s):
 - (i) Approving this First Report, including the actions and activities of the Receiver set out herein;
 - (ii) Approving the Purchase Agreement and the Proposed Transaction, and authorizing and directing the Receiver to complete the Proposed Transaction and execute such documents and take such additional steps as are necessary to do so;

- (iii) Upon completion of the Proposed Transaction (as evidenced by the Receiver filing with the Court a certificate certifying the same), vesting the Purchased Assets (as defined in the Purchase Agreement), free and clear of all liens, charges, security interests and other encumbrances (other than such permitted encumbrances as may be described in the order) in the Purchaser; and
- (iv) Sealing the Confidential Appendices (as defined below).

III. QUALIFICATIONS

3. In preparing this First Report, the Receiver has relied upon unaudited financial information, Hawktree's books and records, and other financial information provided to it by Hawktree's lender(s) (collectively, the "**Information**"). The Receiver has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein. The Receiver has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the Canadian Institute of Chartered Accountants Handbook and, as such, the Receiver expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. An examination of the Company's financial forecasts in accordance with the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information reported on or relied upon in this Report is based on management's assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.
4. Unless otherwise noted, all monetary amounts contained in this Report are expressed in Canadian dollars ("**CAD**").

IV. BACKGROUND AND EVENTS LEADING TO THE APPOINTMENT OF THE RECEIVER

5. While this First Report summarizes certain of the information set out in the affidavit of Leo Chun sworn May 5, 2023 (the "**Chun Affidavit**") filed in support of the Receivership Order, for a more detailed explanation of the Company's background and events leading to the appointment of the Receiver, readers are directed to the Chun Affidavit. A copy of the Chun Affidavit is posted on the Receiver's website at www.extranets.bdo.ca/HawktreeSolutions/ (the "**Receiver's Website**").
6. This First Report and all other court materials and orders issued and filed in these receivership proceedings are available on the Receiver's Website and will remain available for a period of six (6) months following the Receiver's discharge.

Company Overview & Corporate Structure

7. Hawktree is an importer and distributor of wholesale and retail health and safety products, including first aid kits, disaster preparedness kits, training and apparel, automated external defibrillators, and personal protective equipment ("**PPE**") such as masks, respirators, eye protection, gowns, and gloves, and testing devices (including COVID-19 rapid tests). It is the

near-exclusive distributor of these products under the Canadian Red Cross (“**CRC**”) brand. The Company’s sale and distribution contract with CRC (the “**CRC Contract**”) expires in 2025. Under the CRC Contract, the Company operated an e-commerce website which sells CRC products (the “**CRC eShop**”).

8. Hawktree operated out of a rented office located at 220 Kennevale Drive, Ottawa, Ontario (the “**Premises**”), but carried on business throughout Ontario, Canada, and internationally. The Company’s inventory is primarily stored in third-party logistics warehouses (each, a “**3PL**”) in Canada and abroad.
9. The shareholders of Hawktree are Robbie Fraser (26.5%), his spouse Sarah Fraser (26.5%), 2569386 Ontario Inc. (24.5%), Gauke International Trading Co. Ltd. (12.5%) and 9147 4999 Quebec Inc. (10%). Mr. Fraser is the President of Hawktree and Mrs. Fraser was heavily involved in day-to-day operations and related management (collectively, “**Management**”).

Events Leading to Appointment of a Receiver & Causes of Insolvency

10. Bank of Montreal (“**BMO**”), the Company’s senior secured creditor, issued a breach notice dated July 21, 2021 as a result of the Company’s failure to pay its 2020 income taxes (the “**Tax Arrears**”) which amounted to approximately \$2,316,000.
11. BMO also issued a breach notice dated August 20, 2021 as a result of the Company’s financial covenant breaches as at June 30, 2021.
12. In September 2021, BMO conducted a review of Hawktree’s financial statements, loans, and accounts, and noted that, amongst other concerns, the Tax Arrears were still unpaid, a decline in deposit volume to the Company’s operating account over the previous six (6) months, a significant drop in accounts receivables, and negative gross margins in the first and second quarters of 2021.
13. The Receiver understands that the Company’s financial concerns were attributed to, among other things:
 - (a) The Company had a significant increase in revenue in 2020 (approximately \$64.5 million) as a result of the COVID-19 pandemic and the increased demand for PPE. In 2021, revenue returned to historical levels (approximately \$5.4 million) due to a decrease in demand for PPE as well as an oversaturation of PPE product in the market. The Company incurred PPE inventory write-downs and bad debts expense of approximately \$7.2 million and \$2.7 million, respectively. Accordingly, the Company incurred a net loss of approximately \$10.1 million; and
 - (b) The Company bought out a shareholder in 2021 based on a valuation of the Company’s 2020 financial position which was at a peak due to an unprecedented increase in revenue in that year, over-leveraging the Company’s balance sheet.
14. The Bank required that the Tax Arrears be paid by October 20, 2021; however, this did not occur, and the Company’s accounts were transferred to BMO’s Special Account Management Unit (“**SAMU**”) in October 2021.

15. As the Tax Arrears were not paid in full, and the Company was unable to satisfy BMO that there would be an improvement in sales, revenue, or cashflow, or that the covenant breaches would be cured, BMO decided to exit its banking relationship with Hawktree. By a standstill agreement dated February 10, 2022 (the “**Standstill Agreement**”), BMO agreed to forbear from making demand on the Hawktree indebtedness and from taking steps to enforce its security until May 31, 2022, provided, among other terms and conditions, Hawktree repaid all of its indebtedness to BMO by May 31, 2022 and presented a firm a binding financing commitment for repayment on or before April 29, 2022.
16. Hawktree was unable to raise financing to pay out its indebtedness to BMO by May 31, 2022, and BMO agreed to extend the Standstill Agreement, now requiring payment of the indebtedness by November 30, 2022, and delivery of a firm and binding financing commitment to pay out same by October 31, 2022.
17. Hawktree was unable to provide a financing commitment by October 31, 2022 and was unable to raise financing to pay out its indebtedness to BMO by November 30, 2022.
18. On December 1, 2022, Hawktree retained BDO to assist with, among other matters, assessing the Company’s current financial position and its strategic options to secure refinancing, a sale, or investment in the business. BDO’s recalculation of Hawktree’s borrowing limit on the operating loan as of October 31, 2022, resulted in a margin deficit on the operating loan of approximately \$1,480,000.
19. On January 9, 2023, BMO demanded payment of its loans and gave notice under s. 244 of the *BIA* of its intention to enforce its security. In order to allow the Company time to conduct a sale and investment solicitation process (“**SISP**”), the parties entered into a forbearance agreement dated February 2, 2023 (the “**Forbearance Agreement**”) whereby BMO agreed to forbear until April 7, 2023, from taking steps to recover payment of the Company’s indebtedness to BMO or from enforcing its security in consideration of, among other matters:
 - (a) Hawktree making reductions in the operating loan of \$50,000 on each of March 3, March 30 and April 7, 2023;
 - (b) The guarantors providing cash collateral and/or mortgage security; and
 - (c) Hawktree agreeing that in executing the Forbearance Agreement, on default thereunder it consented to the appointment of a receiver and manager of the Property of Hawktree.
20. Hawktree was unable to make the operating loan reductions of \$50,000 on March 3, March 30, or April 7, 2023.
21. The deadline for the delivery of expressions of interest (“**EOIs**”) under the SISP was on March 15, 2023, and only one (1) EOI was received and was in an amount insufficient to repay BMO in full. The EOI was also subject to additional due diligence which could further reduce the bid amount. The prospective purchaser who submitted the EOI ultimately did not submit a binding letter of intent.

22. After the SISP was conducted, the Company, with the assistance of BDO, reached out to other potential interested parties. Another party submitted an EOI; however, the EOI did not proceed or result in the submission of a letter of intent (“**LOI**”). No further purchasers or investors submitted EOI's in the process.
23. As the forbearance period under the Forbearance Agreement expired, and the Company's attempt to refinance, sell, or attract investors had been unsuccessful, BMO made an application to the Court to have BDO appointed as Receiver over the Company's Property.

V. ACTIVITIES OF THE RECEIVER

Receiver's Activities since the Date of Appointment

24. Since the Date of Appointment, the Receiver has performed the following activities:
- (a) On July 11, 2023, the Receiver ceased operations of the Company;
 - (b) The Receiver secured and placed the CRC eShop on temporary hold;
 - (c) The Receiver terminated the employment of the Company's known six (6) employees (the “**Former Employees**”) and the contract of an external consultant;
 - (d) On July 12, 2023, the Receiver attended and took possession of the Premises, which contained the Company's physical books and records, as well as some sample inventory;
 - (e) The Receiver changed the locks at the Premises and took control of the Company's available books and records;
 - (f) The Company maintained bank accounts with both BMO and the Bank of Nova Scotia (“**BNS**”). The Receiver notified both BMO and BNS of the receivership appointment, requested that the Company's bank accounts be switched to deposit only, and opened a new bank account in the name of the Receiver;
 - (g) The Receiver reviewed the Company's books and records, and took electronic back-ups of the Company's server, e-mails, electronic files, and reports from its accounting system;
 - (h) On July 20, 2023, the Receiver mailed a copy of the notice and statement of the Receiver pursuant to sections 245(1) and 246(1) of the BIA to the Office of the Superintendent of Bankruptcy (the “**OSB**”) and the Company's known creditors;
 - (i) The Receiver disclaimed the lease of the Premises as of July 31, 2023;
 - (j) The Receiver contacted Canada Revenue Agency (“**CRA**”) to set up a new Harmonized Sales Tax (“**HST**”) account in the name of the Receiver, as well as arrange for a trust examination of the Company's HST and source deduction accounts;

- (k) The Receiver engaged two (2) Former Employees, on a term and task basis, as independent contractors to assist with the Receiver's Sale Process (as defined below) and the compilation of the Company's books and records;
- (l) The Receiver administered the claims of certain Former Employees pursuant to the *Wage Earner Protection Program Act* ("**WEPPA**");
- (m) The Receiver coordinated the completion of records of employment for the Former Employees;
- (n) The Receiver responded to calls and enquiries from the Company's creditors, including Former Employees, customers, suppliers and other stakeholders;
- (o) The Receiver confirmed the Company's Medical Distribution Establishment Licence ("**MDEL**") with Health Canada, required to distribute and sell certain health products in Canada, was in good standing;
- (p) The Receiver planned and implemented the Sale Process (as defined below);
- (q) The Receiver communicated with BMO and its counsel and BDC Capital Inc. ("**BDC**") and its counsel in connection with various aspects of the receivership, including estimated realizations anticipated from the sale of assets under their respective security positions with respect to the Sale Process (as defined below);
- (r) The Receiver entered into separate profit-sharing agreements with both Wills Transfer Ltd. ("**Wills**") and Gilmore Global Logistics Services Inc. ("**Gilmore**") with respect to inventory held at their 3PL locations subject to storage liens in their favour;
- (s) The Receiver investigated inventory located at the 3PL in the United Kingdom;
- (t) The Receiver provided regular updates with respect to its realization strategy and the status of the Sale Process to the CRC, a key stakeholder of the Company;
- (u) The Receiver investigated the merit in continuing multiple legal claims the Company initiated including a proceeding to enforce a movable hypothec security on all the assets of G-Force CNC Enterprises Inc. ("**G-Force**"), and a proceeding to collect a deposit receivable from World Prestige Treasure SDN BHD ("**World Prestige**"); and
- (v) The Receiver prepared this First Report.

VI. ASSETS IN RECEIVER'S POSSESSION

25. The Company's Property primarily consists of accounts receivables, loan and deposits receivables, inventory, contracts, and intellectual property.

Accounts Receivables

26. The book value of the Company's trade accounts receivables ("**AR**"), as per the Company's books and records is \$636,932. The majority of the AR is aged and is uncollectible.

27. The Company's AR is not included in the Purchased Assets as defined in the Purchase Agreement. Accordingly, the Receiver is making efforts to collect the AR.

Loan and Deposits Receivable

28. The Company has two (2) legal claims against G-Force relating to approximately \$1.308 million that is owed to the Company. Of this amount, \$900,000 is secured by a movable hypothec on all of the assets of G-Force (the "**Hypothec Receivable**"), and \$408,000 relates to a deposit that is owed to the Company in relation to the non-performance of a contract (the "**G-Force Deposit Receivable**"). The Receiver is investigating the merit in continuing the claims the Company initiated in order to enforce the movable hypothec security on the assets of G-Force and collect the amounts owing.

29. The Company also initiated a legal claim in the amount of approximately \$1.2 million USD against World Prestige, a company based on Thailand and Malaysia, relating to the supply of PPE nitrile gloves (the "**World Prestige Deposit Receivable**"). The Receiver is also investigating the merit in continuing the claim the Company initiated in order to collect on the World Prestige Deposit Receivable.

Inventory

30. The book value (in dollars) of the Company's inventory, as per the Company's books and records, is summarized by type below.

Inventory Type	Book Value
Personal protective equipment (PPE)	843,283
First aid	683,652
Emergency preparedness	339,457
Training and apparel	195,177
Hawktree samples	112,745
Automated external defibrillator (AED)	62,951
Total	2,237,265

31. First aid, emergency preparedness, training and apparel, and automated external defibrillators are all included in the Purchase Agreement.

32. Should the Proposed Transaction be approved by the Court, the Receiver will make efforts to sell the PPE inventory. The Receiver does not anticipate that Hawktree's sample inventory will have any realizable value.

33. The Receiver understands that there is an additional container of PPE product shipped from China that is currently in the possession of Canadian National Railway and which is in dispute with the Company's customs broker. The Receiver intends to also realize on this inventory if beneficial to the estate.

34. The Receiver understood that inventory with a book value of approximately \$294,000 was located at a 3PL in the United Kingdom, VIP Freight Ltd. ("**VIP Freight**"). On July 13, 2023, VIP Freight informed the Receiver that they were not in

possession of any of Hawktree's inventory as the inventory was disposed of due to arrears owing to VIP Freight. The Receiver has made multiple requests for VIP Freight to provide a full accounting of the inventory disposal and has yet to receive a response. The Receiver will continue to follow up on the matter.

Contracts

35. As previously noted, one of the assets of the Company is its CRC Contract. The Company also has international contracts with Red Cross societies in Mexico, Columbia, and Argentina. The CRC Contract is subject to the Purchase Agreement, but the international contracts are not. Business conducted by Hawktree with international Red Cross societies was minimal as at the Date of Appointment.

Intellectual Property

36. The Company's intellectual property primarily consists of its website (the CRC eShop), an enterprise resource planning system, marketing, and customer lists (collectively, the "IP"). The Company's IP is also subject to the Purchase Agreement.

VII. SALE PROCESS

SISP Overview

37. In February 2023 the Company conducted a SISP that was run by BDO as financial advisor to Hawktree. The key milestones under the SISP were as follows.

<u>Milestone</u>	<u>Deadline</u>
Deadline to deliver Teaser Letter and NDA to Known Potential Bidders	Monday, February 6, 2023
Due Diligence Deadline Expression of Interest Date	Wednesday, March 15, 2023 (5:00 PM Eastern Time)
Bid Selection Date	Friday, March 17, 2023
Binding Letter of Intent Date (Bid Deadline)	Friday, March 31, 2023
Definitive Transaction Agreement	Friday, April 7, 2023
Transaction Execution Date (if Court Order is not necessary)	Friday, April 14, 2023
Hearing of the Sale Approval Motion	No later than Friday, April 28, 2023, subject to the availability of the Court

38. BDO, with the assistance of Management, identified potential buyers, consisting of both strategic targets and financial targets (the "Prospective SISP Purchasers"). In February 2023, seventy-five (75) Prospective SISP Purchasers,

consisting of 51 strategic targets and 24 financial targets, were contacted and provided with a teaser document describing the opportunity (the “**Teaser Letter**”) and were solicited to sign a non-disclosure agreement (“**NDA**”).

39. A total of 13 executed NDA's were received, 10 from strategic targets and 3 from financial targets (the “**Potential SISP Bidders**”). Each Potential SISP Bidder was:

- (a) Sent a confidential information memorandum (“**CIM**”) that provided an overview of the acquisition opportunity; and
- (b) Provided access to a virtual data room (“**VDR**”) containing detailed financial and contractual information relevant to the acquisition opportunity.

40. The deadline for the delivery of EOI's under the SISP was on March 15, 2023, and only one (1) EOI was received which valuation was insufficient to repay BMO in full. The EOI was also subject to additional due diligence which could further reduce the bid amount. In addition, requests for a statement of qualifications (“**SOQ**”) to validate the buyer's ability to complete the transaction, did not receive any response. Accordingly, the EOI ultimately did not proceed or result in the submission of a binding LOI.

41. After the SISP was conducted, the Company, with the assistance of BDO, reached out to other potential interested parties. Another party submitted an EOI; however, the EOI did not proceed or result in the submission of a LOI. No further purchasers or investors submitted EOI's in the process and as such the SISP process was terminated.

42. Although the SISP undertaken prior to the receivership was unsuccessful, the work product from that SISP was beneficial to the receivership as it allowed the Receiver to undertake an expedited marketing and SISP in the receivership.

Expedited Sale Process Overview

43. Given the extensiveness of the pre-filing SISP, the Receiver initiated an expedited sale process on July 13, 2023 (the “**Sale Process**”). The key milestones that were initially set under the Sale Process were as follows.

<u>Milestone</u>	<u>Deadline</u>
Initiation of Sale Process	Thursday, July 13, 2023
Expression of Interest Date (EOI Deadline)	Friday, July 28, 2023 (5:00 PM Eastern Time)
Binding Letter of Intent Date (LOI Deadline)	Friday, August 4, 2023 (5:00 PM Eastern Time)
Bid Selection Date	Monday, August 7, 2023
Definitive Transaction Agreement	Friday, August 11, 2023
Hearing of the Sale Approval Motion / Transaction Execution Date	Subject to availability of the Court

44. Fifty-nine (59) targets (8 new parties not included in the SISP) were identified as potential purchasers (the “**Potential Purchasers**”) and were contacted with additional information related to the acquisition opportunity, including a teaser and CIM, and were solicited to sign an NDA.
45. A copy of a letter issued by the Receiver to the Prospective Purchasers outlining the Sale Process (the “**Sale Process Letter**”) is attached as **Appendix “B”**.
46. The results of the Sale Process were as follows:
- (a) Six (6) of the Potential Purchasers expressed initial interest in the acquisition opportunity and obtained access to the VDR containing financial and contractual information for performance of due diligence procedures (the “**Potential Bidder(s)**”);
 - (b) Three (3) Potential Bidders submitted an EOI by the EOI deadline of July 28, 2023;
 - (c) Two (2) Potential Bidders submitted a binding LOI by the deadline of August 4, 2023. The Receiver officially extended the LOI deadline to August 11, 2023, to allow the third Potential Bidder who submitted an EOI (the “**Third Potential Bidder**”) additional time to speak with the CRC regarding the CRC Contract in order to submit an LOI. The Third Potential Bidder subsequently advised it would no longer be a participant of the Sale Process after its discussion with CRC; and
 - (d) The Receiver received revised LOI’s from both parties who submitted LOI’s (collectively, the “**LOI Bidder(s)**”) prior to the extended LOI deadline. A copy of the final revised LOI received from LOI Bidder A is attached as **Confidential Appendix “A”** and a copy of the final revised LOI received from LOI Bidder B is attached as **Confidential Appendix “B”** (collectively, the “**Confidential Appendices**”).
47. On August 18, 2023, the Receiver selected the binding LOI submitted by LOI Bidder B (Acme United Limited). After significant consideration and in consultation with BMO and BDC, the Receiver selected the LOI submitted by LOI Bidder B over the LOI submitted by LOI Bidder A primarily due to the following:
- (a) LOI Bidder A modified its LOI to include a condition that its bid was subject to CRC confirming in writing it was willing to assign the CRC Contract to LOI Bidder A; and
 - (b) CRC advised the Receiver that it would not be willing to assign the CRC Contract to LOI Bidder A.
48. The Receiver understands that the President of a Canadian division of the Purchaser is the sole owner of 9147 4999 Quebec Inc., 10% owner of Hawktree. This individual was directly involved in the submission of Bidder B’s LOI and the negotiation of the Purchase Agreement but does not have an ownership stake in the Purchaser.
49. On August 29, 2023, the Receiver entered into the Purchase Agreement with the Purchaser.

VIII. THE PROPOSED TRANSACTION

Proposed Transaction

50. The Purchase Agreement contains information that could prejudice the Company in a future sale process in the event that the Proposed Transaction does not close. As such a redacted copy of the Purchase Agreement is attached hereto as **Appendix “C”**. In filing this First Report with the Court, a copy of the unredacted Purchase Agreement will be included in the Confidential Appendices as **Confidential Appendix “C”**, and a sealing order will be sought in respect of same.
51. Capitalized terms in this section not otherwise defined herein have the meaning ascribed to them in the Purchase Agreement.
52. The Proposed Transaction is subject to prior Court approval.
53. Pursuant to the Purchase Agreement, the Purchaser has agreed to purchase, for a cash purchase price (the **“Purchase Price”**), all of the right, title, and interest in the following assets of the Company: i) all non-PPE inventory; ii) contracts including the CRC Contract (the **“Assumed Contracts”**), and iii) all websites, marketing lists, and other intellectual property of the Company (collectively, the **“Purchased Assets”**). The Purchase Price is subject to an inventory price adjustment for unsellable and stale inventory.
54. Pursuant to the Purchase Agreement, the Receiver shall assign to the Purchaser all of the Company’s rights, benefits, and interests in and to the Assumed Contracts and the Purchaser shall assume the obligations and liabilities of the Company under the Assumed Contracts from and after the Closing Date.
55. The Purchase Price will be fully paid on Closing. On Closing, the Purchased Assets are to be conveyed to the Purchaser pursuant to the Approval and Vesting Order being sought on an “as is, where is” basis, and subject to usual terms and conditions contained in such a transaction. The Purchase Price is to be satisfied as follows:
- (a) The Purchaser paid a non-refundable deposit (the **“Non-refundable Deposit”**) on or around August 22, 2023, which is being held in trust by the Receiver; and
 - (b) At Closing, the Purchaser shall pay the balance of the Purchase Price, being the amount of the Purchase Price less the Non-refundable Deposit.
56. Pursuant to the Purchase Agreement, the Closing date is to be the first business day following the expiry of the appeal period from the granting of the Approval and Vesting Order, or such other date agreed to between the Receiver and Purchaser.
57. The Purchase Agreement provides for certain conditions precedent to closing in favour of the Purchaser, including:
- (a) Court approval of the Proposed Transaction
 - (b) The vesting of the Purchased Assets in the Purchaser, free and clear of all encumbrances; and

(c) CRC consenting to the assignment to the Purchaser of the CRC Contract.

58. The Purchaser and CRC executed an assignment of the CRC Contract on August 28, 2023 to be effective upon the completion of the Proposed Transaction.

Basis for the Receiver's Recommendation

59. In light of the above, the Receiver's view is that the Purchase Agreement and Proposed Transaction contemplated therein represent the highest and best possible outcome for the Company's stakeholders. The Receiver respectfully recommends the Court approve the Proposed Transaction and authorize and direct the Receiver to complete all matters needed to close the Proposed Transaction for the following reasons:

- (a) **Efforts to get the best price:** The market was widely canvassed as a going concern sale during the SISP over a period of approximately six (6) weeks, resulting in only one (1) EOI submission and no subsequent LOI submissions. The market was canvassed again during the expedited Sale Process undertaken by the Receiver for a period of approximately three (3) weeks. The direct-contact marketing method used was sufficient to attract the interest of reasonable buyers and investors;
- (b) **Interest of the parties:** BMO and BDC were supportive of the process and were consulted regarding offers submitted as part of the SISP and Sale Process, notwithstanding that both will suffer a significant shortfall in the Proposed Transaction;
- (c) **Efficacy and integrity of the process:** The SISP and expedited Sale Process were both commercially reasonable and conducted with integrity. All interested parties were given an opportunity to participate in both processes. No objections or concerns regarding the SISP or the Sale Process have been brought to the Receiver's attention. Furthermore, the Purchase Agreement was negotiated in good faith, and is the best and highest price under the circumstances;
- (d) **There was no unfairness:** In the view of the Receiver, there has been no unfairness in the conduct of the SISP or expedited Sale Process. No party has been prejudiced or excluded;
- (e) **Other considerations:**
 - (i) The Receiver understands that the minimal interest in the Company as a going concern and for the Company's assets can be attributed to the current oversaturation of the PPE market as well as the fact that a significant portion of the Company's value is related to the CRC Contract which expires in 2025;
 - (ii) LOI Bidder B, being the only party with an LOI submission in which CRC was willing to assign the CRC Contract, confirms the Receiver's conclusion that the Proposed Transaction is the only viable offer; and
 - (iii) It is noted that the CRC eShop has not been operating during the receivership proceedings (since July 2023). Accordingly, time is of the essence in respect of a value-maximizing sale transaction as a prolonged

closure of the CRC eShop will further diminish the value of the Company's assets and cause BMO and BDC to suffer even greater shortfalls on their indebtedness.

IX. CREDITORS

Secured Claims

60. The Receiver understands the Company's secured debt facilities consist of loans made available by BMO and BDC. As at the Date of Appointment, the Company reported indebtedness owing to BMO and BDC of approximately \$3.5 million and \$2 million, respectively, for a total of approximately \$5.5 million.
61. The indebtedness of the Company to BMO is secured by a general security agreement (the "**GSA**") granted in favour of BMO dated August 14, 2019.
62. Pursuant to a subordination agreement executed by BMO and BDC in March 2021 (the "**Subordination Agreement**"), BDC has priority over intellectual property, defined as "all intellectual property owned or licensed, including all patents, trade-marks, domain and website names, business names, copyright, industrial designs, trade secrets, know-how and all other intellectual property of any kind and nature whatsoever".

Priority Claims

63. The priority claims in respect of the Property are comprised of:
- (a) The Receiver's Charge¹;
 - (b) The Receiver's Borrowing Charge²;
 - (c) Potential deemed trust claims;
 - (d) Potential statutory claims pursuant to the BIA (the "**BIA Claims**"); and
 - (e) Storage lien claims pursuant to the Ontario Repair and Storage Lien Act ("**RSLA**").

Receiver's Charge

64. Paragraph 17 of the Receivership Order provided a first priority charge on the Property for the Receiver's fees and costs and those of the Receiver's Counsel in priority to all other security interest, trusts, liens, charges and encumbrances.

¹ As defined under the Receivership Order

² As defined under the Receivership Order

Receiver's Borrowing Charge

65. Pursuant to paragraph 20 of the Receivership Order, the Receiver is authorized to borrow up to \$1,000,000, as it considered necessary or desirable. As of the date of this Report, the Receiver has issued two (2) Receiver's certificates for total borrowings of \$150,000.

Deemed Trust Claims

66. Amounts owing to CRA for HST and source deductions have yet to be confirmed. The Receiver understands that the Company's books and records had not been updated for several weeks prior to the Date of Appointment, and the Company's Management advised that source deduction remittances to CRA had not been made since April 2023.

67. The Receiver has requested that CRA perform a trust examination to confirm the amounts outstanding in HST and source deductions.

BIA Claims

68. Unpaid wages and vacation pay: According to the Company's books and records, approximately \$21,990 and \$7,794 in unpaid wages and vacation pay, respectively, are owed to the Company's Former Employees.

69. Pursuant to section 81.4 of the BIA, claims for unpaid wages to a maximum of \$2,000 per employee benefit from priority status as against the Company's current assets, and expense claims of travelling salespeople to a maximum of \$1,000 per employee benefit from the same priority status.

70. Based on the above, the Receiver estimates that the priority claim pursuant to section 81.4 of the BIA is approximately \$12,000.

71. The Receiver understands that the Company did not provide a registered pension plan for its employees. Accordingly, the Receiver is not aware of any amounts owing to former employees pursuant to section 81.6 of the BIA.

Storage Lien Claims

72. The majority of the Company's inventory is held at two (2) 3PL's in Ottawa, which are owned by Wills and Gilmore. According to the Company's books and records, the Company owes Wills and Gilmore \$553,309 and \$164,411, respectively. Given the storage arrears owing to both Wills and Gilmore, the inventory on-hand at each 3PL is subject to a possessory storage lien pursuant to the *RSLA*.

73. The Receiver has entered into separate profit-sharing agreements with both Wills and Gilmore whereby the Receiver and Wills and Gilmore will split the proceeds of the sale of inventory that is on-hand at the 3PL locations.

Unsecured Claims

74. The Receiver understands that the Company had unsecured trade payables and accrued liabilities owing of approximately \$5.6 million as at the Date of Appointment.

75. It is anticipated that BMO and BDC will both incur a significant shortfall and as a result there will be no amounts available for unsecured creditors.

X. RECOMMENDATIONS

76. Based on the foregoing, the Receiver respectfully recommends that the Court issue an order(s):

- (a) Approving this First Report, including the actions and activities of the Receiver set out herein;
- (b) Approving the Purchase Agreement, and authorizing to complete the Proposed Transaction and directing the Receiver to execute such documents and take such additional steps as are necessary to do so;
- (c) Vesting in the Purchaser, as at closing, the purchased assets as identified in the Purchase Agreement, free and clear of all liens, charges, security interests and other encumbrances (other than such permitted encumbrances as may be described in the order); and
- (d) Sealing the Confidential Appendices.

All of which is respectfully submitted on the 7th day of September, 2023.

BDO Canada Limited
in its capacity as Court Appointed Receiver of
7132221 Canada Inc. (o/a Hawktree Solutions)
and not in its personal or corporate capacity



Neil Jones, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX “E”

(Hawktree)

AGREEMENT OF PURCHASE AND SALE

BETWEEN

**BDO CANADA LIMITED SOLELY IN ITS CAPACITY AS THE COURT APPOINTED
RECEIVER OF THE ASSETS, UNDERTAKINGS AND PROPERTIES OF 7132221 CANADA
INC. O/A HAWKTREE SOLUTIONS AND NOT IN ITS PERSONAL OR CORPORATE
CAPACITIES**

AS VENDOR

- AND -

ACME UNITED LIMITED

AS PURCHASER

DATED AS OF THE 29 DAY OF AUGUST, 2023

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is made as of August 29, 2023

BETWEEN:

BDO Canada Limited, solely in its capacity as the Court-appointed receiver of the assets, undertakings and properties of 7132221 Canada Inc. o/a Hawktree Solutions (the "**Company**") and not in its personal or corporate capacities

(the "**Vendor**")

-and-

Acme United Limited, a corporation formed and existing under the laws of Canada

(the "**Purchaser**")

Recitals

1. By Order of Mr. Justice Cavanagh of the Ontario Superior Court of Justice dated June 11, 2023 and made on July 11, 2023 (the "**Receivership Order**"), BDO Canada Ltd. was appointed as receiver of all of the assets, undertakings and properties of the Company; and
2. The Vendor wishes to sell and the Purchaser wishes to purchase the Company's right, title and interest in and to the Purchased Assets (as defined herein) subject to the terms and conditions hereof.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following capitalized terms shall have the following meanings:

- (a) **"Agreement"** means this agreement of purchase and sale, including all schedules;
- (b) **"Approval and Vesting Order"** means an order of the Court substantially in the form of the template Approval and Vesting Order for use on the Commercial List of the Court, (i) approving this Agreement and the completion of the Transaction by the Vendor, and (ii) vesting in the Purchaser, or as the Purchaser may direct, all of the right, title and interest, if any, of the Company in the Purchased Assets free and clear of any right, title or interest of the Company, the Vendor or any other Person, including any Encumbrances;
- (c) **"Assumed Contract(s)"** has the meaning given to it in Section 2.2(a);
- (d) **"Assumed Liabilities"** has the meaning given to it in Section 2.3;
- (e) **"Business"** means the business carried on by the Company immediately before the making of the Receivership Order as a distributor and supplier of medical supplies and devices within Canada;
- (f) **"Business Day"** means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (g) **"Closing"** means the completion of the Transaction upon the delivery of the deliverables and the performance of the arrangements in Section 5;
- (h) **"Closing Date"** means, subject to Section 5.1(b), the first Business Day following the date upon which the Approval and Vesting Order becomes Final, or such other date agreed to by the parties hereto in writing for the completion of the Transaction;
- (i) **"Company"** has the meaning given to it above;
- (j) **"Contracts"** means all contracts to which the Company is a party for the sale or supply of any services or product, and any other contract pertaining to the operation of the Business including the contracts listed on Schedule 1;
- (k) **"Court"** means the Ontario Superior Court of Justice;
- (l) **"CRC"** means The Canadian Red Cross Society;
- (m) **"CRC Contract"** means the Supply Management, Distribution and License Agreement made as of February 1, 2021 between the Company and CRC, as amended, extended, renewed or otherwise modified;
- (n) **"Cure Costs"** means all amounts required to be paid to effectuate the assignment to the Purchaser of the Assumed Contracts;
- (o) **"Deposit"** has the meaning given to it in Section 2.8(a);
- (p) **"Encumbrances"** means all claims, liabilities, liens, mortgages, pledges, security interests, charges, restrictions and encumbrances of any kind or description, fixed or contingent, accrued or unaccrued, arising under contract, tort, statute or otherwise affecting or in any way relating to the Purchased Assets;
- (q) **"ETA"** means the *Excise Tax Act*, R.S.C. 1985, c.E-15, as amended;
- (r) **"ETA Election"** has the meaning given to it in Section 2.11(a);

- (s) **"Excluded Assets"** means the following assets, property, rights and interests of the Company:
- (i) all cash on hand, bank deposits, guaranteed investment certificates, securities and other similar cash or cash equivalent items;
 - (ii) all accounts receivable, notes receivable and other debts due or accruing due to the Company, whether or not related to the Business;
 - (iii) all choses in action and litigation claims;
 - (iv) all prepaid expenses;
 - (v) all Contracts, other than Assumed Contracts;
 - (vi) all PPE Inventory;
 - (vii) all income tax refunds, HST refunds and all other tax refunds and amounts that may be due to the Company from Canada Revenue Agency or any provincial tax authorities;
 - (viii) all corporate records, minute books, tax records and returns, and other records having to do with the corporate organization of the Company; and
 - (ix) all information and materials in electronic and physical form of the Company not specifically related to or used in connection with the Business.
- (t) **"Final"** with respect to any order of the Court, means that leave to appeal or reconsideration shall not have been sought in respect of such order and that such order shall not have been stayed, appealed, varied (except with the consent of the Vendor and Purchaser) or vacated, and all time periods within which leave to appeal and reconsideration could at law be sought shall have expired and all time periods within which such order could at law be appealed shall have expired;
- (u) **"Intellectual Property and Goodwill"** means all intellectual property and goodwill of the Business and all information and documents relating thereto, including customer lists, supplier relationships, and transferable rights relating to telephone numbers, eShop, enterprise resource planning, website, links, internet addresses, and any other means of communicating with the Business, together with the right of the Purchaser to represent itself as carrying on the Business in succession to the Company;
- (v) **"Inventory"** means all new, merchantable inventories of every kind and nature pertaining to the Business and described on Schedule 2, but not including PPE Inventory and inventory that is within 12 months of its expiration date unless otherwise indicated on Schedule 2;
- (w) **"Inventory Amount"** means the dollar amount of the total value of the Inventory received by the Purchaser on the Closing Date and based on the actual cost to the Company for such Inventory;
- (x) **"Inventory Price Adjustment"** means an adjustment of the Inventory Amount as of the Closing Date, which will be calculated as 42.9% of the actual cost to the Company for such Inventory, of any Inventory determined by the Purchaser and the Vendor to:
- (i) not exist; or
 - (ii) exist, but not be in good sellable condition, or is less than 12 months of its expiration date as of the Closing of the Transaction unless otherwise indicated on Schedule 2;

as compared to the Inventory described on Schedule 2.

- (y) **"Inventory Removal Period"** has the meaning given to it in Section 2.7(d);
- (z) **"Letter of Intent"** means the letter of intent dated August 11, 2023 with respect to the proposed purchase by the Purchaser from the Vendor of selected assets of the Company;
- (aa) **"Liability"** means any debt, loss, damage, adverse claim, fine, penalty, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, and whether in or under statute, contract, tort, strict liability or otherwise) and includes all costs and expenses relating thereto (including all fees, disbursements and expenses of legal counsel, experts, engineers, appraisers and consultants and costs of investigation);
- (bb) **"Outside Date"** means October 31, 2023;
- (cc) **"Person"** includes an individual, body corporate, partnership, joint venture, trust, association, unincorporated organization, the Crown, any governmental authority or any other entity recognized by law;
- (dd) **"PPE Inventory"** means all personal protective equipment inventory, including gloves, hand sanitizers, gowns and masks;
- (ee) **"Purchase Price"** has the meaning given to it in Section 2.6(a);
- (ff) **"Purchased Assets"** means the Inventory, Assumed Contracts and Intellectual Property and Goodwill, collectively;
- (gg) **"Purchaser"** means Acme United Limited;
- (hh) **"Purchaser's Counsel"** means Davies Ward Phillips & Vineberg LLP;
- (ii) **"Receiver's Certificate"** has the meaning given to that term in the Approval and Vesting Order;
- (jj) **"Rejected Inventory"** has the meaning given to it in Section 2.7(d);
- (kk) **"Receivership Order"** has the meaning given to it in the recitals to this Agreement;
- (ll) **"Sales Taxes"** has the meaning given to it in Section 2.11(a);
- (mm) **"Sales Taxes Indemnity"** has the meaning given to it in Section 2.11(b);
- (nn) **"3PL Facilities"** means the Wills Transfer and Gilmore Global third-party logistics locations at which the Inventory is located;
- (oo) **"Time of Closing"** means 10:00 a.m. (EST) on the Closing Date, or such other time as the parties may mutually agree;
- (pp) **"Transaction"** means the purchase and sale of the Purchased Assets;
- (qq) **"Vendor"** means BDO Canada Limited solely in its capacity as the court appointed receiver of the Company and not in its personal or corporate capacities; and
- (rr) **"Vendor's Counsel"** means Miller Thomson LLP.

1.2 Headings

The division of this Agreement into recitals, articles, sections, subsections and schedules and the insertion of headings are for convenience of reference only and shall not affect the construction of interpretation hereof. The terms "this Agreement", "hereof", "herein", "hereto" and similar expressions refer to this Agreement and not to any particular recital, article, sections, subsection or schedule or other portion hereof. Unless something in the subject matter or context is inconsistent herewith, references herein to recitals, articles, sections and subsections and schedules are to recitals, articles, sections, subsections and schedules of this Agreement.

1.3 References

Any reference in this Agreement to a statute includes such statute, all regulations made thereunder and all amendments to such statute or regulations in force from time to time.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa, words importing gender include all genders and words importing persons include individuals, partnership, associations, trusts, unincorporated organizations and governmental authorities. The terms "including" means "including, without limitation", and such terms as "includes" have similar meanings.

1.5 Schedules

The following are the Schedules to this Agreement:

Schedule 1 - Contracts

Schedule 2 - Inventory

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

Subject to and in accordance with the terms and conditions hereof, the Vendor shall sell to the Purchaser and the Purchaser shall purchase from the Vendor on Closing, all of the right, title and interest of the Company in the Purchased Assets, free and clear of all Encumbrances, and assume the Assumed Liabilities.

2.2 Assignment of Contracts

- (a) As soon as practicable prior to the Closing Date, the Purchaser shall advise the Vendor, in writing, of those Contracts which the Purchaser has elected, in its sole discretion, to receive an assignment of and assume on Closing (each, an "**Assumed Contract**" and collectively, the "**Assumed Contracts**"). Subject to and in accordance with the terms and conditions hereof, the Vendor shall assign to the Purchaser all of the Company's rights, benefits and interests in and to the Assumed Contracts and the Purchaser shall assume the obligations and liabilities of the Company under the Assumed Contracts from and after

the Closing Date. For certainty, any obligations and liabilities incurred, accruing or coming due under or pursuant to the Assumed Contracts after the Time of Closing shall be the obligation of the Purchaser and not the Vendor.

- (b) This Agreement and any document delivered under this Agreement shall not constitute an assignment or an attempted assignment of any Assumed Contract which is not assignable without the consent, approval or waiver of the counter party to the Assumed Contract if such consent, approval or waiver has not yet been obtained as of the Closing.
- (c) The Purchaser shall be solely responsible for obtaining all third-party consents, approvals and waivers which are required or desirable for the assignment of the Assumed Contracts and shall pay the applicable Cure Costs related to such Assumed Contract. The Vendor shall cooperate with the Purchaser in obtaining such consents, approvals and waivers but the Vendor shall be under no obligation to incur any expense or make any payment required to effect the assignment of the Assumed Contracts.
- (d) Any Assumed Contract for which the consent, approval or waiver of a third-party is required to effect the assignment and for which such third-party consent, approval or waiver has not been obtained as of Closing may be disclaimed by the Vendor.
- (e) Other than the Assumed Contracts, the Vendor is not assigning to the Purchaser any of the Company's rights, benefits and interests in and to the Contracts and the Purchaser will not assume or become liable for any obligations under any of the Contracts, save and except for the Assumed Contracts.

2.3 Assumed Liabilities

Subject to the terms and conditions of this Agreement, the Purchaser agrees that it will, effective as of the Closing, assume, discharge, perform, pay and fulfill and indemnify and save harmless the Vendor from and against the following Liabilities (collectively, the "**Assumed Liabilities**"):

- (i) all Liabilities under the Assumed Contracts arising after Closing; and
- (ii) all Liabilities in respect of the Purchased Assets arising or incurred from and after Closing.

2.4 Obligations Excluded

The Purchaser shall not assume and shall not be responsible or liable with respect to any Liabilities of the Company other than those Liabilities arising from the Assumed Liabilities.

2.5 Excluded Assets

- (a) The Vendor is not selling and the Purchaser is not purchasing the Excluded Assets, all of which are excluded from the Purchased Assets and the purchase and sale hereunder.
- (b) If any of the Excluded Assets or any proceeds thereof shall at any time come into the possession of or under the control of the Purchaser, such assets and/or proceeds shall be held by the Purchaser, in trust for the benefit of the Vendor. Upon the Purchaser becoming aware that it has come into possession of such assets and/or proceeds, the Purchaser shall forthwith so advise the Vendor in writing of same and shall, if so requested by the

Vendor, account and deliver over to the Vendor, at the Vendor's cost, any such assets and/or proceeds.

2.6 Purchase Price

- (a) The purchase price (the "**Purchase Price**") payable by the Purchaser to the Vendor for the Purchased Assets shall be \$900,000, subject to adjustment in accordance with Section 2.7, and (ii) the Assumed Liabilities.
- (b) The Purchase Price shall be allocated among the Purchased Assets as follows:
 - (i) as to the Inventory, \$500,000;
 - (ii) as to the Assumed Contracts, \$275,000; and
 - (iii) as to the Intellectual Property and Goodwill, \$125,000.

2.7 Inventory Adjustment

- (a) Within 60 days following Closing, the Purchaser and the Vendor, together, shall determine the Inventory Amount based upon bills of lading/shipping records and, if deemed necessary by the parties acting reasonably, a physical count of the Inventory. Based on such determination, the Purchase Price shall be adjusted, upwards or downwards, in accordance with the Inventory Price Adjustment, provided that no adjustment shall be made if the Inventory Price Adjustment is \$25,000 or less. If the Inventory Price Adjustment is \$25,001 or more, the Purchase Price shall be adjusted upwards or downwards, as applicable, by the amount of the Purchase Price Adjustment less \$25,000.
- (b) The amount of any Inventory Price Adjustment shall be paid by certified cheque or bank draft within two (2) Business Days of the determination of the Inventory Price Adjustment.
- (c) The Purchaser and the Vendor will each bear their own costs and expenses in completing any physical count of the Inventory.
- (d) Within 45 days following Closing (the "**Inventory Removal Period**"), the Purchaser shall remove the Inventory from the 3PL Facilities unless the Purchaser has made arrangements with the operators of the 3PL Facilities for the Inventory to remain at the 3PL Facilities after the expiry of the Inventory Removal Period. The Vendor shall be responsible for the costs of storing the Inventory at the 3PL Facilities during the Inventory Removal Period. The Vendor will bear the costs of bringing the Inventory to the shipping door of the 3PL Facility and the Purchaser will be responsible for all costs thereafter. In the event that the Inventory removed by the Purchaser from the 3PL Facilities includes Inventory which is thereafter determined to have not been not in good sellable condition or less than 12 months of its expiration date as of the Closing of the Transaction and is included in the Inventory Price Adjustment (the "**Rejected Inventory**"), the Receiver may, but shall not be obligated to, take possession and control of the Rejected Inventory, or any part thereof. Any Rejected Inventory which the Receiver does not take possession or control of may be disposed of by the Purchaser at its own expense.

2.8 Deposit

- (a) The Vendor acknowledges receipt from the Purchaser prior to the date of this Agreement of a deposit in the amount of \$330,000 (the "**Deposit**") to be held in trust by the Vendor in an interest bearing account pending completion of the Transaction in accordance with this Agreement.
- (b) If the Transaction fails to close due to the Purchaser's default, the Vendor, in addition to any other remedies that it may have, shall be entitled to retain the Deposit together with accrued interest as liquidated damages and not as a penalty. If the Transaction fails to close or this Agreement is terminated for any reason other than the default of the Purchaser, the Purchaser shall be entitled to the immediate return of the Deposit together with accrued interest forthwith from the Vendor without any deduction or set off whatsoever.

2.9 Satisfaction of Purchase Price

- (a) At or prior to the Time of Closing on the Closing Date, the Purchaser shall satisfy the Purchase Price as follows:
 - (i) the amount of the Deposit together with accrued interest shall be retained by the Vendor and credited toward the Purchase Price;
 - (ii) the balance of the Purchase Price shall be paid to the Vendor by wire transfer, certified cheque, bank draft or other immediately available funds; and
 - (iii) as to the dollar value of the Assumed Liabilities, by the assumption by the Purchaser of the Assumed Liabilities.
- (b) At least ten (10) days prior to the date on which the Vendor's application to the Court to obtain the Approval and Vesting Order is scheduled to be heard, the Purchaser shall provide to the Vendor satisfactory evidence that the Purchaser has readily available funds to satisfy the balance of the Purchase Price on the Closing Date.

2.10 Adjustments

Save and except the adjustment provided for in Section 2.7 with respect to the Inventory, there shall be no adjustments to the Purchase Price and the Vendor shall not be required to re-adjust after Closing any item on or omitted from the statement of adjustments.

2.11 Taxes

- (a) The Purchaser shall pay upon the completion of the Transaction, in addition to the Purchase Price, all applicable federal and provincial taxes exigible in connection with the completion of the Transaction including, without limitation, harmonized sales tax (collectively the "**Sales Taxes**"). Alternatively, where applicable, the Purchaser shall have the option of furnishing the Vendor with appropriate exemption certificates and/or self-assessment indemnification documentation. If available, the Vendor agrees to execute an election (the "**ETA Election**") pursuant to Section 167(1) of the ETA to have the sale of the Purchased Assets take place without the requirement for the collection or remittance of harmonized sales tax to the extent possible. In such case, the Purchaser agrees to file such election in accordance with the provisions of the ETA.

- (b) The Purchaser agrees to indemnify and save the Vendor harmless from and against all claims and demands for payment of any Sales Taxes, including any liability or costs incurred as a result of any failure by the Purchaser to pay such taxes when due (the "**Sales Taxes Indemnity**").

2.12 Risk

- (a) The Purchased Assets shall be and remain at the risk of the Vendor until Closing.
- (b) In the event of material (exceeding \$250,000) damage by fire or other hazard to the Inventory, or any part thereof, occurring before the Closing Date, the Vendor shall immediately advise the Purchaser thereof by notice in writing. In that event, the Purchaser shall have the option of terminating the Transaction. Such option shall be exercised within five (5) Business Days after written notification to the Purchaser by the Vendor of the occurrence of the loss or damage, and upon such exercise, this Agreement shall be terminated automatically and the Purchaser shall be entitled only to a return of the Deposit with accrued interest and without deduction or set-off, and the Purchaser shall not be entitled to any other compensation of any kind whatsoever with respect to the failure to close as a result of such loss or damage. If such option is not exercised by the Purchaser, the parties shall complete the Transaction and the Purchase Price shall be adjusted in accordance with the Inventory Price Adjustment and the Vendor shall be entitled to retain the proceeds of insurance, if any, referable to such loss or damage.
- (c) Where any damage is not material, the parties shall complete the Transaction and the Purchase Price shall be adjusted in accordance with the Inventory Price Adjustment and the Vendor shall be entitled to retain the proceeds of insurance, if any, referable to such loss or damage.
- (d) All insurance maintained by the Vendor or the Company shall be cancelled at the Time of Closing and the Purchaser shall be responsible for placing its own insurance with respect to the Purchased Assets from and after the Closing Date.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor

The Vendor hereby makes the following representations and warranties to the Purchaser and acknowledges that the Purchaser is relying on such representations and warranties in entering into this Agreement and completing the Transaction:

- (i) **Receivership Order:** The Receivership Order is in full force and effect;
- (ii) **Residency:** The Vendor is not a non-resident person within the meaning of Section 116 of the *Income Tax Act* (Canada); and
- (iii) **HST Registration:** The Vendor shall be registered for the purposes of the ETA prior to the Closing and shall provide its registration number to the Purchaser on or prior to the Closing.

3.2 Representations and Warranties of the Purchaser

The Purchaser hereby makes the following representations and warranties to the Vendor and acknowledges that the Vendor is relying on such representations and warranties in entering into this Agreement and completing the Transaction:

- (i) **Corporate Existence:** The Purchaser is a corporation incorporated and existing under the laws of Canada;
- (ii) **Capacity and Due Authorization:** The Purchaser has the necessary capacity to enter into this Agreement and perform its obligations under this Agreement and any other agreements or instruments to be delivered or given by it pursuant to this Agreement. The execution, delivery and performance by the Purchaser of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser;
- (iii) **Binding Agreement:** This Agreement and any other agreements entered into pursuant to this Agreement to which the Purchaser is a party constitute legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;
- (iv) **Brokers:** The Purchaser has not engaged any broker or other agent in connection with the Transaction or this Agreement and, accordingly, there is no commission, fee or other remuneration payable to any broker or agent who purports or may purport to have acted for the Purchaser; and
- (v) **HST Registration:** At Closing, the Purchaser will be registered for the purposes of the ETA, and agrees to advise the Vendor of its HST number on or before Closing.

3.3 As Is, Where Is

- (a) The Purchased Assets are being sold on an "as is, where is" basis. The Purchaser has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets. The Purchaser has conducted such inspections and investigations concerning the Purchased Assets as the Purchaser considered appropriate and has satisfied itself concerning all matters affecting the Purchased Assets. No warranty or condition, either express or implied, statutory or non-statutory, oral or written has been or will be given by the Vendor as to the title, Encumbrances, description, condition, quality, value, cost, size, quantity, fitness for any present or intended purpose or use, merchantability, state of repair, degree of maintenance, durability, marketability, transferability, or otherwise concerning the Purchased Assets save and except for the express warranties given in Section 3.1. The Purchaser acknowledges that it has already or will satisfy itself with respect to all such matters. All conditions and warranties expressed or implied pursuant to the provisions of the *Sale of Goods Act of Ontario* do not apply hereto and have been waived by the Purchaser. Any documentation, materials or information provided by the Vendor to the Purchaser regarding the Purchased Assets, or any part thereof, was provided solely for the convenience of the Purchaser and is not warranted or represented to be complete or accurate and does not form part of this

Agreement. The Purchaser shall and shall be deemed to rely entirely on its own inspectors and investigations concerning the Purchased Assets.

- (b) The Purchaser acknowledges and agrees that the Vendor has provided no representation or warranty to the Purchaser as to whether the Purchaser will or will not be considered a "successor employer" pursuant to applicable employment laws.
- (c) This Section 3.3 shall not merge on Closing and is deemed incorporated by reference into all Closing Documents.

ARTICLE 4 CONDITIONS OF CLOSING

4.1 Conditions for the Benefit of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (i) **Representations and Warranties:** The representations and warranties of the Vendor made in or pursuant to this Agreement shall be true and accurate at the Time of Closing with the same force and effect as though such representations and warranties had been made as of the Time of Closing;
- (ii) **Fulfilment of Obligations:** The Vendor shall have complied in all material respects with all agreements and obligations herein agreed to be performed or caused to be performed by it at or prior to the Time of Closing; and
- (iii) **CRC Contract:** CRC consenting to the assignment to the Purchaser of the CRC Contract.

The conditions contained in this Section 4.1 are inserted for the exclusive benefit of the Purchaser and may be waived in whole or in part by the Purchaser at any time without prejudice to any of its rights of termination in the event of non-performance of any other condition in whole or in part. If any of the conditions contained in Section 4.1 is not fulfilled or complied with at or prior to the time for the fulfillment of same, the Purchaser may terminate this Agreement by notice in writing to the Vendor.

4.2 Conditions for the Benefit of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (i) **Representations and Warranties:** The representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and accurate at the Time of Closing with the same force and effect as though such representations and warranties had been made as of the Time of Closing; and
- (ii) **Fulfilment of Obligations:** The Purchaser shall have complied in all material respects with all agreements and obligations herein agreed to be performed or caused to be performed by it at or prior to the Time of Closing.

The conditions contained in this Section 4.2 hereof are inserted for the exclusive benefit of the Vendor and may be waived in whole or in part by the Vendor at any time without prejudice to any

of the Vendor's rights of termination in the event of non-performance of any other condition in whole or in part. If any of the conditions contained in Section 4.2 hereof are not fulfilled or complied with at or prior to the Time of Closing, the Vendor may terminate this Agreement by notice in writing to the Purchaser.

4.3 Mutual Conditions

- (a) The obligations of each of the Vendor and the Purchaser to complete the Transaction is subject to the satisfaction of the following conditions precedent, which are for the mutual benefit of the Vendor and Purchaser:
- (i) **Receivership Order:** The Receivership Order shall remain in full force and effect;
 - (ii) **No Redemption or Loss of Control:** The Vendor shall not have lost its ability to convey the Purchased Assets or any part thereof;
 - (iii) **No Legal Action:** No action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the completion of the Transaction or the right of the Purchaser to own the Purchased Assets after the Time of Closing; and
 - (iv) **Approval Order and Vesting Order:** Prior to the Closing, the Approval Order and Vesting Order shall be obtained and shall be Final.

The conditions contained in this Section 4.3 are inserted for the mutual benefit of the Vendor and the Purchaser and may be waived in whole or in part by the Vendor and the Purchaser. If any of the conditions contained in this Section 4.3 are not fulfilled or complied with at or prior to the Time of Closing, the Vendor and the Purchaser may each terminate this Agreement by notice in writing to the other.

- (b) Subject to the availability of the Court, as soon as practicable after the execution of this Agreement by all parties, the Vendor shall file a motion with the Court for the issuance of, and shall use its best efforts to obtain, the Approval and Vesting Order. Notice of the motion seeking the issuance of the Approval and Vesting Order shall be served on the service list in the Company's receivership proceeding, all Persons having a registered Encumbrance against the Purchased Assets, or any part thereof, and such other Persons as the Purchaser may reasonable request. Prior to the service of the motion to obtain the Approval and Vesting Order, the Vendor shall provide to Purchaser's Counsel the service list for the motion. If the Purchaser shall not have communicated its acceptance of, or provided comments in respect of, the proposed service list within two (2) business days of receipt of such list by the Purchaser's Counsel, the Purchaser shall be deemed to have approved such list.

4.4 Effect of Termination

In the event of termination of this Agreement at or prior to the Time of Closing pursuant to Sections 4.1, 4.2 or 4.3, all obligations of the Parties pursuant to this Agreement shall be at an end, the Deposit, with accrued interest, shall be returned to the Purchaser, without set-off or deduction, and neither party shall have any further liability or obligation to the other by virtue of or under this Agreement.

ARTICLE 5 CLOSING ARRANGEMENTS

5.1 Date, Place and Time of Closing

- (a) Unless otherwise agreed by the parties in writing, the Closing shall take place at the Time of Closing on the Closing Date at the offices of the Vendor's solicitor or as otherwise determined by mutual agreement of the parties in writing.
- (b) In the event any issue is raised with respect to this Agreement which the Vendor determines impairs the ability of the Vendor to complete this Agreement or in the event that an action or proceeding shall be pending or threatened by any Person to enjoin, restrict or prohibit the completion of the Transaction or the right of the Purchaser to own the Purchased Assets after the Time of Closing, the Vendor may, but shall not be obliged to, extend the Closing Date up to, but not beyond, the Outside Date in order to provide the Vendor with additional time to remove the impediment to the completion of the Transaction.

5.2 Deliveries at Closing

- (a) At or prior to the Closing, the Vendor shall deliver to the Purchaser the following:
 - (i) a Statutory Declaration of the Vendor that it is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada);
 - (ii) a notarial copy of the Receivership Order and Approval and Vesting Order;
 - (iii) the ETA Election, if applicable;
 - (iv) a Certificate of the Vendor certifying that, except as disclosed in the Certificate, the Vendor has not been served with any Notice of Appeal with respect to the Receivership Order, Approval and Vesting Order, or any notice of any application, motion or proceeding seeking to set aside or vary the Receivership Order, Approval and Vesting Order or to enjoin, restrict or prohibit the Transaction;
 - (v) a Certificate, dated the Closing Date, confirming that all representations and warranties of the Vendor contained in this Agreement are true as of the Time of Closing, with the same effect as though made on and as of the Time of Closing;
 - (vi) an Acknowledgment, dated the Closing Date, that each of the conditions precedent in Section 4.2 of this Agreement have been fulfilled, performed or waived as of the Time of Closing;
 - (vii) the Receiver's Certificate;
 - (viii) a Statement of Adjustments to be delivered not less than two (2) Business Days prior to Closing;
 - (ix) an undertaking by the Vendor to readjust the Estimated Inventory Value in accordance with Section 2.7(c);
 - (x) an assignment for the Assumed Contracts;
 - (xi) a receipt for the Purchase Price; and

- (xii) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement insofar as it relates to the completion of the Transaction.
- (b) At or prior to the Closing, the Purchaser shall deliver to the Vendor the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:
- (i) payment of the balance of the Purchase Price payable to the Vendor, or as the Vendor may in writing direct, by certified cheque, bank draft, wire transfer or other immediately available funds;
 - (ii) an undertaking by the Purchaser to readjust all items on the statement of adjustments and the Estimated Inventory Value in accordance with Section 2.7(c);
 - (iii) a Certificate, dated the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Time of Closing, with the same effect as though made on and as of the Time of Closing;
 - (iv) an Acknowledgment dated the Closing Date, that each of the conditions precedent in Section 4.1 have been fulfilled, performed or waived as of the Time of Closing;
 - (v) payment or evidence of payment of applicable federal and provincial taxes or alternatively, appropriate exemption certificates, including the ETA Election;
 - (vi) the Sales Tax Indemnity; and
 - (vii) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement insofar as it relates to the completion of the Transaction.

5.3 Possession of Assets

- (a) The Vendor shall remain in possession of the Purchased Assets until the Time of Closing. Upon the completion of the Transaction, the Vendor shall yield up possession of the Purchased Assets to the Purchaser and the Purchaser shall take possession of the Purchased Assets where situate, subject to the obligations of the Vendor pursuant to Section 2.7(d). Title to the Purchased Assets shall not pass to the Purchaser until the completion of the Transaction and the Receiver's Certificate has been delivered to the Purchaser.

ARTICLE 6 GENERAL

6.1 Notices

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by confirmed facsimile or sent by prepaid courier with tracking facilities addressed as follows:

- (a) if to the Purchaser: Acme United Limited
3504 Av Francis-Hughes
Laval, QC H7L 5A9
- E-mail: Tony@firstaidcentral.com
Att'n: Tony Kourebeles
- with a copy to:
(which copy shall be
required) Davies Ward Phillips & Vineberg LLP
1501 McGill College, 26th Floor
Montreal, QC H3A 3N9
- Email: ssamson@dwpv.com
Att'n: Sylvie Samson
- (b) if to the Vendor: BDO Canada Limited
20 Wellington E, Suite 500
Toronto, ON M5E 1C5
- Email: clonergan@bdo.ca
Att'n: Clark Lonergan, CPA, CA, CIRP, LIT
- with a copy to:
(which copy shall be
required) Miller Thomson LLP
2010-255 Queens Avenue
London, ON N6A 5R8
- Email: tvanklink@millerthomson.com
Att'n: Tony Van Klink

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day). Any party may at any time change its address for service from time to time by giving notice to the other party in accordance with this Section 6.1.

6.2 Survival Following Completion

Notwithstanding any other provision of this Agreement, Section 2.3, 2.5, 2.7(c), 2.11(b) and Article 3 shall survive the termination of this Agreement and the completion of the Transaction, provided that upon the discharge of the Vendor as receiver, the Vendor's obligations by reason of same shall be at an end and the Vendor shall have no continuing obligations by reason thereof.

6.3 Assignment and Enurement

This Agreement may be assigned by the Purchaser to a company to be incorporated by the Purchaser but the assignment of the Agreement shall not release the Purchaser from any liability for non-completion of this Agreement until Closing, including without limitation, the payment of the Purchase Price, but the Purchaser shall be released automatically simultaneously with the

Closing. The Purchaser, together with any party to which the Purchaser assigns this Agreement or any portion thereof, shall be jointly and severally liable for all obligations and liabilities of the Purchaser under this Agreement, including any obligations and liabilities arising from the failure to complete the Transaction until Closing, but the Purchaser shall be released automatically simultaneously with the Closing. Any assignment of this Agreement by the Purchaser shall also be deemed to assign the Deposit (or a portion thereof). In the event that this Agreement is executed by the Purchaser "in trust" for another party, the party executing this document shall be personally liable for the fulfillment of the obligations of the Purchaser hereunder.

6.4 Expenses

Unless otherwise provided herein, the Vendor and the Purchaser shall be responsible for the expenses (including fees and expenses of legal advisors, accountants and other professional advisers) incurred by them, respectively, in connection with the negotiation and settlement of this Agreement and the completion of the Transaction. In the event of termination of this Agreement, other than as a result of non-fulfillment of a condition in Sections 4.1, 4.2 or 4.3, the obligation of each party to pay its own expenses will be subject to any rights of such party arising from a breach of this Agreement by the other party.

6.5 Further Assurances

Each of the parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other parties hereto may reasonably require from time to time after Closing at the expense of the requesting party for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement. The Purchaser shall provide such reasonable assistance to the Vendor as the Vendor may require in the preparation and completion of various statutory and of the documentation required in connection with the administration of the receivership of the Company. Provided that upon the discharge of the Vendor as receiver, the Vendor's obligations under this paragraph shall be at an end and the Vendor shall have no continuing obligation under this paragraph.

6.6 Access to Books and Records

For a period of six (6) years from the Closing Date or for such longer period as may be required by applicable laws, the Purchaser covenants and agrees to retain all original books and records relating to the Purchased Assets for the period prior to the Closing Date. During said six (6) year period, the Receiver shall have the right to inspect and to make copies of the same at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser. The Purchaser shall have the right to have its representatives present during any such inspections.

6.7 Entire Agreement

This Agreement, including all Schedules referenced herein and attached hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral, including the Letter of Intent. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided. No reliance is placed by any party hereto on

any warranty, representation, opinion, advice or assertion of fact made by any party hereto or its directors, officers, employees or agents, to any other party hereto or its directors, officers, employees or agents, except to the extent that the same has been reduced to writing and included in this Agreement.

6.8 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

6.9 Currency

All references to dollar amounts or "\$" in this Agreement are references to the lawful money of Canada.

6.10 Rights Cumulative

The rights and remedies of the parties hereunder are cumulative and not alternative.

6.11 Vendor's Capacity

The Vendor is acting solely in its capacity as receiver of the Company and shall have no personal or corporate liability under this Agreement.

6.12 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each of the parties irrevocably attorns to the Courts of the Province of Ontario.

6.13 Time of Essence

Time shall be of the essence of every provision of this Agreement provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser or by their respective solicitors.

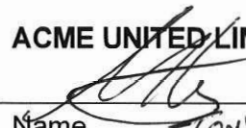
6.14 Execution and Delivery

This Agreement and any agreement or instrument delivered in accordance herewith, may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. Transmission by facsimile or electronic transmission in "pdf" format of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[signature page follows]


ACME UNITED LIMITED

Per:


Name TONY KOUREBELES
Title President
I have authority to bind the Purchaser

**BDO CANADA LIMITED, solely in its capacity
as court appointed receiver of the assets,
undertakings and properties of 7132221
Canada Inc. and not in its personal or
corporate capacity**

Per:


Clark Lonergan, CPA, CA, CIRP, LIT
Senior Vice President
I have authority to bind the Vendor

SCHEDULE 1

Contracts

1. Canadian Red Cross Society Contract – Supply Management, Distribution and License Agreement dated February 1, 2021
2. Shopify Inc. Agreement – Shopify Plus Agreement dated June 9, 2021
3. Oracle Netsuite Agreement – Payment Plan Agreement date April 26, 2023

SUPPLY MANAGEMENT, DISTRIBUTION AND LICENSE AGREEMENT

THIS AGREEMENT is made and entered into on this 1st day of February, 2021

BETWEEN:

7132221 CANADA INC., a corporation incorporated under the laws of Canada and carrying on business as “Hawktree Solutions”, and having its offices at 220 Kennevale Drive Suite 204, Nepean ON, K2J6B6.

(hereinafter referred to as the “**Licensee**”)

AND:

THE CANADIAN RED CROSS SOCIETY, a charitable organization incorporated under the laws of Canada, and having its offices at 400 Cooper Street, Suite 8000, Ottawa, ON, K2P2H8

(hereinafter referred to as “**CRC**”)

WHEREAS CRC is a leading humanitarian organization in Canada which, among other things, provides programs and services during emergencies and disasters in Canada and worldwide as well as training and programming regard First Aid and Water Safety;

AND WHEREAS CRC coordinates its efforts internationally through the Federation of Red Cross and Red Crescent Societies and the International Committee of the Red Cross;

AND WHEREAS the Licensee is an experienced distributor of personal health and safety and first-aid equipment and supplies;

AND WHEREAS CRC desires to advance its goals in Canada, grow its injury prevention initiatives as a revenue centre and increase market penetration and awareness of the Canadian Red Cross brand;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the Licensee and CRC (individually a “**Party**” and collectively the “**Parties**”) hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions.** In this Agreement, unless the context otherwise requires:

- (a) “**Agreement**” shall mean this Supply Management, Distribution and Licensing Agreement made between the Parties and all attached Schedules listed below, as same may be amended in accordance with the provisions herein:

Schedule “A” – Licensed Trademarks and Graphic Standards
 Schedule “B” - Licensed Products and Royalty Payments
 Schedule “C” - Additional Terms and Conditions

Schedule “D” - Product Approval Process

Schedule “E” - Fundamental Principles of the International Red Cross and Red Crescent Movement

Schedule “F” - CRC Supplier Code of Conduct

- (b) “**Business Day**” shall mean any day other than a Saturday or a Sunday or any locally observed statutory holiday in the Province of Ontario.
- (c) “**Change of Control**” occurs where (a) the beneficial ownership of 50% or more of the voting rights of the Licensee’s equity is acquired by another person, directly or indirectly, in a single transaction or series of related transactions, (b) all or substantially all of the assets of the Licensee are acquired by or transferred to any person, or (c) the Licensee is merged with or into another entity to form a new person.
- (d) “**Customer Group**” shall refer to each or any of Prevention & Safety, First Aid of the CRC.
- (e) “**Effective Date**” has the meaning set forth in Section 2.1.
- (f) “**License**” shall mean, collectively, the licenses granted pursuant to Section 3 of this Agreement.
- (g) “**Licensed Trademarks**” means the trademarks listed in Schedule “A” to this Agreement.
- (h) “**Licensed Product(s)**” means the products described in paragraphs a) through k) of section 1 of Schedule “B”, as same may be amended from time to time, as well as the products deemed to be Licensed Product(s) pursuant to section 2 of Schedule “B”.
- (i) “**Net profit**” means Net Sales minus the cost of acquiring, marketing and selling the Licensed Product(s) before taxes (including finder’s fees, commissions and like payments made by the Licensee to third parties).
- (j) “**Net Sales**” shall mean the gross invoice price of Licensed Product(s), less quantity discounts, tax, shipping and handling costs (paid by Licensee) and returns. No costs incurred in the acquisition, manufacture, sale, distribution or exploitation of the Licensed Product(s) shall be included as a deduction for purposes of determining Net Sales.
- (k) “**Retail**” shall mean traditional retailers with multiple store locations within the Territory. This excludes solely e-commerce retailers and CRCS Training Partners.
- (l) “**Royalties**” means the royalty payments described in section 3 of Schedule “B” of this Agreement, as same may be amended or supplemented from time to time.
- (m) “**Territory**” shall mean Canada.

1.2 **Interpretation.** In this Agreement, except as otherwise expressly provided or as the context otherwise requires:

- (a) **Headings:** the headings are for convenience only and are not intended as a guide to interpretation of this Agreement or any part of it.

- (b) **Including:** the word **including**, when following a general statement or term, is not to be construed as limiting the general statement or term to any specific item or matter set forth or to similar items or matters, but rather as permitting the general statement or term to refer also to all other items or matters that could reasonably fall within its broadest possible scope.
- (c) **Accounting Terms:** an accounting term not otherwise defined herein has the meaning assigned to it, and every calculation to be made hereunder is to be made, in accordance with accounting principles generally accepted in Canada applied on a consistent basis.
- (d) **Currency:** a reference to currency means Canadian currency.
- (e) **References to Statutes:** a reference to a statute includes all regulations made thereunder, all amendments to the statute or regulations in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulations.
- (f) **Successors:** a reference to an entity includes any successor, agents, permitted assigns, heirs, executors and administrators to that entity.
- (g) **Gender, Number, etc.:** a word importing the masculine gender includes the feminine and neuter, a word in the singular includes the plural, a word importing a corporate entity includes an individual, and vice versa and “**person**” means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, or other entity or a government or any agency, department or instrumentality thereof.
- (h) **Approvals in Writing:** a reference to **approval**, **authorization** or **consent** means written approval, authorization or consent regardless of whether expressly so stated and whenever a Party is entitled to act in its discretion under this Agreement, that Party will act reasonably and not arbitrarily in exercising such discretion, unless expressly specified otherwise.
- (i) **Conflicts:** if there is any conflict or inconsistency between this Agreement and any Schedule thereto, the, Schedule will prevail over this Agreement.
- (j) **Time of Essence:** time is of the essence in the performance of every obligation of this Agreement.
- (k) **Business Days:** if any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, that action will be required to be taken on the next succeeding day which is a Business Day unless otherwise expressly provided in this Agreement.
- (l) **Financial Responsibility:** financial responsibility relating to a particular function lies with the Party who has the responsibility of performing that function unless otherwise indicated in this Agreement.
- (m) **Private Label Business:** a private label business model where products are manufactured by Hawktree Solutions and sold using packaging that does not incorporate the Licensed Trademarks.
- (n) **Term:** the Term of this Agreement shall include, where applicable, the Renewal Term.

2. **TERM, RENEWAL AND TERMINATION**

2.1 **Term.**

This Agreement shall be effective as of February 1, 2021 (hereinafter the “**Effective Date**”) and will remain in effect until February 1, 2025 (the “**Term**”), inclusively, unless otherwise terminated in accordance with the provisions of this Agreement.

2.2 **Renewal Term.**

CRC shall have the option to extend the Term of this Agreement for up to two additional terms of two (2) years (the “**Renewal Term**”) on the same terms and conditions as set out herein.

- (a) If CRC chooses to exercise its option to extend the Term as provided for in section 2.2. above, it must provide written notification to the Licensee of same at least one (1) year prior to the end of the Term (the “**Notice Period**”).
- (b) If CRC chooses not to exercise its option to extend the Term as provided for in subsection 2.2, above, the Licensee will during the Notice Period:
 - a. cooperate and use commercially reasonable efforts to assist in the transition of the production, marketing and sale of the Licensed Products to CRC or its designate;
 - b. facilitate any supplier relationships and facilitate the transition or assignment of any contracts or relationships as required for the transition. .

2.3 **Termination by CRC.** CRC may terminate this Agreement immediately if:

- a. Licensee is in material breach of this Agreement and such breach has not been cured within thirty (30) days, or such longer time as is reasonable in the circumstances, following written notice to Licensee, or where such breach is, by its nature, incapable of being cured;
- b. Licensee does anything which, in the reasonable opinion of CRC, brings the name, logo or reputation of CRC into disrepute;
- c. Licensee does anything which, in the reasonable opinion of CRC does not conform with the Fundamental Principles of the International Red Cross and Red Crescent Movement, a copy of which are attached hereto as Schedule “E”, provided that CRC shall give particulars of the reasons for its determination in its notice to Licensee;
- d. Licensee becomes or is declared bankrupt or insolvent; ceases or threatens to cease to carry on business; has a receiver appointed over all or part of its business; makes an assignment for the benefit of its creditors; or enters into an agreement for the compromise of its obligations;
- e. If there is a Change of Control of the Licensee or change of control of Licensee’s direct or indirect parent corporation that is not pre-approved by CRC.or

f. Licensee is in breach of this Agreement pursuant to Section 6.5, below.

2.4 **Termination by Licensee.**

- (a) Licensee shall have the right to immediately terminate this Agreement if the Licensed Trademarks cease to be registered, are no longer in force or where Licensee is enjoined or threatens to be enjoined by a court of law, at the demand of a party other than CRC, to cease the use of the Licensed Trademarks.
- (b) Licensee shall have the right to Terminate this Agreement if (i) CRC is in material breach of this Agreement, (ii) the Licensee has provided written notice of such breach to CRC, and (iii) such breach has not been cured within thirty (30) days or such longer time as is reasonable in the circumstances, following written notice, or where such breach is, by its nature, incapable of being cured.

2.5 **Obligations upon Termination.** Upon any termination of this Agreement:

- a. Licensee shall make all payments of Royalties accrued to the time of such termination;
- b. Licensee shall provide to CRC the report set out in paragraph b) of section 6.9;
- c. Licensee shall provide to CRC, upon request, all marketing materials pertaining to the Licensed Product(s) in its possession, unless CRC otherwise directs the Licensee to destroy same (at the Licensee's expense);
- d. each Party shall return or destroy all Confidential Information of the other Party in its possession;
- e. at CRC's option, cooperate and use commercially reasonable efforts to assist in the transition of the production, marketing and sale of the Licensed Products to CRC or its designate;
- f. at CRC's option, facilitate any supplier relationships and facilitate the transition or assignment of any contracts or relationships as required; and
- g. Licensee shall immediately cease using the Licensed Trademarks in any capacity, as of the termination date, subject to Section 3 below.

3. **FINAL STATEMENT ON EXPIRY OR TERMINATION OF AGREEMENT**

- 3.1 Except as otherwise specified, Licensee shall deliver, as soon as practicable, to CRC, following expiration or termination by either Party, a statement indicating the number and description of Licensed Products on hand. Except for a termination under Section 2.4, following expiration or termination of this Agreement, Licensee may manufacture no more Licensed Products in association with the Licensed Trademarks but may continue to distribute and sell its remaining inventory of Licensed Products for a period not to exceed THREE HUNDRED AND SIXTY (360) days following such termination or expiration, subject to payment of applicable Royalties. An audited report of any and all inventory manufactured under License must be supplied within thirty (30) days upon

expiration or termination. Thereafter, Licensee agrees to make no use of the Licensed Trademarks whatsoever, either in or on products or in advertising, publicity, promotional or display materials. CRC shall have the right to conduct a physical inventory in order to ascertain or verify such inventory and/or statement. In the event Licensee refuses to permit CRC to conduct such physical inventory, the Licensee shall forfeit its right hereunder to dispose of such inventory. In addition to such forfeiture, CRC shall have recourse to all other legal remedies available to it. Notwithstanding the foregoing, in the event that CRC terminates this Agreement because the Licensed Products do not meet the quality or trademark marking provisions of this Agreement, the Licensee shall have no right to dispose of its inventory beyond the effective date of such termination. CRC shall have the right to purchase any inventory of Licensed Product(s) remaining at the end of the above-mentioned THREE HUNDRED AND SIXTY (360) day period following such termination.

4. LICENSE GRANT

4.1 Upon the terms and conditions hereinafter set forth in this Agreement, CRC hereby grants to Licensee and Licensee hereby accepts for the Term of this Agreement the following licenses:

- (a) a non-exclusive right to manufacture, distribute, exploit, market, source, warehouse and invoice with respect to the Licensed Products whether or not branded with the Licensed Trademarks, on behalf of CRC within the Territory; and
- (b) the Licensee shall have a right of first refusal for the production and sale of products (excluding Additional Products) for the purposes of supplying the Licensed Product(s) during the Term on behalf of the Customer Group Prevention & Safety (for clarity, the rights in this section are limited only to the Customer Group Prevention & Safety and no other groups or departments in CRC). The Licensee shall have five (5) Business Days to respond affirmatively in writing to a written request by CRC for the Licensee to produce the products, such a request to include the product requirements, amounts, and/or timeframes. If the Licensee is unable to meet the requirements indicated by CRC or fails to confirm same within the five (5) business days period described above, the right of first refusal shall become null and void.
- (c) The Licensee acknowledges and agrees that the License shall not permit end users or purchasers to use Licensed Trademarks other than in conformity with the requirements of this Agreement. In the event a purchaser or end user wishes to use the Licensed Trademarks in a manner differing from the approved use made by Licensee, such end user or purchaser must seek the prior written consent of CRC and enter into a written agreement with CRC imposing such other conditions deemed necessary by CRC to protect the valuable goodwill in the Licensed Trademarks.

4.2 Licensee shall not sell or distribute the Licensed Product(s) to any person that is located outside of the Territory without the prior written consent of CRC, nor will Licensee sell or distribute the Licensed Product(s) to any person which Licensee knows will resell or distribute the Licensed Product(s) outside of the Territory, without prior written approval from CRC.

- 4.3 Licensee shall be, subject to the prior written approval of CRC (which may be unreasonably withheld), entitled to use a third-party manufacturer in connection with the manufacture of the Licensed Product(s), provided that the Licensee enters into a contract in writing with such third-party manufacturer the terms of which shall allow the Licensee to satisfy the obligations it has undertaken in this Agreement to CRC, fully protect CRC's proprietary interest in the Licensed Trademarks, and not offend Canadian, local or international laws or standards aimed at the protection of children in workplaces, and the Licensee undertakes to CRC to enforce the terms of such contract and to protect the interests of CRC.

5. FORM, OWNERSHIP AND QUALITY STANDARDS

- 5.1 Licensee agrees to use the Licensed Trademarks only on or in association with Licensed Product(s) in the form and manner as prescribed in the 'Red Cross Graphic Standards' as attached in Schedule "A" to this Agreement (the "**Graphic Standards**") and not to use any other trademark or service mark in combination with the Licensed Trademarks without prior written approval of CRC. CRC may revise the Graphic Standards from time to time and shall notify the Licensee of any changes to the Graphic Standards promptly. Upon notification of a change to the Graphic Standards, Licensee shall cease manufacturing any Licensed Products with the pre-existing Graphic Standards. Notwithstanding the foregoing, the Licensee shall be permitted to sell and distribute all Licensed Products that have been labelled, in any way, with the pre-existing Graphic Standards for a period of three hundred and sixty (360) days from the receipt of the notice of the change to the Graphic Standards.
- 5.2 Licensee agrees that it will not use the Licensed Trademarks or any reproduction thereof in any advertising, promotional or display material not associated with the sale of Licensed Product(s) or in any other manner without CRC's prior written approval. In the event that any advertising, promotional or display material submitted to CRC has not been approved or disapproved within fifteen (15) Business Days of submittal to CRC by the Licensee, then all such items shall be deemed to have been approved. At CRC's request, the Licensee shall provide CRC with up to five (5) (at the discretion of CRC) production copies of all such advertising, promotional and display materials, free of charge.
- 5.3 Licensee acknowledges that CRC owns the Licensed Trademarks, and agrees that it will not do anything inconsistent with such ownership and that all use of the Licensed Trademarks by Licensee shall inure to the benefit of and be on behalf of CRC. Licensee agrees to assist CRC in recording this Agreement with appropriate government authorities. Licensee agrees that nothing in this Agreement shall give Licensee any right, title or interest in the Licensed Trademarks other than the right to use the Licensed Trademarks in accordance with this Agreement and Licensee agrees that it will not attack the title of CRC to the Licensed Trademarks or attack the validity of the License granted by this Agreement.
- 5.4 Licensee agrees that the nature and quality of all Licensed Product(s) sold by the Licensee in association with the Licensed Trademarks shall comply with all applicable laws, regulations and standards. Licensee shall ensure all appropriate government approvals pertaining to the nature, quality and manufacturing standards are obtained and maintained by the manufacturers of the Licensed Products. Furthermore, Licensee shall obtain all appropriate approvals pertaining to the sale, distribution and advertising of the Licensed Product(s).

- 5.5 All Licensed Product(s) manufactured by or for and sold by the Licensee shall, at a minimum, comply with Health Canada manufacturing regulations, Canadian packaging requirements and any applicable standards for products sold in the Territory (and all amendments thereto or standards substituted for any of these standards). The CRC and Licensee may agree in writing on additional standards relating to the quality of the Licensed Product(s) .
- 5.6 Without limitation to the terms of Schedule “D”, Licensee shall, before selling or distributing any of the Licensed Product(s), furnish to CRC free of cost for its written approval designs, mock ups and a sample of each such product, together with its proposed cartons and containers including packaging and wrapping material. The quality and style of such product and its cartons and containers shall be subject to CRC’s approval, said approval not to be unreasonably withheld. In the event that any items submitted to CRC shall not have been approved or disapproved within fifteen (15) Business Days after receipt thereof by CRC, any items so submitted shall be deemed to have been approved by CRC. Licensee shall, in addition, thereafter furnish to CRC free of cost, for its written approval, three (3) production samples of each such Licensed Product(s) (the “**Production Samples**”), together with their cartons and containers, including packaging and wrapping material, at least once each calendar year that this Agreement is in effect. After production samples of Licensed Product(s) have been approved pursuant to this paragraph, Licensee shall not depart therefrom in any significant material respect without CRC’s prior written consent.
- 5.7 CRC shall have the right to withdraw its approval of approved Production Samples on providing thirty (30) days written notice to the Licensee only:
- (a) if there is any significant change in any material respect of any Licensed Product(s) from the Production Samples approved by CRC;
 - (b) if the price ceases to be competitive in regard to similar articles manufactured by other reputable manufacturers of the same or better quality as the impugned Licensed Product(s); or
 - (c) in the event of some reasonable factor which reflects unfavourably upon the professional, business or personal reputation of CRC.
- 5.8 The Licensee acknowledges and agrees that CRC retains all rights to the Licensed Trademarks not expressly conveyed to Licensee hereunder.

6. ROYALTIES, PAYMENT AND TAXES

- 6.1 In full consideration for the License granted to the Licensee, Licensee shall pay to CRC the Royalties.
- 6.2 If Licensee sells or distributes products, including the Licensed Product(s) at a special price, directly or indirectly, to any subsidiary of any Licensee or to any other person affiliated with the Licensee or its officers, directors or major stockholders, for ultimate sale to unrelated third parties, the Licensee shall not pay Royalties until such ultimate sale occurs.
- 6.3 Payment: Payment of Royalties shall be due within 60 day of the end of the month for the Royalties earned in the previous month (the “Due Date”).

- 6.4 Interest: Amounts remaining unpaid after the Due Date shall bear interest from the Due Date at the rate that is two percentage points above the prime commercial annual lending rate of interest designated by Royal Bank of Canada in effect in Canada from time to time for its most creditworthy commercial customers on Canadian dollar loans. Any other overdue amount payable under this Agreement will bear interest at the rate set out in this Section.
- 6.5 Cessation of Services: If Licensee fails, in breach of this Agreement, to pay to CRC an amount in full by the Due Date, CRC shall provide written notice of such default to the Licensee. If Licensee does not rectify such default within ten (10) Business Days of receiving such notice, CRC may, upon at least five (5) days notice in writing to Licensee, terminate this Agreement and the termination obligations set out in Sections 2 and 3 shall apply.

STATEMENTS AND RECORDS

- 6.6 Licensee agrees to provide full financial reports to CRC covering any time during the period of this Agreement within five (5) Business Days upon formal written request.
- 6.7 Unless otherwise agreed to by the Parties, Licensee shall send all Royalties, statements and accounts to CRC to the following address:

120 McDonald Street, Suite B PO Box 39
Saint John, NB
E2L 1M5

- 6.8 Licensee shall keep, maintain and preserve (in Licensee's principal place of business) for at least seven (7) years following termination or expiration of the Agreement complete and accurate records of accounts including, without limitation, invoices, correspondence, banking and financial and other records, pertaining to the periodic statements and reports of the production and sale of Licensed Product(s). Such records and accounts, not including customer lists, shall be available for inspection and audit, copying and taking extracts therefrom, at any time or times during or after the term of this Agreement during reasonable business hours and upon reasonable notice of at least five (5) Business Days by CRC or its nominees. Licensee agrees not to cause or permit any interference with CRC or nominees of CRC in the performance of their duties of inspection and audit. All statements and financial information provided by Licensee to CRC shall be treated as confidential information. CRC agrees to conduct any such inspection or audit in a manner designed to cause minimal disruption to the operations of the Licensee.

6.9 Reporting

- (a) Notwithstanding the foregoing provisions, Licensee shall annually provide CRC with a full accounting of the past fiscal year's sales within 45 days of CRC year close (which is March 31st of each year)
- (b) Licensee shall provide CRC with a full accounting within three (3) months upon termination of the Agreement.

7. INSPECTION AND AUDIT

- 8.1 The Licensee shall, and shall cause its subcontractors and agents to, provide CRC (through CRC's authorized representatives) with such records, reports and access to premises as CRC may reasonably request for the purposes of conducting an audit to determine compliance by the Licensee with its obligations under this Agreement including, but not limited to, compliance with its obligations under Section 5.4.
- 8.2 CRC shall have access to, and may examine, audit, and take copies and extracts from, all records including, but not limited to, all activity logs, time sheets, books of account, vouchers, cheques, papers, certificates, licences and other documents that relate to the Licensee's obligations under this Agreement.

8. LICENSEE UNDERTAKINGS

- 8.1 The Licensee recognizes the great value of the publicity and goodwill associated with the Licensed Trademarks and, in such connection, acknowledges that such goodwill exclusively belongs to CRC and that Licensee's use of the Licensed Trademarks will inure to the benefit of CRC and that the Licensed Trademarks have acquired a secondary meaning in the mind of the purchasing public. Licensee further recognizes and acknowledges that a breach by the Licensee of any of the substantial covenants, agreements or undertakings hereunder may cause CRC irreparable damage, which cannot be readily remedied in damages in an action at law, and may, in addition thereto, constitute an infringement of CRC's rights in the Licensed Trademarks, thereby entitling CRC to equitable remedies, costs and reasonable attorney's fees.
- 8.2 During the Term, the Licensee acknowledges and agrees that:
- (a) It will not attack CRC's title to the Licensed Trademarks, nor will it attack the validity of the License granted hereunder during the Term of this Agreement or thereafter;
 - (b) It will use the Licensed Trademarks solely in relation to Licensed Product(s) and in accordance with Schedule "A";
 - (c) It will not knowingly harm, misuse or bring into disrepute the Licensed Trademarks or their reputation or that of CRC;
 - (d) It will keep strictly confidential any information it obtains, either written or oral, that pertains to the business or businesses of CRC;
 - (e) It will manufacture, have manufactured, sell, exploit, market and distribute the Licensed Products in an ethical manner and in accordance with the terms of this Agreement;
 - (f) It will use its commercially reasonable efforts to manufacture, distribute, exploit, market and sell the Licensed Product(s) throughout the Territory;
 - (g) It shall not refuse to sell the Licensed Product(s) to any Retail outlet desiring to purchase the same whose credit rating and sales and merchandising policies warrant such sale, and who otherwise meets the usual and reasonable criteria of the Licensee in approving retailers who carry its products and to whom a sale would not constitute a breach under this Agreement; and

- (h) It shall ensure that all Licensed Product(s) bearing the Licensed Trademarks:
 - a. identify the Licensed Trademarks as provided in Section 4 and Schedule “A” of this Agreement;
 - b. identify CRC as owner of the Licensed Trademarks; and
 - c. identify that such trademark use by Licensee is a licensed use.

8.3 Licensee agrees to obtain at its own expense, product liability insurance providing adequate protection for CRC and Licensee against any product liability claims or suits in an amount of no less than five million dollars (\$5,000,000.00) per claim or suit and within (30) days from the date thereof, Licensee will submit to CRC a certificate of insurance naming CRC as an insured party; provided that coverage shall extend to all claims or suits arising out of the use of Licensed Product(s) manufactured or sold under the Agreement, no matter when such claim or suit may be asserted, and further provided that the insurer shall not terminate such coverage without written notice to CRC at least (30) days in advance thereof, and that if it does so, CRC will, if Licensee’s insurer will so allow, have the option to pay the premiums necessary to maintain or continue such insurance in effect and be reimbursed by Licensee for such payments, or to terminate this Agreement.

9. CRC’S WARRANTIES AND REPRESENTATIONS

9.1 CRC represents and warrants to Licensee that:

- (a) CRC has and will have throughout the term of this Agreement, the non-exclusive right to license the Licensed Trademarks to Licensee in accordance with the terms and conditions of this Agreement, and the use of the Licensed Trademarks by Licensee as contemplated by this Agreement will not infringe on proprietary rights of others; and
- (b) The making and execution of this Agreement by CRC does not violate any agreements, rights or obligations or the like existing between CRC and any other person, firm or corporation.

10. INDEMNITY

10.1 CRC hereby indemnifies Licensee, its agents, employees, directors and officers and agrees to hold it and them harmless from any loss, claim, liability, damage, judgment, cost or expense (including, but not limited to, reasonable legal fees, including attorney’s fees), arising out of any claims or suits which may be brought or made against Licensee by reason of the Licensee’s use of the Licensed Trademarks in accordance with the terms of this Agreement or the use of marketing materials and other literature pertaining to the Licensed Product(s) provided by CRC to Licensee.

10.2 Licensee hereby indemnifies and agrees to hold CRC, its agents, employees, officers, directors harmless from any loss, liability, damage, cost or expense (including reasonable attorney’s fees), arising out of any claims or suits which may be made by a third party against CRC by reason of any alleged or actual unauthorized or infringing use by Licensee of any patent, process, trade secret, copyright or other intellectual property in

connection with the Licensed Product(s) (other than the Licensed Trademarks or other intellectual property of CRC).

- 10.3 Licensee hereby indemnifies and agrees to hold CRC, agents, employees, officers, directors harmless from any loss, liability, damage, cost or expense (including reasonable attorney's fees), arising out of any claims or suits which may be made by a third party against CRC by reason of any alleged defects (design, manufacturing, handling or other) or inherent dangers in said Licensed Product(s) or the use thereof.
- 10.4 The indemnifications provided for herein are conditional upon the indemnified party's furnishing the indemnifying party with prompt written notice of any such claim or suit and upon the indemnified party's furnishing reasonable cooperation and witnesses, if necessary, in defense of such claim or suit.
- 10.5 Licensee further agrees to protect, defend, indemnify and hold harmless CRC, its chartered units and other operating units and their respective officers, directors, governors, employees, volunteers, assigns, successors and agents (collectively, "**Licensor Indemnitees**") from and against all liabilities, losses, claims, damages, demands, fines, penalties, costs, expenses (including but not limited to reasonable attorneys' fees and court costs), assessments, amounts paid in settlement, and causes of action of every kind, including but not limited to any theory of strict liability, product liability, negligence, breach of warranty, misrepresentation or fraud, whether known or unknown, as though expressly set forth and described herein, which the Licensor Indemnitees may incur, suffer, become liable for, or which may be asserted or claimed against the Licensor Indemnitees, as a result of or in connection with this Agreement, including but not limited to:
- (a) any breach or violation by Licensee or its agents, assigns, contractors, directors, employees, invitees, officers, subcontractors, successors or suppliers of any of the terms or provisions of this Agreement, including the Code of Conduct at Schedule "F";
 - (b) the utilization of the Licensed Trademarks and Licensed Product(s) including changes to the Licensed Trademarks or Licensed Product(s) without the approval and consent of CRC;
 - (c) negligent distribution of the Licensed Product(s);
 - (d) failure of adequate warnings or instructions to accompany the Licensed Product(s);
 - (e) misrepresentation relating to the Licensed Product(s);
 - (f) failure to disclose material information to CRC relating to the Licensed Product(s);
 - (g) the promotion or advertisement of the Licensed Product(s);
 - (h) any conduct by Licensee arising from the distribution or promotion of the Licensed Product(s);
 - (i) any active or passive act(s), error(s) or omission(s) in connection with or as a result of this Agreement, whether negligent or otherwise, of Licensee or its agents, assigns, contractors, directors, employees, invitees, officers, subcontractors, successors or

suppliers as a result of or while performing their obligations hereunder (including without limitation any representation, warranty or covenant made herein or therein);

- (j) loss or damage to any of Licensee's property, real or personal, or that of its agents, assigns, contractors, directors, employees, invitees, officers, subcontractors, successors or suppliers while performing obligations pursuant to this Agreement, unless such loss or damage is attributable to the negligence of CRC or the breach of CRC's obligations pursuant to this Agreement; and
- (k) any infringement by Licensee or its agents, assigns, contractors, directors, employees, invitees, officers, subcontractors, successors or suppliers of any patent, trademark, copyright, or other intellectual property right or trade secret of a third party as it relates to the Licensed Product(s).

11. GENERAL

- 11.1 Independent Contractors. CRC and the Licensee are independent contractors. Nothing herein contained shall be deemed to create an employment, agency, joint venture or partnership relationship between the Parties or any of their agents or employees. Neither Party shall have any express or implied power to enter into any contracts or commitments or to incur any liabilities in the name of, or on behalf of, the other Party, or to bind the other Party in any respect whatsoever. Neither Party shall issue a news release, public announcement or advertisement concerning the existence of this Agreement or its efforts in connection with this Agreement without the prior written approval of the other Party.
- 11.2 Assignment. The duties of each Party contained in this Agreement are personal and this Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may not be unreasonably withheld, conditioned or delayed. A Change of Control must be pre-approved by CRC and may be deemed to constitute an assignment for the purposes of this Section.
- 11.3 **Subcontractors.** Without limiting the foregoing, if the Licensee subcontractors any part of this Agreement, including with respect to the supply of products, the Contractor agrees to implement a written agreement with the subcontractor which shall impose the relevant requirements of this Agreement, including but not limited to the Code of Conduct at Schedule "F". upon the subcontractor.
- 11.4 Waiver. No waiver by either Party of any delay, default or omission by the other Party shall affect or impair the rights of the non-defaulting Party in respect of any subsequent delay, default or omission of the same or different kind.
- 11.5 Force majeure (I). "**Force Majeure**" means a circumstance not caused by a Party's actions or omissions, that is beyond the control of a Party, and which prevents the Party from performing its obligations under this Agreement, and includes: act of God; laws, orders, rules, regulations, acts and restraints of any federal, provincial, state, local, municipal, regional, territorial, or other government, branch, ministry, or court, including any district, agency, commission, board or arbitration panel; fire and explosions, inclement weather including floods, overland flooding, tornados, hurricanes, tsunamis, earthquakes, volcanic eruptions and landslides; war, political and civil unrest; epidemics; pandemics; outbreak of disease and quarantine; terrorism; labour issues including

walkouts, strikes, lockouts and picketing; delays or defaults in or caused by, and shortages of power, water, or transportation.

- 11.6 Force majeure (II). If either Party is delayed or prevented from the performance of its obligations hereunder by Force Majeure, and if such Party has given the other Party prompt notice thereof and, on request, such confirmatory documentation as the other Party may reasonably request, the time for the performance of the Party's obligations will be extended for a period equal to the duration of the contingency that occasioned the delay, but not exceeding ninety (90) days unless otherwise mutually agreed. If the Force Majeure continues for more than ninety (90) days, either Party may terminate this Agreement immediately, upon written notice to the other Party.
- 11.7 Notices. All notices which either Party is required or may desire to give to the other Party shall be given by addressing the same to the other at the address hereinafter in this paragraph set forth, or at such other address as may be designated in writing by any Party in a notice to the other given in the manner prescribed in this paragraph. All such notices shall be sufficiently given when the same shall be received by facsimile or after deposited so addressed, postage prepaid or sent by registered mail and/or when the same shall have been delivered, so addressed, and the date of said receipt of mail or telecopying or delivery shall be the date of the giving of such notice. The addresses and fax numbers to which any notices shall be given are the following:

FOR CRC

Carolyn Tees, Director – Business
Development – Prevention & Safety
TO: THE CANADIAN RED CROSS
SOCIETY
400 Cooper Street, Suite 8000
Ottawa, Ontario K2P 2H8
Fax Number: (613) 740-1900
Tel. Number: (613) 740-1816

FOR LICENSEE

Rob Fraser, President
TO: Hawktree Solutions
220 Kennevale Drive, Suite 204
Nepean, Ontario K2J 6B6
Fax Number: (613) 692-9001
Tel. Number: (613) 692-2517

- 11.8 Severability. The provisions of this Agreement shall be deemed severable. If any provision of this Agreement shall be held unenforceable by any court of competent jurisdiction, it shall be severed from this Agreement and the remaining provisions thereof shall remain in full force and effect.
- 11.9 Applicable Law. This Agreement shall be governed by the laws in force in the Province of Ontario, Canada (without regard to its conflict of laws provisions), and the Parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.. The remedies specified in the Agreement will not be considered the sole or exclusive remedies of the Parties.
- 11.10 Entire Agreement. This Agreement is the entire understanding between the parties with respect to the subject matter thereof, and supersedes all prior written and oral agreements with respect thereto including but not limited the Supply Management Distribution and License Agreement dated 1 April 2017, which is superseded in its entirety by this Agreement and is of no force and effect.

- 11.11 Survival. Those provisions which by their nature are intended to survive the expiration or termination of this Agreement (including Section 10 of this Agreement) shall remain in full force and effect for a period of two (2) years from the date of such termination or expiration and no claim made by a Party to enforce its rights under this Agreement following the expiration of such period.
- 11.12 Counterparts. This Agreement may be entered into in any number of counterparts and by the Parties to it on separate counterparts, each of which when so executed and delivered shall be an original
13. **TRANSLATION INTO FRENCH LANGUAGE**
- 13.1 The Licensee shall cause all materials produced pursuant to this Agreement to be translated into French at no additional cost to CRC.
- 13.2 The Licensee warrants and represents that the said translations will be of the highest quality and that it will procure translation services competent to translate English commercial terms into the French language.
- 13.3 The Licensee warrants and represents that the web site it is required to maintain pursuant to this Agreement shall be available in the French language, and that the French web site content will have been translated at the highest quality and undertaken by translators competent to translate English commercial terms into the French language.


(signature page follows)

IN WITNESS WHEREOF, the Parties have caused this Supply Management, Distribution and License Agreement to be executed by their duly authorized representatives.

7132221 CANADA INC.

THE CANADIAN RED CROSS SOCIETY

Per: _____

Per:  _____

Name:

Name: Larry Mills

Title:

Title: Chief Corporate Services /
Chief Financial Officer

I have authority to bind the corporation

I have authority to bind the corporation

Schedule “A”

To a Supply Management, Distribution and Licensing Agreement
between 7132221 CANADA INC.
and THE CANADIAN RED CROSS SOCIETY dated 1 February 2021

LICENSED TRADEMARKS

CRS name and logo

GRAPHIC STANDARDS

See attached PDF

Schedule "B"

To a Supply Management, Distribution and Licensing Agreement
between 7132221 CANADA INC.
and THE CANADIAN RED CROSS SOCIETY dated 1 February 2021

LICENSED PRODUCTS AND ROYALTY PAYMENTS

1. **Licensed Products:** Licensed Products are all those products which the Licensee manufactures or causes to be manufactured, on behalf of CRC and shall include the following items, whether or not such items are branded with the Licensed Trademarks:

- a) Workplace/ Regulation First Aid Kits and Related Components;
- b) Training Packs;
- c) Automated External Defibrillators (AED), AED accessories and AED Trainers;
- d) General First Aid Kits and Related Components;
- e) First Aid Containers (including wall-mounted);
- f) Emergency/Disaster Preparedness Kits and related products;
- g) CPR Devices;
- h) CPR manikins and related parts;
- i) Personal Protective Equipment; and
- j) Bags or packaging of any of the above.

2. Additional Products

If a division of CRC other than the Customer Group issues a tender for products (that are either those listed above or additional products the Licensee may be able to produce), the Licensee may submit a bid to produce such products.

The Licensee may be requested by CRC, from time to time, to sell, distribute or manage products manufactured or caused to be manufactured by another contractor outside the terms of this Agreement.

3. Royalty Payments

- a) Unless any exceptions listed in paragraph b) to this Section 3. apply, the Licensee will pay to CRC, on a monthly basis in accordance with the terms of the Agreement, the Royalties specified in the chart below. The Licensee will accompany each payment of Royalties with a monthly report on sales and profits.

DATES	ROYALTY PERCENTAGE
February 1, 2021-February 1, 2025	5.75% on Net Sales subject to the agreed exceptions below for all sales of all products (branded or otherwise) on products.redcross.ca

b) The following items are subject to different royalty percentages as stated in the chart below.

ITEM	ROYALTY PERCENTAGE
PPE product, Retail sales and AEDs (whether these are purchased through eShop or outside eShop)	2% Net Sales
Non-branded bulk sales and Private Label Business (including non-branded domestic gloves)	1% on Net Sales
International Sales	2% on Net Profits
RFQs and RFPs, whether or not involving CRC	1-2% based on negotiation

For certainty, should a given commercial activity give rise to the payment of Royalties under more than one category above, CRC will only be entitled to the greater of the applicable Royalties.

The term “International Sales” refers to sales outside the Territory.

Schedule “C”

To a Supply Management, Distribution and Licensing Agreement
between 7132221 CANADA INC.
and THE CANADIAN RED CROSS SOCIETY dated 1 February 2021

ADDITIONAL TERMS AND CONDITIONS1. Website.

- a. The Licensee shall cause to be created and published on the internet a website which will act as a master electronic commerce site (the “**E-Commerce Site**”) through which end-users and consumers may purchase the Licensed Product(s) listed in Schedule “B”.
- b. The design and functionality of the aforementioned website shall be subject to the prior reasonable approval of CRC.
- c. The E-Commerce Site shall contain a link to the website published by CRC.
- d. The website will link with CRC’s financial system to provide real-time reporting on sales.
- e. The E-Commerce Site will use the following URL: products.redcross.ca
- f. The Licensee warrants and represents that it has a business continuity plan in place that addresses any lost availability or functionality of the E-Commerce Site, whether the result of any natural or man made disaster, or any cyber attack, or any other cause whatsoever, and regardless of whether the cause arises out of negligence or willful misconduct, including causes beyond the Licensee’s reasonable control, and that such plan will enable the website’s availability or functionality to resume within two (2) Business Days from the date of the loss of such availability or functionality.

2. Product availability.

- a. The Licensee will maintain minimum inventory levels on required key products as determined by CRC.
 - i. Emergency Preparedness Kits
- b. A minimum supply for 3 months of sales will be in inventory at all times.

3. Promotions and Marketing.

- a. The Licensee shall be responsible for the marketing of the Licensed Product(s), including preparing marketing collaterals. The Licensee shall ensure that a sufficient percentage of its fiscal budget is dedicated to marketing efforts to meet its obligations under this Agreement.
- b. The Licensee shall work with CRC to plan product promotions around special events, i.e. Emergency Preparedness week, Water Safety Week. A full calendar of events will be discussed and planned annually by the Parties.

- c. The Licensee shall work with CRC to create a multi-year marketing plan including but not limited to Google advertisement word support of up to \$10,000 per month.

4. Customer Support.

- a. The Licensee shall hire a sufficient number of salespeople to meet its obligations under this Agreement.
- b. The Licensee and CRC shall, on an annual basis but in no event later than four (4) months prior to the beginning of the calendar year, meet and mutually agree on the number of promotional events to be conducted with respect to the Licensed Products during the year.
- c. Customer support shall be available in both official languages (English and French).

Schedule “D”

To a Supply Management, Distribution and Licensing Agreement
between 7132221 CANADA INC.
and THE CANADIAN RED CROSS SOCIETY dated 1 February 2021

PRODUCT APPROVAL PROCESS

Without limiting the generality of the requirements for prior approval by CRC of the use of the Licence and Licenced Product(s) and restrictions on the use of the License as set out in the Agreement, the parties agree to the following approval process:

PRODUCT PROPOSAL

1. Licensee to submit product proposal to CRC with a one-page proposal covering the following points (if applicable):
 - **Proposed product:** Description, associated products, short background info
 - **Market:** CRC TPs (FA/WS), Instructors (FA/WS/ITs), public, staff or volunteers
 - **Market research:** Any feedback or survey results (highlights)
 - **Product specs:** English/French, characteristics, dimensions, packaging
 - **Warranty:** Length, what it covers
 - **Risk Management:** Risks associated with vendor or product, expiry of materials
 - **Legislation/Industry Standards:** Legislative requirements, Program Standards requirements
 - **Costs:** Reseller and end user product costs (in CAD) per unit, competitor pricing
 - **Sales forecasts:** For initial year
 - **Marketing/Communications:** eNews, Instructor Network, Sales strategies
 - **Photos/Product rendering**
2. CRC may also ask Licensee to investigate a potential product.
3. CRC to obtain internal feedback and provide feedback to Licensee.
4. Licensee to make modifications and submit proposal for sign-off.
5. Product proposal sign off by CRC.

APPROVAL of initial design (including specs), technical and branding

6. Licensee to submit product mock-up for CRC sign-off.
7. CRC to obtain technical, branding and design sign off.
8. CRC to send approval to licensee to proceed with prototype.

SIGN OFF on final product prototype (actual prototype or electronic)

9. Licensee to submit product sample to CRC for approval.
10. CRC to send approval to Licensee.

11. Product goes to production.

FURTHER CONDITIONS

In the event the Licensee chooses to discontinue the manufacture and distribution of a Licensed Product due to it not being profitable (the “**Discontinued Product**”), in the reasonable opinion of the Licensee, then the Licensee shall provide thirty (30) days’ notice of same to CRC. The CRC shall have fifteen (15) days from receipt of such notice to indicate to the Licensee whether it approves the discontinuance of the Discontinued Product. In the event CRC does not approve, the Licensee shall not discontinue the manufacture and distribution of the Discontinued Product; provided however that to the extent such Discontinued Product is being manufactured and/or distributed at a loss to the Licensee (and “loss” shall be taken to mean a deficit from a break-even point and shall not be taken to mean the absence of profit) CRC shall pay to the Licensee the amount of such loss and shall not receive a Royalty Payment on the sale of such Discontinued Product.

Schedule “E”

To a Supply Management, Distribution and Licensing Agreement
between 7132221 CANADA INC.
and THE CANADIAN RED CROSS SOCIETY dated 1 February 2021

**FUNDAMENTAL PRINCIPLES OF THE INTERNATIONAL RED CROSS AND RED
CRESCENT MOVEMENT****Red Cross Fundamental Principles**

In 1965, the seven Fundamental Principles were adopted by the 20th International Conference. They were developed to link together the International Committee, Federation and National Societies.

Our network is vast, but our approach is simple. All Red Cross programs and activities are guided by the Fundamental Principles of Humanity, Impartiality, Neutrality, Independence, Voluntary Service, Unity and Universality. These principles allow us to provide help immediately to whomever needs it, wherever they are, whatever their race, political beliefs, religion, social status, or culture.

Humanity

The International Red Cross and Red Crescent Movement, born of a desire to bring assistance without discrimination to the wounded on the battlefield, endeavours, in its international and national capacity, to prevent and alleviate human suffering wherever it may be found. Its purpose is to protect life and health and to ensure respect for the human being. It promotes mutual understanding, friendship, co-operation and lasting peace amongst all peoples.

Impartiality

It makes no discrimination as to nationality, race, religious beliefs, class or political opinions. It endeavours to relieve the suffering of individuals, being guided solely by their needs, and to give priority to the most urgent cases of distress.

Neutrality

In order to continue to enjoy the confidence of all, the Movement may not take sides in hostilities or engage at any time in controversies of a political, racial, religious or ideological nature.

Independence

The Movement is independent. The National Societies, while auxiliaries in the humanitarian services of their governments and subject to the laws of their respective countries, must always maintain their autonomy so that they may be able at all times to act in accordance with the principles of the Movement.

Voluntary Service

It is a voluntary relief movement not prompted in any manner by desire for gain.

Unity

There can only be one Red Cross or one Red Crescent Society in any one country. It must be open to all. It must carry on its humanitarian work throughout its territory.

Universality

The International Red Cross and Red Crescent Movement, in which all Societies have equal status and share equal responsibilities and duties in helping each other, is world-wide.

***Part of Canadian Red Cross Strategic Plan (2003 to 2008) approved at the Red Cross General Assembly, October 31, 2003.**

SCHEDULE “F”

To a Supply Management, Distribution and Licensing Agreement
between 7132221 CANADA INC.
and THE CANADIAN RED CROSS SOCIETY dated 1 February 2021

CRC SUPPLIER CODE OF CONDUCT**1. Introduction**

1.1 CRC is committed to high standards of ethics and conduct in all aspect of our operations. In this regard, our goals are to ensure:

- (a) safe and healthy workplaces for the people who are working for our suppliers, where human and civil rights are respected;
- (b) a minimal impact on the environment in the implementation of all rehabilitation programs including, but not limited to, material sourcing, construction or rehabilitation activity and waste management; and
- (c) that donated funds are managed with the highest ethical standards including prevention of loss of funds due to corruption of any kind.

1.2 Our suppliers are expected to follow this Code of Conduct, and we will apply this Code in the selection of our suppliers. CRC will audit supplier practices to ensure compliance.

1.3 In addition to the following code of conduct, all programs of the CRC must be delivered in accordance with the fundamental principles of humanity, impartiality, neutrality, independence, voluntary service, unity and universality.

2. Labour Commitment**2.1 Child Labour**

- (a) CRC suppliers will not hire people under the age of 15, unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age would apply, as defined by the International Labour Organization (ILO) Convention 138.
- (b) We acknowledge that according to the UN Convention on the Rights of the Child, a person is a child until age of 18. In keeping with ILO Convention 182, CRC suppliers will ensure young workers in the age group 15-17 are employed according to the protective restrictions prescribed by local laws.

3. Disciplinary Practices/Coercion

3.1 CRC suppliers will treat workers with respect and dignity and ensure workers are not subjected to any form of physical, sexual, psychological, or verbal harassment or abuse.

4. Wages and Benefits

4.1 CRC suppliers will:

- (a) meet legal requirements for wages and benefits in Canada or according to prevailing local industry standards, whichever is higher;
- (b) pay workers directly and provide workers with clear, written accounting of hours worked, deductions, and regular and overtime wages;
- (c) not make deductions from employee pay for disciplinary infractions.

5. 10 Working Hours

5.1 CRC suppliers will:

- (a) ensure total working hours do not exceed 60 hours per week (48 regular hours and 12 overtime hours) on a regular scheduled basis, except under exceptional unforeseen circumstances. Suppliers will ensure working hours are in compliance with local law and regulations;
- (b) ensure overtime is voluntary; when overtime is needed, workers are compensated either according to law, or where the law is silent, at a premium;
- (c) ensure workers are provided at least one day off during every seven-day period.

6. 11 Discrimination

6.1 CRC suppliers will Consider employees for positions on the basis of their qualifications and abilities. We will not work with suppliers who discriminate on the basis of nationality, race, religious beliefs, class or political opinions.

7. 12 Health and Safety

7.1 CRC suppliers will:

- (a) provide their workers with safe and healthy work environments, which, as a minimum standard, is in compliance with country and local health and safety laws and regulations;
- (b) take adequate steps to prevent accidents or injuries to health arising out of, associated with, or occurring in the course of work;
- (c) ensure that any living facilities provided for personnel are safe and clean and meet the basic needs of personnel. Suppliers will ensure that workers have a vehicle to communicate these needs.

8. 13 Environmental Commitment

8.1 CRC suppliers will:

- (a) comply with all relevant environmental legislation;
- (b) ensure minimal impact on the environment in the sourcing of materials;
- (c) implement and maintain systems to minimize negative impacts of construction on the environment;
- (d) ensure all waste materials, as a by-product of construction or rehabilitation activities, are disposed of properly in an environmentally responsible manner, and according to the local and international laws and regulations; and
- (e) use only legally certified timber in any construction activity.

9. 14Anti-Corruption Commitment

9.1 CRC suppliers will:

- (a) Follow the highest ethical standards in all aspects project implementation and will:
 - (i) prevent the occurrence of bribery or corrupt practices;
 - (ii) not engage in any bribery or corrupt practices or any kind;
 - (iii) not do business with any person or third party where Supplier knows or suspects the existence of any illegal, unethical or questionable practices; and
 - (iv) take the appropriate action in the event there is any evidence of such practices.
- (b) Agree to comply in all respects with:
 - (i) any multilateral international conventions dealing with bribery and corrupt practices (as they may be amended from time to time); and
 - (ii) all Canadian laws dealing with bribery and corruption including without limitation the Canadian Foreign Public Officials Act (as may be amended from time to time).
- (c) Disclose any direct or indirect interest in contracts entered into by Supplier.

10. 15 Compliance and Implementation

- 15.1 CRC suppliers are subject to monitoring and auditing to assure compliance. Audits may be conducted by CRC staff, or by the use of external auditors.
- 15.2 If CRC finds violations taking place within current supplier relationships, we will notify the management of the violation, the corrective actions required and a time frame in which these

actions are to be completed. If corrective action is not achieved by the end of this time frame, CRC reserves the right to cease business with Supplier in question.

- 15.3 Suppliers must maintain current sufficiently detailed records to substantiate their compliance with this code of conduct. These documents must be made available on request to CRC employees or anyone acting on behalf of CRC. Such documents should include, but are not limited to:
- (a) personnel files on each employee reflecting proof of age;
 - (b) employee working hours and payroll records;
 - (c) local health and safety evaluations;
 - (d) employee grievances, suggestions, and employer responses;
 - (e) documentation of any exemptions from local law;
 - (f) personnel policies that describe management's and worker's rights and responsibilities regarding: wages, benefits and deductions, vacations and leave, regular and overtime hours, discipline and termination, grievance procedures and harassment.
- 15.4 CRC reserves the right to have any supplier audited by an Independent Auditor at any time.
- 15.5 CRC suppliers will comply with all applicable laws and, where the provisions of law and the Code address the same issue, the provision that is most stringent will apply.

Shopify Inc.152
151 O'CONNOR ST.
GROUND FLOOR
OTTAWA, ONTARIO K2P 2L8T 1.613.241.2828
F 1.877.350.0829

WWW.SHOPIFY.COM

Shopify Plus Agreement

This Shopify Plus Agreement (“Agreement”) is made and entered into as of the Effective Date (as defined below), and is between Shopify Inc., a Canadian corporation with offices at 151 O’Connor Street, Ground Floor, Ottawa, ON, K2P 2L8 (“Shopify”), and 7132221 Canada Inc, a company with an address outlined below (“Customer”).

WHEREAS, Shopify provides certain hosted commerce services, as further described below; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

INFORMATION

Business Name: 7132221 Canada Inc. DBA Hawktree Solutions

Contact Person: Rob Fraser

Address: 220 Kennevale Drive Suite 204

Telephone Number: (613) 851-6625

Ottawa, ON K2J 6B6

Email Address: rfraser@hawktreesolutions.com

Canada

Section 1: Additional Terms and Privacy Policy; Scope of Agreement

(a) This Agreement incorporates the Shopify Terms of Service, located at www.shopify.com/legal/terms (“Shopify Terms of Service”), the Shopify Privacy Policy, located at www.shopify.com/legal/privacy (“Shopify Privacy Policy”), the Shopify Acceptable Use Policy, located at www.shopify.com/legal/aup (“Shopify AUP”), and the Shopify Plus Pricing Definitions, located at www.shopify.com/legal/shopify-plus-pricing-definitions (“Pricing Definitions”), all of which apply to the Services and are made part of the Agreement. If there is a conflict or inconsistency between the terms of the Shopify Plus Agreement and either of the Shopify Terms of Service or the Shopify Privacy Policy, then the terms of the Shopify Plus Agreement shall prevail to the extent of any such conflict or inconsistency. If there is a conflict or inconsistency between the terms of the Shopify Plus Agreement and either of the Shopify AUP or the Pricing Definitions, then the AUP or the Pricing Definitions, as applicable, shall prevail to the extent of any such conflict or inconsistency. Unless otherwise agreed to by Shopify in writing, any terms in a purchase order or other communication or document provided by Customer will be null and void.

(b) Shopify may from time to time offer additional services, products, applications and tools, including but not limited to Shopify Payments, Shopify Capital, Shopify Shipping, and point-of-sale (POS) services and equipment (“Additional Services”). Additional Services are not within the scope of this Agreement, and are subject to additional fees and additional terms, conditions, and policies that govern their availability and use (“Additional Service Terms”). Customer’s use of and access to any Additional Services is subject to all applicable Additional Service Terms.

(c) From time to time, Shopify may in its sole discretion invite Customer to use, on a trial basis, potential new services that are in the final stages of development and not yet available to all Shopify customers (“Beta Services”). Customer may accept or decline to participate in the trial use of any Beta Services at its sole discretion. If Customer accepts to use any Beta Services, any terms and conditions applicable to such use will be set out in an appendix to the Agreement. If there is a conflict or inconsistency between the terms of the Agreement and the terms set out in the appendix, then the terms of the appendix shall prevail to the extent of any such conflict or inconsistency, but only with respect to the Beta Service to which such appendix applies. Beta Services are provided to Customer for evaluation purposes, are not considered “Services” under this Agreement, and are not eligible for any support. Unless earlier discontinued by Shopify, any Beta Services trial period will expire on the earlier of the date set out in the applicable appendix or the date that a version of the Beta Services becomes generally available to all Shopify customers. Shopify may discontinue any Beta Services at any time in its sole discretion and may never make such services generally available to all Shopify customers. Shopify will have no liability for any harm or damage arising out of or in connection with a Beta Service.

Section 2: Services**2.1. Stores**

During the Term, Shopify shall provide hosting, software and commerce services for the Store(s) located at the URL(s) listed below, and for other Stores which may be activated from time to time for Customer by Customer contacting Shopify's support team, up to a maximum of ten (10) Stores, with additional Stores in excess of ten (10) to be added via an amendment to this Agreement and charged at Shopify's current monthly rate ("Additional Store Fees"):

No.	MyShopify URL	Store Type	Additional Store Fees
1.	canadian-red-cross-eshop.myshopify.com	Main Brand	

2.2. Shopify Plus Plan

In addition to Shopify's basic hosting, software, and commerce services, the Services provided to Customer shall include the following features for the Store(s):

- (a) Unlimited SKU's;
- (b) Unlimited bandwidth;
- (c) SSO/Multipass API;
- (d) Giftcard API available for private applications;
- (e) Increased API calls - (up to 500%) on private apps;
- (f) TLD SSL Checkout: The checkout of the online Store(s) shall reside at the customer's primary sub-domain name and not at Shopify's; and
- (g) Customizable checkout.

Shopify shall have the right from time to time during the Term to make updates to the Services, including by modifying or removing one or more of the features listed above. Any such updates shall be of general applicability to Shopify Plus customers. If Shopify removes or makes a material change to the features listed above, Shopify will notify Customer. Such notice may be provided via email or by posting notice in the administrative console for the Store(s).

2.3. Additional Services Provided by Shopify

Shopify will provide Customer with a priority phone line and e-mail address to ensure expedient response times with regard to support issues.

Section 3: Customer Obligations**3.1. Use of the Service**

Customer shall access and use the Services solely in accordance with the Agreement, including the Shopify Terms of Service, the Shopify Privacy Policy, the Shopify AUP and the Pricing Definitions.

3.2. Store Terms of Service and Privacy Policy

(a) Customer will post in a reasonably prominent manner on or in the Store(s), terms of service ("Store Terms") and a privacy policy ("Store Privacy Policy") applicable to users of the Store(s). The content of the Store Terms and Store Privacy Policy must be in compliance with applicable laws in Customer's jurisdiction, and must include notice to users of the Store(s) that information submitted by users to the Store(s) will be transmitted to and shared with third parties that may be located in other countries, in order to provide services to such users, including but not limited to transaction processing and fraud prevention.

(b) Customer is solely responsible for all of the terms and conditions of the transactions conducted on or through the Store(s), including, without limitation, terms regarding payment, returns, warranties, shipping, handling, transportation, storage, insurance, fees, applicable taxes, title and licenses, all of which must be in accordance with applicable law.

3.3. Taxes

It is Customer's responsibility to: (i) determine what, if any, taxes apply to transactions occurring via the Store(s); and (ii) collect, report and remit the correct tax to the appropriate tax authorities. Shopify is not responsible for determining whether taxes apply to a transaction, or for collecting, reporting, or remitting any taxes arising from any transaction. Shopify may from time to time make available to Customer certain tax calculation services offered by third party providers. Such tax calculation services are Third Party Services, as defined in the Shopify Terms of Service.

3.4. Content Back Up

Customer is solely responsible for maintaining backups of the Materials, including but not limited to customer management, inventory, product listings, sales, order and

payment tracking data, financial data, reports and numeric results.

3.5. Fees

(a) **Monthly Platform Fee.** In exchange for the rights granted pursuant to this Agreement, Customer shall pay the Platform Fees for each Billing Month during the Initial Term and, subject to Section 3.5(c) below, any Renewal Term. Subject to Minimum Platform Fee (as defined below), “**Platform Fee**” means an amount that is equal to 0.25% of each Store’s monthly Eligible Platform Transactions, plus any Additional Store Fees. The minimum monthly Platform Fee will be \$2,000 USD, plus any Additional Store Fees (“Minimum Platform Fee”). Platform Fees will be calculated on the aggregated Eligible Platform Transactions of all Stores.

(b) **Monthly Transaction Fee.** If at any time during a Billing Month Shopify Payments is not enabled for a Store, Customer shall pay Transaction Fees for such Store. “Transaction Fee” means an amount that is equal to 0.15% of a Store’s Eligible Gateway Transactions. Transaction Fees will be calculated for each Eligible Gateway Transaction processed by a Store during the period that Shopify Payments is not enabled for such Store.

(c) **Fee Increases.** For any Renewal Term, Shopify may in its sole discretion introduce new fees applicable to the Services, or increase any of the existing Fees, provided that Shopify gives Customer written notice of any such additional fees or Fee increases at least 60 days prior to the end of the Initial Term, or 15 days prior to the end of the then-current Renewal Term. If Shopify does not provide notice to Customer pursuant to this Section 3.5(c), then the Fees applicable to the Initial Term or immediately prior Renewal Term, as applicable, will continue to apply to the subsequent Renewal Term.

(d) **Billing Dates.** The Fees for each Billing Month will be due and payable on the first day of the subsequent Billing Month (“Billing Date”). All payment notifications will be sent directly to Customer via email, and invoices will appear on the Main Brand’s administrative console, under “Accounts”.

(e) Method and Timing of Payment.

(i) **Authorized Credit Card.** In order to access and use the Services, Customer must keep a valid credit card on file with Shopify (“Authorized Card”). Shopify will charge the Authorized Card for any one-time, non-recurring charges applicable to the Store(s), including but not limited to one-time fees for any Apps or Themes purchased by a Store, and Shopify will charge applicable Fees to the Authorized Card in accordance with Section 3.5(e)(ii) below. The method of payment may be changed upon the mutual agreement of the parties.

(ii) **Timing of Payment.** Shopify shall be entitled to charge the Fees to the Authorized Card on each Billing Date for the duration of the Term.

(f) **Applicable Currency.** Unless the parties agree otherwise, all Fees and other charges will be calculated in U.S. dollars, and all payments shall be in U.S. dollars (“Applicable Currency”). If any of the Store(s) process transactions in a currency other than the Applicable Currency, then for the purposes of calculating Platform Fees and any applicable Transaction Fees, the monetary value in the Applicable Currency of each Eligible Platform Transaction and Eligible Gateway Transaction will be determined using the currency conversion rate in effect at the time that such Eligible Platform Transaction or Eligible Gateway Transaction is processed by the Store.

(g) **Taxes.** Customer shall, in addition to the other amounts payable under this Agreement, pay all applicable customs, duties, sales, use, value added or other taxes, federal, state, provincial or otherwise, however designated, which are levied or imposed by reason of the transactions contemplated by this Agreement, excluding only taxes based on Shopify’s net income. Customer agrees to indemnify, defend, and hold Shopify, its officers, directors, consultants, employees, successors and assigns harmless from all claims and liability arising from Customer’s failure to report or pay any such taxes, duties or assessments.

(h) **Disputed Charges.** It is Customer’s responsibility to review all invoices for accuracy. Failure by Customer to dispute any charge within 30 days of the applicable Billing Date or invoice date, if later, will constitute Customer’s agreement that the invoiced Fees and other applicable charges are valid and a waiver of any claims Customer may have had regarding such Fees or charges.

(i) **Unpaid Fees.** If Shopify is not able to process payment of Fees using the Authorized Card, Shopify will notify Customer. If after such notice to Customer, Shopify is still not able to process payment of Fees using the Authorized Card, then Shopify may suspend the Services and revoke Customer’s access to the administrative console for the Store(s). Access will be reactivated upon payment of any outstanding Fees. During any period of suspension, Customer will not be able to access the administrative console for the Store(s), and the online Store(s) will not be accessible by users. If the outstanding Fees remain unpaid for 30 days following the date of suspension, Shopify reserves the right to terminate this Agreement. Any unpaid Fees (excluding amounts disputed by Customer in reasonable and good faith) will bear interest at the rate of 1.5% per month, or the highest rate permitted by applicable law. Customer shall pay all reasonable expenses (including attorney’s fees and court costs) incurred by Shopify in collecting unpaid Fees, excluding amounts disputed by Customer in reasonable and good faith.

Section 4: Term and Termination

4.1. Term

Unless terminated earlier pursuant to the terms and conditions of this Agreement, this Agreement shall commence on the Effective Date and shall remain in force for an initial term of 12 months (the “Initial Term”). The Agreement shall renew for one-month terms (each a “Renewal Term”) beginning on the one-year anniversary of the Effective Date, unless either party provides the other with notice of its intention not to renew at least 15 days prior to the expiry of the Initial Term or then-current Renewal Term.

Either party may terminate the Agreement at any time during any Renewal Term by providing the other party with at least 15 days’ prior written notice. The Initial Term and

Renewal Term are collectively referred to as the “Term”.

4.2. Termination

In addition to Shopify’s right to terminate the Services pursuant to the Shopify Terms of Service and the Shopify AUP, and the termination rights set out elsewhere in this Agreement, either party may terminate this Agreement upon written notice if the other party: (i) assigns or attempts to assign this Agreement to a third-party in violation of this Agreement; (ii) fails to correct a material breach of its obligations under this Agreement within 30 days after receipt of written notification from the notifying party of such material breach; (iii) ceases to carry on business as a going concern; or (iv) initiates a bankruptcy, reorganization or insolvency proceeding, or has such a proceeding initiated against it, makes an assignment for the benefit of creditors, or consents to the appointment of a trustee.

4.3. Effect of Termination

Upon the expiry of the Agreement, or termination of the Agreement by either party for any reason:

- (a) Shopify will cease providing Customer with the Services and Customer will no longer have access to the administrative console for the Store(s);
- (b) Customer’s online Store(s) will be taken offline;
- (c) unless otherwise provided in the Agreement or Terms of Service, Customer will not be entitled to any refunds of any prepaid Fees, pro rata or otherwise;
- (d) any outstanding balance of any Fees or other charges owed by Customer to Shopify up to the effective date of termination will immediately become due and payable in full;
- (e) if (i) Shopify terminates the Agreement pursuant to Section 3.5(i) or Section 4.2 during the Initial Term; or (ii) if Customer terminates the Agreement for any reason other than pursuant to Section 4.2 during the Initial Term, then as a genuine pre-estimate of Shopify’s damages, and not as a penalty, Shopify will have the right to charge Customer the remaining Minimum Platform Fees for the Initial Term; and
- (f) each party will immediately discontinue all use of the other party’s Confidential Information.

Section 5: Intellectual Property

5.1. Customer Intellectual Property

Customer, or its third party licensors, retains ownership over all Materials. Customer will be solely responsible for the accuracy, adequacy, quality, integrity, legality, reliability, and appropriateness of all Materials posted on the Store(s) or otherwise generated, uploaded, stored, posted, displayed, distributed, transmitted or exhibited in connection with Customer’s use of the Services. For any Materials that Customer generates, uploads, stores, posts, displays, distributes, transmits or exhibits in connection with the Services, Customer grants to Shopify a worldwide, non-exclusive, royalty-free, transferable and sub-licensable right to review, use, reproduce, modify, adapt, translate, publish, duplicate, create derivative works of, store, transmit, distribute, publicly perform and display any or all of such Materials in any form, media or technology whether known or not currently known, in any manner, solely in order to provide the Services and for no other purpose unless Customer provides prior consent. Customer represents and warrants that it has all the rights, power and authority necessary to grant the above license.

5.2. Shopify Intellectual Property

Customer acknowledges and agrees that: (i) the Services and any applicable Beta Services, including without limitation any associated software, documentation, applications, websites, tools and products (including any storefront design templates found in Shopify’s Theme Store), and any modifications, enhancements and updates thereto, and all intellectual property rights therein (collectively, “Shopify IP”) are exclusively owned by Shopify and/or our third party providers; (ii) the Shopify IP contains valuable copyrighted material and is protected by Canadian, U.S. and international copyright and other intellectual property laws; (iii) subject to Customer’s compliance with the Agreement, Shopify grants Customer a limited, non-exclusive, revocable, non-sublicensable, non-transferable license to access and use the Shopify IP, solely for the purposes of using the Services in compliance with the Agreement; and (iv) Customer has no rights in the Shopify IP, other than the rights and licenses granted herein.

5.3. Names and Trademarks

The trade names, trademarks, service marks, trade dress and logos (collectively “Marks”) of each party, its parent or affiliates are the exclusive property of such party and, except as otherwise provided in the Agreement, the other party shall not use such Marks or any abbreviation or adaptation thereof for any purposes without the prior written consent of the party who owns such Marks. Notwithstanding the foregoing or Section 5.1, Customer hereby grants Shopify a non-exclusive right and license to use Customer’s Marks to promote the Services, which includes the right to publicly identify the Customer as a Customer of Shopify. Each party acknowledges that all use of the other party’s Marks shall inure to the benefit of and be on behalf of the party owning such Marks.

Section 6: Representations and Warranties

6.1. SHOPIFY WARRANTIES

SHOPIFY REPRESENTS AND WARRANTS TO CUSTOMER THAT (a) DURING THE TERM IT WILL PROVIDE THE SERVICES IN A MANNER CONSISTENT WITH THIS AGREEMENT; (b) IT HAS THE LEGAL POWER TO ENTER INTO AND PERFORM ITS OBLIGATIONS AND GRANT THE RIGHTS TO CUSTOMER SET OUT IN THIS AGREEMENT; AND (c) THE PERSON SIGNING THIS AGREEMENT ON SHOPIFY'S BEHALF HAS BEEN DULY AUTHORIZED TO DO SO.

6.2. CUSTOMER WARRANTIES AND COVENANT

CUSTOMER REPRESENTS, WARRANTS AND COVENANTS THAT:

- (a) CUSTOMER HAS THE LEGAL POWER TO ENTER INTO AND PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE PERSON SIGNING THIS AGREEMENT ON CUSTOMER'S BEHALF HAS BEEN DULY AUTHORIZED TO DO SO.
- (b) AS BETWEEN CUSTOMER AND SHOPIFY, CUSTOMER IS BETTER ABLE TO PUT IN PLACE PHYSICAL AND PROCEDURAL IMPEDIMENTS TO THE INAPPROPRIATE USE OF THE SERVICES. CUSTOMER SHALL BE RESPONSIBLE FOR THE MATERIALS (INCLUDING THE ACCURACY, ADEQUACY, QUALITY, INTEGRITY, LEGALITY, RELIABILITY, AND APPROPRIATENESS OF SAME) AND THE OPERATION OF, AND TRANSACTIONS PROCESSED THROUGH, THE STORE(S).
- (c) WITH RESPECT TO THE MATERIALS: (i) CUSTOMER OWNS OR HAS VALIDLY LICENSED, OR WILL OWN OR VALIDLY LICENSE, THE RIGHT TO ALL MATERIALS GENERATED, STORED, POSTED, DISPLAYED, EXHIBITED OR DISTRIBUTED BY, OR UPLOADED OR TRANSMITTED TO OR FROM, THE STORE(S); (ii) ANY MATERIALS THAT CUSTOMER GENERATES, UPLOADS, STORES, POSTS, EXHIBITS, DISPLAYS, DISTRIBUTES OR TRANSMITS DO NOT AND WILL NOT INFRINGE OR VIOLATE ANY OF THE COPYRIGHT, PATENT, TRADEMARK, OR ANY OTHER INTELLECTUAL PROPERTY, PERSONAL OR PROPRIETARY RIGHTS OF ANY THIRD PARTY ("THIRD PARTY RIGHTS"); AND (iii) CUSTOMER HAS OR WILL HAVE THE RIGHT AND AUTHORITY TO OFFER, SELL, TRADE, DISTRIBUTE OR EXPORT THE PRODUCTS OR SERVICES DESCRIBED IN THE MATERIALS AND SUCH OFFER, SALE, TRADE, DISTRIBUTION, OR EXPORT DOES NOT OR WILL NOT VIOLATE ANY APPLICABLE LAWS OR THIRD PARTY RIGHTS.
- (d) ANY SALES TRANSACTIONS OCCURRING ON OR IN THE STORE(S) WILL REPRESENT A BONA FIDE SALE, CUSTOMER WILL FULFILL ALL OF ITS OBLIGATIONS TO EACH PURCHASER WHO ENTERS INTO A TRANSACTION WITH CUSTOMER, AND CUSTOMER WILL RESOLVE ANY DISPUTE OR COMPLAINT DIRECTLY WITH ITS PURCHASERS.

6.3. DISCLAIMER

EXCEPT AS SPECIFICALLY SET OUT IN THIS SECTION, THE SERVICES ARE PROVIDED "AS IS" AND "AS AVAILABLE", WITHOUT ANY REPRESENTATIONS, WARRANTIES OR CONDITIONS OF ANY KIND. SHOPIFY AND ITS THIRD-PARTY LICENSORS AND SUPPLIERS MAKE NO OTHER REPRESENTATIONS AND GIVE NO OTHER WARRANTIES OR CONDITIONS, EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE REGARDING THE SERVICES OR ANY PRODUCTS PROVIDED UNDER THIS AGREEMENT AND SHOPIFY SPECIFICALLY DISCLAIMS ANY AND ALL REPRESENTATIONS, WARRANTIES OR CONDITIONS OF MERCHANTABILITY, DURABILITY, TITLE, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. SHOPIFY DOES NOT WARRANT THAT THE SERVICES WILL MEET CUSTOMER'S EXPECTATIONS, BE SECURE, TIMELY, UNINTERRUPTED OR FREE FROM DEFECTS OR ERRORS, OR THAT DEFECTS OR ERRORS WILL BE CORRECTED. SHOPIFY DOES NOT OFFER A WARRANTY OR MAKE ANY REPRESENTATION REGARDING THE RESULTS OF USING THE SERVICES IN TERMS OF CORRECTNESS, ACCURACY, RELIABILITY, CUSTOMER BASE, COMMERCIAL ADVANTAGE, OR RISK OF INJURY TO CUSTOMER'S OR ANY USER'S SYSTEMS OR NETWORK. SHOPIFY SHALL NOT BE LIABLE TO CUSTOMER, ANY USER OR ANY THIRD PARTY FOR ANY USE OF OR INACCURACY IN ANY MATERIALS OR FOR ANY TRANSACTIONS PROCESSED THROUGH THE STORE(S).

Section 7: Indemnities and Limitation of Liability

7.1. Customer Indemnity

Customer will indemnify and hold Shopify and (as applicable) its subsidiaries, affiliates, partners, officers, directors, agents, and employees, harmless from and against any third party claims, demands, losses, damages, liabilities and costs (including, without limitation, reasonable attorneys' fees and court costs) ("Claims") due to, arising out of or related to: (i) the Materials; (ii) Customer's use or misuse of the Services except to the extent such Claims arise solely from a third party claim that Shopify IP infringes third party rights or violates applicable law; (iii) disputes arising from transactions made via the Store(s), or Customer's relationship with any of its customers; (iv) any breach of Customer's representations and warranties; (v) Customer's breach of the Agreement, including the Shopify AUP and the Shopify Terms of Service, and any documents the Shopify Terms of Service incorporated by reference; or (vi) Customer's violation of any applicable law or Third Party Rights.

7.2. Limitation of Liability

TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL SHOPIFY BE LIABLE TO CUSTOMER FOR ANY LOST PROFITS OR FOR ANY INCIDENTAL, PUNITIVE, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF

BUSINESS, LOSS OF PROFITS, BUSINESS INTERRUPTION, LOSS OF DATA, LOST SAVINGS OR OTHER SIMILAR PECUNIARY LOSS), HOWEVER CAUSED AND UNDER ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE), WHETHER SUCH DAMAGES ARE ALLEGED IN THIS CONTRACT OR ANY OTHER LEGAL OR EQUITABLE THEORY, AND WHETHER OR NOT SHOPIFY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL SHOPIFY'S AGGREGATE LIABILITY FOR DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT EXCEED THE PLATFORM FEES PAID BY CUSTOMER IN THE TWELVE (12) MONTHS PRIOR TO THE DATE ON WHICH THE CLAIM AROSE. CUSTOMER ACKNOWLEDGES AND AGREES THAT THE LIMITATIONS SET FORTH IN THIS SECTION ARE INTEGRAL TO THE AMOUNT OF FEES CHARGED BY SHOPIFY FOR THE SERVICES AND THAT IF SHOPIFY WERE TO ASSUME ANY FURTHER LIABILITY OTHER THAN AS SET FORTH HEREIN, THE FEES WOULD OF NECESSITY BE SUBSTANTIALLY INCREASED.

Section 8: Confidentiality and Privacy

8.1. Confidential Information

For the purposes of this Agreement, "**Confidential Information**" includes any information, technical data, or know-how concerning either party, including, but not limited to, that which relates to research, products, services, customers, markets, business policies or practices, unreleased software, developments, inventions, processes, designs, drawings, engineering, marketing, reports and audits, business plans or finances, and the relationship between the parties as evidenced by this Agreement. Customer acknowledges that Confidential Information may contain material, non-public information of Shopify, and Customer is aware, and its representatives have been advised, that applicable securities laws prohibit any person having material, non-public information about Shopify from purchasing or selling securities of Shopify.

Confidential Information also includes any materials or information provided by either party to the other that are identified by the disclosing party as confidential or proprietary, or that the receiving party should reasonably understand to be confidential and proprietary. Confidential Information does not include information that: (i) was in the public domain at the time the receiving party received it; (ii) comes into the public domain after the receiving party received it through no fault of the receiving party; (iii) the receiving party received from a third party without breach of the receiving party's or third party's confidentiality obligations; (iv) is independently developed by the receiving party without use of or reference to the Confidential Information; or (v) the receiving party is required by law to disclose. For the avoidance of doubt, the terms and conditions of the Shopify Plus Agreement shall be considered Confidential Information of both parties.

8.2. Confidentiality Obligations

Neither party shall use any Confidential Information of the other party except as necessary to exercise its rights or perform its obligations under this Agreement or as expressly authorized in writing by the other party. Each party shall use the same degree of care to protect the other party's Confidential Information as it uses to protect its own Confidential Information of like nature (and in any case no less than a reasonable degree of care). Neither party shall disclose the other party's Confidential Information to any person or entity other than its officers, directors, employees, service partners, customers, consultants and legal advisors who need access to such Confidential Information in order to effect the intent of the Agreement and who are subject to confidentiality obligations at least as restrictive as those in this Section 8.

8.3. Injunctive Relief

Each party acknowledges that due to the unique nature of the other party's Confidential Information, the disclosing party may not have an adequate remedy in money or damages if any unauthorized use or disclosure of its Confidential Information occurs or is threatened. In addition to any other remedies that may be available in law, in equity or otherwise, the disclosing party shall be entitled to seek injunctive relief to prevent such unauthorized use or disclosure.

8.4. Other Exceptions

Notwithstanding the foregoing provisions in this Section 8, the parties may disclose the terms and conditions of this Agreement: (i) as otherwise required by law or the rules of any stock exchange or over-the-counter trading system provided that reasonable measures are used to preserve the confidentiality of the Agreement; (ii) in confidence to legal counsel; (iii) in connection with the requirements of a public offering or securities filing provided reasonable measures are used to obtain confidential treatment for the proposed disclosure, to the extent such treatment is available; (iv) in connection with the enforcement of this Agreement or any rights under this Agreement, provided that reasonable measures are used to preserve the confidentiality of the Confidential Information; (v) in confidence, to auditors, accountants and their advisors who are subject to confidentiality obligations at least as restrictive as those in this Section 8; and (vi) in confidence, in connection with a change of control or potential change of control of a party or an affiliate of a party, provided that reasonable measures are used to preserve the confidentiality of the Agreement. For any legally compelled disclosure or disclosure pursuant to a court, regulatory, or securities filing, the parties shall reasonably cooperate to limit disclosure of Confidential Information, including the terms and conditions of this Agreement. For greater certainty, nothing in this Section 8 will diminish a receiving party's obligations under this Agreement to comply with applicable privacy and personal information protection laws.

8.5. Personal Information

The Shopify Privacy Policy will govern Shopify's use and storage of, and access to, personal information of Customer, its purchasers, users or Store visitors transmitted via

or stored on the Services. Any personal information that Customer transmits to Shopify, or that Shopify collects on Customer's behalf relating to residents of the European Economic Area will be processed by Shopify's Irish affiliate Shopify International Ltd., in accordance with the Shopify Privacy Policy.

Section 9: General

9.1. Relationship of Parties

The parties are independent contractors. Neither party shall be deemed to be an employee, agent, partner, joint venture or legal representative of the other for any purpose and neither shall have any right, power or authority to create any obligation or responsibility on behalf of the other. Any use of the term "partner" or "partnering" or similar terminology in connection with the Services or this Agreement (except as used in the immediately preceding sentence of this Section) does not mean or refer to a legal partnership, but instead means or refers to a co-operative business or contractual relationship.

9.2. Assignment

Customer may not assign this Agreement without the prior written consent of Shopify, such consent not to be unreasonably withheld. Shopify may assign this Agreement at any time.

9.3. Governing Law; Jurisdiction; Limitation of Action

This Agreement shall be governed by and is to be construed and interpreted in accordance with the laws in force in the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of laws. The parties expressly disclaim the application of the United Nations Convention on Contracts for the International Sale of Goods to this Agreement. All disputes arising under this Agreement will be subject to the exclusive jurisdiction of the courts located in Ottawa, Ontario and each party irrevocably and unconditionally consents to personal jurisdiction of such courts. To the extent permitted by applicable law, all claims related to this Agreement must be filed within two years from the date the cause of action arose.

9.4. Compliance with Laws

Each party agrees to fully comply with all applicable laws in their performance of the Agreement.

9.5. Severability

If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to law, such provision shall be changed and interpreted so as to best accomplish the objectives of the original provision to the fullest extent allowed by law, and the remaining provisions of this Agreement shall remain in full force and effect.

9.6. Force Majeure

Except for obligations to pay any Fees owing under this Agreement, neither party shall be deemed to be in breach of this Agreement for any failure or delay in performance caused by reasons beyond such party's reasonable control, including but not limited to acts of God, extreme weather, earthquakes, wars, terrorism, communication failures, strikes (other than strikes at such party's facility or involving such party's employees). If either party's performance is prevented by a force majeure event for a period of more than 30 calendar days, the other party may terminate this Agreement without further obligation or liability, subject to any payment amounts due and payable as of the effective date of termination.

9.7. No Exclusivity

Shopify reserves the right to provide services to Customer's competitors and makes no promise of exclusivity in any particular market segment.

9.8. Legal Notice

For Shopify: All legal notices or demands to or upon Shopify shall be made in writing and sent to Shopify via email to: contract_notices@shopify.com.

For Customer: All legal notices or demands to or upon Customer shall be made in writing and sent to Customer personally, via courier or certified mail, or email. Notice to the Customer shall be provided using the Customer information above. Except as otherwise specified in this Agreement all notices, permissions and approvals must be in writing and will be deemed to have been given upon: (i) personal or couriered delivery; (ii) the fifth business day after mailing; or (iii) the first business day after sending by email.

9.9. Suggestions and Feedback

Shopify welcomes any ideas and/or suggestions regarding improvements or additions to the Services. Under no circumstances shall any disclosure of any idea, suggestion or related material (collectively, "**Suggestions**") to Shopify be subject to any obligation of confidentiality or expectation of compensation. By submitting a Suggestion to Shopify, Customer waives any and all rights in the Suggestion and represents and warrants to Shopify that the Suggestion is wholly original to Customer, that no one else has any

rights in the Suggestion and that Shopify is free to implement and use the Suggestion if desired, as provided by Customer or as modified by Shopify, without obtaining permission or license from Customer or from any third party.

9.10. Amendment and Waiver

This Agreement may only be modified, or any rights under it waived, by a written document executed by both parties. The failure of either party to exercise or enforce any provision of the Agreement shall not constitute a waiver of such right or provision or any other provision of the Agreement or otherwise affect the rights of such party.

9.11. Entire Agreement

The Shopify Plus Agreement and any appendices attached hereto and any terms located at a URL referenced herein, including without limitation the Shopify Terms of Service, the Shopify Privacy Policy, the Shopify AUP, and the Pricing Definitions, constitute the entire agreement between the parties respecting Customer's use of the Services, and supersede any prior written or oral agreements between the parties.

9.12. Survival

All sections of this Agreement that by their nature should survive termination will survive such termination, including, without limitation, payment obligations, confidentiality obligations, intellectual property rights, warranty disclaimers, indemnities and limitations of liability.

9.13. Definitions

Unless defined elsewhere in the Agreement, capitalized terms used in the Agreement have the following meanings:

1. "Additional Services" has the meaning set out in Section 1(b).
2. "Additional Service Terms" has the meaning set out in Section 1(b).
3. "Additional Store Fee" has the meaning set out in Section 2.1.
4. "Authorized Credit Card" has the meaning set out in Section 3.5(e)(i).
5. "Beta Services" has the meaning set out in Section 1(c).
6. "Billing Date" has the meaning set out in Section 3.5(d).
7. "Billing Month" means the monthly period starting on the Effective Date (and the corresponding date of each calendar month thereafter), and ending on the corresponding date of the next calendar month.
8. "Confidential Information" has the meaning set out in Section 8.1.
9. "Claims" has the meaning set out in Section 7.1.
10. "Clone Store" or "Expansion Store" means each Store, additional to the Main Brand, listed in this Agreement or as maybe activated for Customer via Shopify's support team, or added via an amendment hereto in accordance with section 2.1 of this Agreement. Clone Stores or Expansion Stores that are online Stores:
 - (a) must be extensions of the Main Brand;
 - (b) must be identical to the Main Brand with respect to Store name and other branding;
 - (c) must carry the same types of goods and services as the Main Brand; and
 - (d) may differ in language and applicable currency.
 - (e) Clone Stores or Expansion Stores that are physical retail locations or that are wholesale Stores must:
 - (i) be identical to the Main Brand with respect to Store name and other branding; and
 - (ii) carry the same types of goods and services as the Main Brand.
11. "Effective Date" means the day that the authorized representatives of both parties have signed this Agreement.
12. "Eligible Gateway Transaction" has the meaning set in the Pricing Definitions.
13. "Eligible Platform Transaction" has the meaning set in the Pricing Definitions.
14. "Expansion Store" has the meaning set in section 9.13 subsection 10.
15. "Fees" means, collectively, the Platform Fees and the Transaction Fees, and any other fees implemented by Shopify pursuant to Section 3.5(c).
16. "Imported Orders" has the meaning set in the Pricing Definitions.
17. "Initial Term" has the meaning set out in Section 4.1.
18. "Main Brand" means the Store identified as the Main Brand in this Agreement.
19. "Manual Gateways" has the meaning set out in the Pricing Definitions.

20. "Marks" has the meaning set out in Section 5.3.
21. "Materials" means all content, including photos, images, videos, graphics, written content, audio files, code, information, reports, data, Customer's Marks, or other content posted, uploaded, collected, generated, stored, displayed, distributed, transmitted or exhibited on or in connection with Customer's Account (as such term is defined in the Shopify Terms of Service).
22. "Minimum Platform Fee" has the meaning set out in Section 3.5(a).
23. "Platform Fee" has the meaning set out in Section 3.5(a).
24. "Pricing Definitions" has the meaning set out in Section 1(a).
25. "Renewal Term" has the meaning set out in Section 4.1.
26. "Services" means the services provided by Shopify to Customer pursuant to this Agreement, as further described in the Agreement and the Shopify Terms of Service.
27. "Shopify AUP" has the meaning set out in Section 1(a).
28. "Shopify IP" has the meaning set out in Section 5.2.
29. "Shopify Payments" means Shopify's payment processing service.
30. "Shopify Privacy Policy" has the meaning set out in Section 1(a).
31. "Shopify Terms of Service" has the meaning set out in Section 1(a).
32. "Store" means each online store or physical retail location associated with a '.myshopify.com' URL listed in this Agreement or any amendment hereto.
33. "Store Privacy Policy" has the meaning set out in Section 3.2(a).
34. "Store Terms" has the meaning set out in Section 3.2(a).
35. "Term" has the meaning set out in Section 4.1.
36. "Third Party Rights" has the meaning set out in Section 6.2(c).
37. "Transaction Fee" has the meaning set out in Section 3.5(b).

IN WITNESS WHEREOF, the parties have executed this Agreement by their authorized representatives as of the Effective Date.

CUSTOMER:

SHOPIFY INC.:

DocuSigned by:
Signature: 
2F507251267945A...

Name: Rob Fraser

Title: President

Date: 6/9/2021

Signature: 

Name: Mark Bergen

Title: VP of Revenue

Date: June 09, 2021



Payment Plan Agreement

Customer:	7132221 Canada Inc
Address:	204-220 Kennevale Drive OTTAWA ONTARIO K2J 6B6 CANADA
PPA No.:	
Date:	

DocuSigned by:	
Executed by Customer (authorized signature):	<i>Rob Fraser</i>
Signature:	2F5607251267045A...
Name:	Rob Fraser
Title:	President
Executed by Oracle:	
Signature:	
Name:	
Title:	

This Payment Plan Agreement ("PPA") is entered into by Customer and Oracle Canada ULC for payment of Customer's acquisition of the System. In its role providing payment terms under this Contract, Oracle Canada ULC is called "Oracle." Each Schedule will incorporate the terms of this PPA to form a single contract ("Contract") and provide transaction specific information, including the System Price and the System. The System is acquired from Oracle Corporation, one of its affiliates, an authorized distribution partner or any other party providing the System (each, a "Supplier"). Customer has acquired the System from the applicable Supplier pursuant to the Order, which is subject to an agreement (together, the "Order") governing the terms and conditions of Customer's right in the System. The Order will be specified in the Schedule. Customer agrees that the System consists of all products and services specified in the Order for which fees are included in the System Price, together with software upgrades, and updates received from support related to the System ("System"). Customer retains its right against Supplier under the Order to make any claims and therefore agrees to make such claims solely against the Supplier. Except as provided under this Contract, such rights and Customer's remedies against Supplier under the Order, including Supplier's warranty provisions, shall not be affected.

1. PAYMENT SCHEDULE: Customer agrees to pay the Payment Amounts in accordance with the Contract. If full payment of each Payment Amount and other amounts payable is not received on the applicable Due Date, Customer agrees to pay interest from the Due Date on the overdue amount at the rate equal to the lesser of 18% per year, or the maximum amount allowed by law. Taxes will mean any applicable sales, use, property, value added tax, or any other tax or charge allocable to the System, Order or the Contract ("Taxes"). Unless stated otherwise, Payment Amounts exclude Taxes. Any amounts payable under the Order, which are not paid through this Contract, are payable by Customer pursuant to the Order. Customer's obligation to remit Payment Amounts and applicable Taxes paid through this Contract to Oracle in accordance with this Contract is absolute, unconditional, non-cancellable, and independent, and shall not be subject to any set-off, recoupment, claim or defense for any reason, including, but not limited to, any termination of or dispute arising under the Order or any related agreements, or performance of the System, or any claim(s) against Supplier.

2. DEFAULT: Any of the following will constitute a Default under the Contract: (a) Customer fails to pay when due any sums due under any Contract; (b) Customer fails to perform any obligation or breaches any representation in any Contract; (c) Customer no longer has the right to use any part of the System as a result of a material breach of an agreement with Supplier or termination of Customer's right to use any part of the System; and (d) Customer ceases business, or becomes insolvent or is subject to bankruptcy, reorganization or insolvency proceedings.

3. REMEDIES: In the event of a Default that is not cured within 30 days of its occurrence, Oracle or its Assignee may: (i) require an amount equal to the sum of all amounts then due and owing, and the unpaid remaining Payment Amounts specified in the Contract (discounted at the lesser of the rate in the Contract or the Index Rate specified in the Schedule per annum simple interest) to become immediately due and payable; (ii) terminate all of Customer's rights to use the System and related support and (iii) pursue any other rights or remedies available in law and equity. Upon termination of the right to use the System, Customer shall cease use and return the System as directed by Oracle and promptly deliver to Oracle a certificate of non-use signed by an authorized signatory.

Customer agrees that if Customer does not pay under the Contract, then pursuant to the Order, Supplier is not obliged to continue providing services that are a part of the System. If Oracle or its Assignee takes any action related to claims under the Contract, Customer shall pay, in addition to the amounts due above, all costs and expenses of such action including legal fees. Failure or delay by Oracle or its Assignee to exercise any right or remedy will not operate as a waiver thereof, or of any breach, and all remedies are cumulative and not exclusive. Customer acknowledges that no party shall license, lease, transfer or use any software or other licensed products included in the System in mitigation of damages resulting from Customer's Default, except as allowed under the Order, subject to applicable law.

4. ASSIGNMENT: Customer consents to the sale or assignment of all or a portion of Oracle's rights in the Contract or in the System, including the right to exercise remedies, to third parties ("Assignee"). Assignee will not assume any of Supplier's obligations under the Order. Customer shall pay all amounts due under the Contract, and agrees that it shall not assert against Assignee any claim, defense, or setoff that Customer may have against Supplier. Customer waives all rights to make any claims against Assignee for any loss, damage of the System or breach of any warranty, express or implied with respect to the System, including the System and service performance, functionality, features, and warranties of merchantability and fitness for a particular purpose, if any, or any indirect, incidental or consequential damages or loss of business.

5. MISCELLANEOUS: Customer represents and warrants that this Contract has been duly authorized and constitutes a legal, valid and binding agreement of the Customer. Customer agrees that it will not assert that any terms in the Order or related agreement (including subsequent amendments) affect its payment obligation or Oracle's rights under the Contract and in the System. Any transfer of obligations under this Contract shall require Oracle's and Assignee's prior written consent. A transfer shall include a change in majority ownership of Customer. Until all sums due under the Contract have been paid, the System remains subject to the Contract. Customer agrees, with respect to the Contract, to promptly execute and deliver any ancillary documents (including acceptance certificates, confirmation of delivery, proof of authorization, notices of assignment, and any agreement related to the System) and take further actions, such as registrations and filings, as Oracle or Assignee may reasonably request. Customer agrees to provide Oracle or Assignee copies of its financial statements or other financial information as Oracle or Assignee may reasonably request. The Contract constitutes the entire agreement between Customer and Oracle regarding the subject matter herein, and is separate from, and will supersede any inconsistent terms set forth in the Order, any supply agreement, Customer purchase orders and all prior oral and written understandings. Capitalized terms not defined herein will have the meaning set forth in the Schedule. If any provision of the Contract is invalid, such invalidity will not affect the enforceability of the remaining terms of the Contract. Customer shall provide all notices, including bankruptcy or administrative notices, to Operations as specified in the Schedule). All parties may treat executed faxes, scanned images, or photocopies as original documents. The Contract may be executed in counterparts, which, when taken together, will constitute a completely executed copy of the Contract. The Contract, upon instructions from the parties hereto, has been drafted in the English language. Les parties ont expressement demande a ce que le present contract soit redige dans la langue anglaise. This Contract will be governed by the laws of the Province of Ontario.



Payment Schedule

(Software) No. ¹⁶³ 181541

Customer:	7132221 Canada Inc
Address:	204-220 Kennevale Drive
	Ottawa ON K2J 6B6
Contact:	
Phone:	
Email Notice:	
Order:	
PPA No.:	Dated:

Executed by Customer (Authorized signature):	
Signature:	<i>Rob Fraser</i>
Name:	Rob Fraser
Title:	President
Executed by Oracle:	
Signature:	
Name:	
Title:	
Contract Effective Date:	

System Price:		Payment Schedule:	
Cloud Services:	\$165,323.34	Payment Amount:	Due Date:
Total:	\$165,323.34	30 @ \$5,510.78	Monthly from 01-Nov-23 through 01-Apr-26
		30 payments due as set forth above.	

Taxes: All Supplier invoice(s) shall be issued as per the Order. The Supplier shall issue invoice(s) at the applicable tax rate on invoice date and Taxes shall be assessed on the total Payment Amounts. An amount equal to such Taxes shall be payable through the Contract with each Payment Amount on Due Date.

Transaction Specific Terms (any terms specified in this section will supersede inconsistent terms elsewhere in the Contract):

If ACS Services are included in the System, then fees for the initial period of ACS Services will be remitted to the Supplier before the start of the initial ACS Services period. ACS Services fees that are due after the initial ACS Services period, if any, shall be considered "cloud services" for purposes of this Contract.

Customer will deliver a fully completed Direct Debit Authorization for this Contract as a required document at the time the executed Contract is delivered.

On or before signing and delivering this Contract, Customer will provide Customer's Business Number by inserting it here # 817335896. If not provided, this Contract is not effective, and Customer will pay Supplier all fees due under the Order.

This schedule ("Schedule") is entered into by Customer and Oracle Canada ULC ("Oracle") for the acquisition of the System from the applicable Supplier. This Contract replaces Customer's payment obligation when due under the Order to Supplier to the extent of the System Price listed above and Customer agrees to pay the System Price on an installment basis. This Schedule incorporates by reference the terms and conditions of the above-referenced PPA to create a separate Contract. Any reference to "Order" or "Agreement" in this Contract shall mean the above-referenced Order, together with any other agreement governing Customer's right in the System. Each component of the System specified herein is further described in the Order. Cloud services are subscription rights, which may include SaaS, PaaS or IaaS, that are paid through this Contract. The System includes any cloud services that replace the cloud services included in the System, and the Order includes orders for such replacement cloud services. The System Price is the amount set forth above for the items that are paid for through this Contract.

A. SYSTEM: For the purposes of this Contract, the software, services, and cloud services are accepted. Upon delivery of the System, if the total amount invoiced by Supplier is less than the fees specified in the Order, then Oracle will decrease the System Price and Payment Amounts accordingly. If any portion of the System has not been delivered (or, for cloud services, the services period has not commenced) 45 days after the Contract Effective Date, then Oracle may, with written notice, remove the fees for that portion from the System Price and reduce the Payment Amounts by the amount attributable to that portion of the System. Oracle and Customer may agree to mutually acceptable terms and enter into a new, separate Contract for any portion of the System that was removed from this Contract; otherwise, Customer will pay the Supplier for the removed portion as per the Order. Until all sums due under this Contract are paid, Customer agrees that Customer's access to all cloud services provided under the Order, including any renewals or extensions (and their replacements), are subject to Customer's full performance of the terms of this Contract. Before any part of the System is converted, replaced or traded in by Customer or any other party, Customer shall contact Operations to make arrangements to fulfill all its financial obligations under the Contract.

If the System Price includes fees for renewal periods of services after the first period of services (as such period is defined in the Order), such services will be "Renewal Services" and will be ordered through this Contract. At the start of each Renewal Services period, Renewal Services for that period will become a part of the System and are accepted for purposes of Customer's payment obligations under the Contract. Renewal Services fees (and applicable Taxes) will be paid to Supplier (pursuant to the Supplier invoice) through this Contract, from the Payment Amounts (and applicable Taxes) received in the applicable Renewal Service period. Future increases in fees for Renewal Services (if any) are not included in the System Price or Payment Amounts, and shall be due separately to the applicable Supplier from Customer. Each Payment Amount (net of fees for Renewal Services, if any) is comprised of a proportional amount of each component of the System Price (net of total fees for Renewal Services, if any). The term Order also includes orders (in whatever form) for Renewal Services included in the System.

If Supplier reduces the Order fees due to Customer's termination of cloud services, Customer will promptly notify Operations, and any fees for the terminated services that are not yet due under the Order as of the effective date of termination shall be the "Reduction Amount." The Reduction Amount will be removed from the System Price and applied to reduce the last Payment Amount, and if it exceeds the last Payment Amount, any excess amounts will be applied to each preceding Payment Amount until the Reduction Amount has been fully utilized. Customer may claim a refund from Supplier for fees for terminated services already due under the Order, if any. The refund will not include fees not yet due under the Order. If the System does not include software or hardware, then on the effective date of termination, all remaining Payment Amounts (as adjusted for the Reduction Amount) will become due.

B. ADMINISTRATIVE: Customer agrees that Oracle may insert the appropriate administrative information to complete the Contract, and Oracle will provide a copy of the Contract upon request. For this Contract, the discount rate in the Remedies Section of the PPA shall be the lesser of the rate in the Contract or 2% (the "Index Rate"). Oracle will countersign this Schedule upon Customer's delivery of a fully executed Order, PPA, and any other documentation required by Oracle (in form and substance acceptable to Oracle), and upon such countersignature, the Contract will be effective as of the Contract Effective Date. All notices or contact for Operations shall be sent to ofd-notice_ww@oracle.com.



Company Name: 7132221 Canada Inc

In our effort to provide excellent service to our valued customers, we request certain information to ensure correct billing and timely communication.

Please ensure you complete the below information and return it back to us.

CONTACT PERSON: If you prefer that we work with someone directly to obtain the information requested on this form, please provide their information	TAX CONTACT (If required to confirm tax treatment)			
Attn. to Name: Rob Fraser	Name: Rob Fraser			
Title: President	Email: RFraser@hawktreesolutions.com			
Email: RFraser@hawktreesolutions.com	Phone: 6138516625			
Phone: 6138516625	TAX ID # (REQUIRED): 817335896			
INVOICES should be sent to:	INVOICING INSTRUCTIONS:			
Attn. to Name: Rob Fraser	<table border="1"> <tr> <td data-bbox="805 848 1198 911">Will a Purchase Order be issued?</td> <td data-bbox="1198 848 1325 911">Yes <input type="checkbox"/></td> <td data-bbox="1325 848 1458 911">No <input type="checkbox"/></td> </tr> </table>	Will a Purchase Order be issued?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Will a Purchase Order be issued?	Yes <input type="checkbox"/>	No <input type="checkbox"/>		
Title: President	If yes, please ensure it is issued to the Oracle entity shown on the OFD Contract and a copy forwarded to OFD-cloud_us@oracle.com			
Email: RFraser@hawktreesolutions.com	P.O. #: ONET042623			
Company: 7132221 Canada Inc o/a Hawktree Solutions	ADDITIONAL INVOICING INFORMATION (IF APPLICABLE) n/a			
Address: 204-220 Kennevale Drive Ottawa ON K2J6B6				
Phone: 6136922517				
Fax: 6136929001				
TAX STATUS <i>(Select checkbox that applies, or if unsure leave and provide a Tax Contact)</i>				
Taxable - Add taxes to payment amounts due under this contract if taxes are included on the Supplier invoice.	<input type="checkbox"/>			
Taxable - Customer will pay applicable taxes separately and directly to Supplier. Do not add taxes to payment amounts due under the contract.	<input type="checkbox"/>			
Taxable - Direct Pay. Customer has a Direct Pay Permit.	<input type="checkbox"/>			
Tax Exempt - Customer has a Tax Exemption Certificate.	<input type="checkbox"/>			

Direct Debit Form

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PRE-AUTHORIZED PAYMENT PLAN (CANADA)

Contract No. 181541

Payee Contact Information:		Payor Contact Information:	
Address:	Oracle Canada ULC 100 Milverton Drive Mississauga, ON L5R 4H1	Name of Customer:	7132221 Canada Inc
Contact name:	Annie Lau	Address:	204-220 Kennevale Drive Ottawa ON K2J 6B6
Telephone:	1-650-607-0856	Contact name:	
Email:	annie.lau@oracle.com	Telephone:	
		Email:	

This Pre-Authorized Payment Plan ("PAD") provides Customer's pre-authorization to Oracle Canada ULC or Oracle America, Inc. ("Oracle") or its Assignee to initiate debit transactions to the account specified below for payments due under the above referenced Contract(s). Customer agrees not to dispute any debits with its bank provided the transactions correspond to the terms of the applicable Contract. Both parties agree that this PAD constitutes authorization to debit (or credit if applicable), Customer's business bank account identified below. Payments will be debited from the Account on the dates set forth on the Contract.

This PAD agreement provides for the issuance of business PADs.

Both Oracle and Customer agree to be bound by Canadian law as it pertains to all automated funds withdrawal transactions initiated by Oracle or its Assignee that debit (or credit if applicable) Customer's business bank account identified below, and acknowledge that the origination of automated funds withdrawal transactions to the account must comply with provisions of Canadian law. This PAD will remain in effect until all payments due under the Contract have been fully paid.

Please complete the information below:

Name on Account:	7132221 Canada Inc
Depository Bank Name:	BMO
Bank Code:	38436
Transit Number:	001
Bank Account Number:	1988253
Bank Street Address:	3775A Strandherd Dr
Bank City/Province/Postal Code:	Ottawa
This account is enabled for automated funds withdrawal transactions:	Yes No

PLEASE ATTACH A COPY OR SCAN OF A VOIDED CHEQUE FROM THE CHEQUING ACCOUNT, OR A VOIDED DEPOSIT SLIP FOR A SAVINGS ACCOUNT.

- I authorize Oracle or its Assignee to initiate debits or credits to the bank account indicated above, provided each transaction is initiated according to the terms of this PAD.
- I certify that I am an authorized representative of Customer, that: I have the authority to enter into this PAD on Customer's behalf; the banking information provided above is accurate and valid; and the account provided above has been enabled for automated withdrawal of funds transactions.
- I further certify that Customer understands and acknowledges that:
 - (i) Customer will notify Oracle or its Assignee in writing of any changes in its bank account information at least 15 days in advance of any requested or scheduled Due Date.
 - (ii) If funds in the bank account debited are not sufficient to cover such debits, Customer is responsible for, and agrees to pay Oracle or its Assignee \$35 for each such non-sufficient funds per occurrence. Customer specifically authorizes Oracle to initiate a debit to Customer's bank account for the payment of such fee.
 - (iii) **Customer waives its right to have 10 days advance notice of the first debit made under this PAD, or for changes in the amount debited if such change is permitted by the Contract.**

This authorization shall remain in effect until Oracle or its Assignee has received at least thirty (30) days written notification from Customer before the next debit is scheduled from the Account. Customer may obtain a sample cancellation form, or further information on Customer's right to cancel this PAD agreement, at Customer's financial institution or by visiting www.payments.ca. Customer has certain recourse rights if any debit does not comply with this agreement. For example, Customer has the right to receive reimbursement for any debit that is not authorized or is not consistent with this PAD agreement. To obtain more information on Customer's recourse rights, Customer may contact Customer's financial institution or visit www.payments.ca.

Termination by Customer of this PAD agreement will not terminate Customer's obligations to Oracle under the Contract and, upon any such termination, Customer must make payments owing under the Contract using another payment method acceptable to Oracle.

Oracle may not assign this PAD agreement, whether directly or indirectly, by operation of law, change of control or otherwise, without providing at least ten (10) days prior written notice to Customer. Upon such assignment, the assignee will have the rights and obligations of Oracle under this PAD agreement.]

Customer: 7132221 Canada Inc

Authorized Signature:  _____ Date: April 26, 2023 | 14:32 EDT

COPY OR SCAN OF VOIDED CHEQUE OR DEPOSIT SLIP

SCHEDULE 2

Inventory

See attached listings

Item	Description	Expiry Status	Category	Quantity
60.213	Surface Mount Outdoor Heated Wall Cabinet		A.E.D.	3
	1504 METAL CABINET #2		A.E.D.	1
	450018CRC LEVEL 2 METAL BOX W/LOGO		A.E.D.	1
500-BAS-CF-10	HEARTSINE 500P SEMI-AUTO AED		A.E.D.	1
8000-0375-01	SOFT CARRY BAG		A.E.D.	3
8000-1110-06	PLUS TRACT AED PROGRAM MNGMNT CANADA 1 YEAR		A.E.D.	325
8900-0804-01	Pair - Zoll CPR-D-padz Training Electrodes		A.E.D.	5
	CRC-AEDPK CRC AED PREP KIT		A.E.D.	11
	PAD-ACC-02 HEARTSINE USB DATA DWNLOAD CBL		A.E.D.	6
XCAAED007A	CARRY CASE FOR THE AED		A.E.D.	54
XSMAED001A	CARDIAC SCIENCE G5 AED SIMULAT		A.E.D.	1
	14TS AED 3D Wall Sign		A.E.D.	1
168-6000-001	Zoll Carrying Case for 9300 Series AED		A.E.D.	12
168-6002-001	Zoll AED Wall Sign Kit (labels and sign)		A.E.D.	1
180-2080-004	Zoll Powerheart G3 AED Trainer Replacement Remote		A.E.D.	5
	180SM-1 AED Wall Cabinet w/Alarm		A.E.D.	2
	450018CRC LEVEL 2 METAL BOX - 36 UNIT with logo		A.E.D.	23
50-00392-20	Surface Mount Wall Cabinet w/Alarm, Security Enabl		A.E.D.	6
	77159-06 Heated Bag for 9390 & 9300 AEDs, Logo Attached		A.E.D.	1
8000-001250	ZOLL AED 3 Carry Case		A.E.D.	1
8008-0050-26	Zoll Plus Trainer, French		A.E.D.	1
	9021-003 Zoll Powerheart G3 AED Simulator with 3-Lead termi		A.E.D.	3
	9035-005 Zoll Cardiac Science G3 AED		A.E.D.	5
9255-10BK-0A0	Nanuk Hard AED Case with Foam		A.E.D.	2
	9725-001 Zoll Training Electrodes		A.E.D.	2
ACC-GTW-CN-01	Stryker HeartSine Gateway - English		A.E.D.	1
	AED-MT AED Reminder Tag		A.E.D.	544
	CRC-AEDTP Mini AED Trainer Replacement Pads		A.E.D.	543
	MMP-1 ALARM SYSTEM KIT		A.E.D.	20
	MMP-147SM SURFACE MOUNTED AED CABINET		A.E.D.	36
	PAD-PAK-02 Stryker HeartSine Pediatric Pad-Pak		A.E.D.	1
PP-AEDT2-402	PRESTAN Prof AED Trainer PLUS w/EN/FR Module, 4 pk		A.E.D.	1
	PP-CLB-50 PRESTAN Prof Child Face-Shield/Lung-Bags, 50 pk		A.E.D.	7
	S-3292 AED Decal, Bilingual		A.E.D.	25
	S-492 Box for Zoll Batteries (4" x 2" x 2")		A.E.D.	79
TRN-350-US	Stryker HeartSine SAM 350P AED Trainer - English		A.E.D.	1
XCAAED002A	Zoll Powerheart Nylon Carry Sleeve		A.E.D.	39
XCAAED007A	Powerheart G5 AED Premium Carry Case		A.E.D.	30
XELAED002B-TEMP	Powerheart G5 CPR Feedback Adult Defibrillation Pa		A.E.D.	5
XELAED003A	Powerheart G5 Intellisense Pediatric Defibrillatio		A.E.D.	2
	1217 DENTAL SWAB		Emergency Preparedness	239
	1317 EZ CARE PATIENT BATH PACKS 8X8		Emergency Preparedness	65
	3537 Emergency Survival Blanket 84"x52"		Emergency Preparedness	3,596
	26156 MULTIPURPOSE WOOL BLANKET GREY		Emergency Preparedness	88
	31651 SURGITUBE TUBULAR GAUZE		Emergency Preparedness	11
	132380 SLEDGE HAMMER 2LBS 14IN FG HDL		Emergency Preparedness	18
	154345 KNEE PADS STANDARD		Emergency Preparedness	10
	155513 AXE 1.5LBS FIBREGLASS HANDLE		Emergency Preparedness	3
	164330 POLY TWIST ROPE YELLOW 3/16INX50FT		Emergency Preparedness	52
	180810 TARPULIN BLUE		Emergency Preparedness	3
	194503 SNOW BRUSH W/ICE SCRAPER 23IN PLASTIC		Emergency Preparedness	16
	200005 4' Roller Gauze		Emergency Preparedness	122
	Mar-43 Bio-Blue Toilet Deodorant		Emergency Preparedness	12
	Mar-62 Bio-Gel Waste Gelatoin 340ml		Emergency Preparedness	11
	310007 STRETCHER ALUMINIUM DOUBLE FOLD		Emergency Preparedness	7
	350237 EMERGENCY FOOD RATION 3600 KCAL		Emergency Preparedness	5
	392532 18I BOLT CUTTER		Emergency Preparedness	8
	396651 18IN WRECKING BAR		Emergency Preparedness	109
	714067 11.5IN CABLE TIES 50/BAG		Emergency Preparedness	26
	789005 24-LED WORKLIGHT MINI		Emergency Preparedness	163
	800061 PLIERS		Emergency Preparedness	6

Item	Description	Expiry Status	Category	Quantity
	Mar-53 Luggable Loo Portable Toilet 20L		Emergency Preparedness	7
	Mar-81 Luggable Loo Seat/Cover		Emergency Preparedness	52
	002-50 PAIL LID		Emergency Preparedness	1
	026-200 3 IN 1 COLLAPSIBLE SNOW SHOVEL		Emergency Preparedness	3
	A1091 HYDROSLAKE 2PK		Emergency Preparedness	237
ALERTME-LDA	EARPIECE DRIVERS ALARM		Emergency Preparedness	195
	CRC-40H CRC 40 HOUR CANDLE		Emergency Preparedness	28
	CRC-4X4B CRC 4X4 GAUZE PAD BAG OF 25		Emergency Preparedness	2,351
	CRC-4X4EA GAUZE PAD STERILE		Emergency Preparedness	1,629
	CRC-A1090 HYDROSACK 2PK		Emergency Preparedness	598
	CRC-A1099 RED CROSS HYDROPAD 6PK		Emergency Preparedness	1,036
	CRC-BJC 10 GAUGE JUMPER BOOSTER CABLE		Emergency Preparedness	450
	CRC-BPK10 10 PERSON WRKPLC BASIC KIT		Emergency Preparedness	6
	CRC-BPK1-RB BPK1 RETAIL BOX		Emergency Preparedness	966
	CRC-BPK2-RB BPK2 RETAIL BOX		Emergency Preparedness	1,055
	CRC-BPK4-NF NO FOOD - CRC BASIC DPK-4		Emergency Preparedness	3
	CRC-BPK4-RB BPK4 RETAIL BOX		Emergency Preparedness	865
	CRC-CSA3SRU CSA TYPE 3 S UNFINISHED		Emergency Preparedness	112
	CRC-D572W 5 PERSON DELUXE 72HRS KIT		Emergency Preparedness	2
	CRC-DJC 6 GAUGE JUMPER BOOSTER CABLE		Emergency Preparedness	708
	CRC-DSK12W DELUXE STUDENT KIT - 12 HRS		Emergency Preparedness	9
	CRC-DT CRC DUCT TAPE		Emergency Preparedness	180
	CRC-EDK CRC RED SURVIVAL BACKPACK		Emergency Preparedness	14
	CRC-EMT TISSUE PAPER BAGS - 10/FOLD		Emergency Preparedness	146
	CRC-EP EAR PLUGS - 1 PAIR PER BAG		Emergency Preparedness	1,911
	CRC-FM AKA CRC-DM - DUST MASK		Emergency Preparedness	1,603
	CRC-GS-R CRC GLOW STICK RETAIL VERSION		Emergency Preparedness	87
	CRC-H2O CRC WATER CONTAINERS		Emergency Preparedness	32,189
	CRC-NDG CRC NITRILE DIPPED GLOVES		Emergency Preparedness	26
	CRC-RP CRC EMERGENCY HOODED PONCHO		Emergency Preparedness	4,687
	CRC-SR 15M X 0.5CM ROPE		Emergency Preparedness	1,000
	CRC-SS COLLAPSING SHOVEL		Emergency Preparedness	3
	CRC-TM PAIR OF TRACTION MAT		Emergency Preparedness	1,504
	CRC-TR 3M YELLOW TOW ROPE		Emergency Preparedness	886
	CRC-US CRC UTILITY SHEET		Emergency Preparedness	1,189
	CRC-VEST CRC HI VIS VESTS		Emergency Preparedness	2
	DEFME-PA DEFEND ME? PERSONAL ALARM		Emergency Preparedness	322
DIY2AA-BXTB	W/B TRY ME/TRAY		Emergency Preparedness	303
	DX1000F Datrex 1000 K Cal Food Ration		Emergency Preparedness	114
	FAC-350001 Emergency Mylar Blanket 1.3m x 2.1m - Eaches		Emergency Preparedness	123
	FAC-350032 TIRE SEALANT 510GR		Emergency Preparedness	7
	HT-IHW INSTANT HAND WARMER 2'S		Emergency Preparedness	12
	MT-SV-BULK 10 SURVIVAL MATCHES AND STRIKER		Emergency Preparedness	290
	RQM-BLUE ESCAPE TOOL		Emergency Preparedness	93
	RQM-RED ESCAPE TOOL		Emergency Preparedness	149
	S-4119 12 X 10 X 4 FLAT BOX		Emergency Preparedness	95
	S-4200 CORRUGATED BOX FOR RQM-RC		Emergency Preparedness	100
	S-4654 CORRUGATED BOX FOR BPK2/4-RC		Emergency Preparedness	191
	S-4738 CORRUGATED BOX FOR BPK1-RC		Emergency Preparedness	555
SPPHL3AAA-BXT	SPORTSMAN 200 LUMEN HL W/BAT		Emergency Preparedness	2,411
	WCB1-TPB TOTAL PREPARE LEVEL 1 BAG		Emergency Preparedness	391
	WCBB-TPB TOTAL PREPARENESS BASIC KIT		Emergency Preparedness	19
	529 Waterproof Matches (pack of 40)		Emergency Preparedness	19
	1217 Oral Swabstick (box of 250)		Emergency Preparedness	3
	155513 Axe		Emergency Preparedness	5
	83066297 Fire Extinguisher - 3A-40BC		Emergency Preparedness	2
	002-50 Pail Lid		Emergency Preparedness	39
	2683-13 Double Doodie Waste Bags		Emergency Preparedness	3
	400044CRC FAMILY BAG W/CPR IMPRINT		Emergency Preparedness	170
	ALERTME-LDA Resqme - AlertMe		Emergency Preparedness	21
AQ049MG-50-RP-10	Aquatabs (sleeve of 10)		Emergency Preparedness	94

Item	Description	Expiry Status	Category	Quantity
	CRC-40H 40 Hour Candle		Emergency Preparedness	550
	CRC-AFAKU Auto First AidKit, Unfinished		Emergency Preparedness	27
	CRC-BC2M BC LEVEL 2 KIT IN METAL BOX		Emergency Preparedness	6
	CRC-BJC BOOSTER CABLES - 10 GAUGE		Emergency Preparedness	177
	CRC-BPK1-RB CRC-BPK1 RETAIL BOX		Emergency Preparedness	51
	CRC-BPK2-RB CRC-BPK2 RETAIL BOX		Emergency Preparedness	355
	CRC-BPK4-RB CRC-BPK4 RETAIL BOX		Emergency Preparedness	774
	CRC-DT DUCT TAPE		Emergency Preparedness	882
	CRC-EDK Canadian Red Cross Back Pack		Emergency Preparedness	150
	CRC-EMT Emergency Tissues		Emergency Preparedness	10,444
	CRC-EP Ear Plugs pack of 2		Emergency Preparedness	21,732
	CRC-FM Dust Mask		Emergency Preparedness	1,065
	CRC-GS-R Glow stick		Emergency Preparedness	49
	CRC-H2O Water Container		Emergency Preparedness	2,347
	CRC-MFK Multifunction Knife		Emergency Preparedness	464
	CRC-MFT Multifunction Tool		Emergency Preparedness	206
	CRC-NDG Nitrile Dipped Gloves (1 pair)		Emergency Preparedness	4
	CRC-RP RAIN PONCHO		Emergency Preparedness	4,791
	CRC-SOS SOS Sign		Emergency Preparedness	1,377
	CRC-SR 15m Rope		Emergency Preparedness	768
	CRC-SS Collapsing Shovel		Emergency Preparedness	306
	CRC-TM Traction Mats - single pair		Emergency Preparedness	477
	CRC-TR Yellow Tow Rope		Emergency Preparedness	1
	CRC-US Utility Sheet		Emergency Preparedness	3,788
	DEFME-PA Resqme - DefendMe		Emergency Preparedness	207
	FAC-32092FL Hand Crank Radio w/Charger		Emergency Preparedness	20
	FAC-350032 Tire Sealant		Emergency Preparedness	2
	HT-IHW Instant Hand Warmers		Emergency Preparedness	4
	MD8101DPTB X Deep Stuff Pocket Black		Emergency Preparedness	1
	MT-WAT-4PK UCO Waterproof Matches (box of 160)		Emergency Preparedness	42
	NCR100R-SNG Eton Clipray Clip-On Flashlight		Emergency Preparedness	30
	RQM-BLUE Resqme - Lifesaver Tool, Blue		Emergency Preparedness	166
	RQM-GREEN Resqme - Lifesaver Tool, Green		Emergency Preparedness	59
	RQM-ORANGE Resqme - Lifesaver Tool, Orange		Emergency Preparedness	234
	RQM-PINK Resqme - Lifesaver Tool, Pink		Emergency Preparedness	315
	RQM-RED Resqme Car Escape Tool - Red		Emergency Preparedness	174
	S-7318 GARBAGE BAGS		Emergency Preparedness	617
	5 WOOL BLANKET 51INX80IN GREY EMS-009 ON BOX		First Aid	204
	1011 Nasal Cannula - Pediatric		First Aid	97
	1094 Non-Rebreather Oxygen Mask - Infant		First Aid	113
	1096 Non-Rebreather Oxygen Mask - Pediatric		First Aid	95
	1172 BACITRACIN ZINC OINTMENT 0.5OZ		First Aid	643
	1315 PERSONAL CARE WASHCLOTH 10X13 50/PK		First Aid	8
	1505 ADHESIVE TAPE REMOVER PAD 100/BOX		First Aid	12
	1552 PLASTIC BOX 36 UNIT		First Aid	1
	1561 PLASTIC BOX #2		First Aid	2
	2056 First Response Card English/French		First Aid	79
	2102 1IN CONFORM BANDAGE BOX OF 6		First Aid	367
	2150 GAUZE BANDAGE ROLL 5.1CMX9.1M 1'S		First Aid	4
	2222 Gauze Compress, 91.4x91.4cm		First Aid	6
	2224 ESMARCH BANDAGE 7.6CMX1.4M EACHES		First Aid	39
	2228 GAUZE BANDAGE ROLL SINGLE		First Aid	1,459
	2567 COMPRESS BANDAGE LARGE		First Aid	3
	2599 WIRE SPLINT ALUM MESH 24IN		First Aid	5
	2760 Compress Bandage 6"		First Aid	188
	3010 FLEXIBLE HEAVY WEIGHT FABRIC 50/BOX		First Aid	2
	3026 FABRIC BANDAGES HEAVYWEIGHT 100/PK		First Aid	1
	3132 2X4.1 YARD NON-STERILE ROLLER		First Aid	2,403
	3133 3" Roller Gauze - 3"x4.1yds		First Aid	15
	3192 2IN COMPRESS BANDAGE		First Aid	515
	3193 COMPRESS PRESSURE BNDGE 3IN		First Aid	2,254

Item	Description	Expiry Status	Category	Quantity
3194	COMPRESS BANDAGE 4IN		First Aid	5,820
3199	FLEXIBLE LIGHT WEIGHT FABRIC 50/BOX		First Aid	2
3265	ADVANTAGE SURGICAL SPONGES 12 PLY ECONOMY 200/PK		First Aid	45
3360	EYE PAD EACH		First Aid	5,376
3380	EYE CUPS IN VIAL		First Aid	91
3423	2 X 3 STERILE NON-STICK GAUZE PAD		First Aid	4,591
3434	NON ADHERENT PADS STERILE 3X4		First Aid	2
3501	COMBINE PADS-1 POUCH STERILE 5X9 20/20'S		First Aid	100
3503	COMBINE PADS 1 POUCH 20/20/CASE		First Aid	6
3504	ROLLED ACTISPLINT 24IN		First Aid	124
3519	Yellow Emergency Highway Blanket - 54" x 80"		First Aid	29
3521	STERILE WOUND CLOSURE STRIPS 3"		First Aid	196
3522	WOUND CLOSURE STRIPS STERILE 1.5"		First Aid	86
3531	MULTI-TRAUMA DRESSING STERILE		First Aid	252
3532	MULTI-TRAUMA DRESSING STERILE		First Aid	104
3551	0.5X10 YARD PAPER SURG TAPE		First Aid	508
3561	0.5X10 YARD CLOTH SURG TAPE		First Aid	539
3562	CLOTH SURGICAL TAPE SNGL ROLL		First Aid	1,288
3571	0.5X10 YARD CLEAR SURGICAL TAPE		First Aid	316
3572	1"x10 YARD CLEAR SURGICAL TAPE		First Aid	316
3581	0.5IN WATERPROOF ADHESIVE TAPE		First Aid	336
3582	WATERPROOF ADHESIVE TAPE		First Aid	6
3607	SHEER SPOT BNDGE STRLE 100/BOX		First Aid	43
3608	SHEER PLASTIC ADHESIVE BANDAGES 100/BOX		First Aid	114
3611	3/4X3 STERILE ADH FAB BAND 100/BOX		First Aid	1
3614	ADHESIVE FABRIC BANDAGES 50/BOX		First Aid	3
3642	VIEW GUARD TRANSPARENT DRESSINGS STERILE - EACH		First Aid	768
3643	VIEW GUARD TRANSPARENT DRESSING STERILE EACHES		First Aid	163
3657	2IN WATERPROOF TRI-CUT TAPE		First Aid	74
3672	1X10 CLEAR SURGICAL TAPE SINGLE ROLL		First Aid	16
4190	MIN BANDAGE SCISSORS 3.5IN		First Aid	694
4224	EMESIS BASIN 9IN		First Aid	282
4251	PREP RAZOR		First Aid	189
4262	PISTON IRRIGATION SYRINGE 60CC		First Aid	3
4504	SM REUSABLE HOT/COLD GEL PACK		First Aid	5
4505	5X11 MED REUSABLE HOT/COLD GEL PACKS		First Aid	43
4506	REUSABLE HOT/COLD GEL PACKS		First Aid	31
4588	NASOPHARYNGEAL AIRWAY KIT		First Aid	1
4622	SHARPS CONTAINER 1QT		First Aid	71
4623	SHARPS CONTAINER 2QT		First Aid	31
4631	SHARPS CRATE-2.03X7.2X1.9 CASE OF 40		First Aid	1
4781	DISPOSABLE PENLIGHT		First Aid	967
4782	REUSABLE PENLIGHT LED		First Aid	44
4873	MEDICINE DROPPER EACHES		First Aid	20
4910	Bulb Syringe		First Aid	28
5101	OXYGEN TUBING STANDARD LUMENT		First Aid	2
5628	DELUXE HEAD IMMOBILIZER		First Aid	15
5629	BASIC QUICK RELEASE HEAD IMMOBILIZER		First Aid	3
5801	INFANT BAG MPR 600 CCLML BAG		First Aid	6
5973	PETROLEUM JELLY		First Aid	12
6022	WOUNDSEAL POUR 2/PACK		First Aid	7
6170	HAND SOAP 25G		First Aid	27
6894	IODINE PRP PADS 200/BOX		First Aid	54
7088	FINGER PULSE OXIMETER BOX		First Aid	16
7100	Blood Pressure Cuff Kit		First Aid	2
14003	TONGUE DEPRESSORS SINGLES		First Aid	303
14223	SEAT BELT CUTTER		First Aid	12
14358	BIOHAZARD CLEAN-UP SPILL KIT STANDARD		First Aid	43
14394	PENLIGHT		First Aid	99
14401	SHARPS BIOHAZARD TRANSPORTABLE SHUTTLE CONTAINER		First Aid	146
14606	THERMOMETER DIG ORAL		First Aid	7

Item	Description	Expiry Status	Category	Quantity
14790	PENLIGHT REUSABLE W/2 AAA BATTERIES		First Aid	20
14979	SCRUB BRUSH		First Aid	12
24828	HIGH VISIBILITY TRAFFIC VEST		First Aid	7
36003	BAG VALVE MASK CHILD		First Aid	19
36005	Bag Valve Mask - Infant		First Aid	4
36270	Nasopharyngeal Airway Kits - 6NPA+6 packs Jelly		First Aid	4
77020	PENCIL 8.9 CM		First Aid	122
150007	PRESSURE BANDAGE 4IN SINGLES		First Aid	68
150008	COMPRESS PRESSURE BANDAGE 3IN		First Aid	101
150009	PRESSURE BANDAGE 6IN SINGLES		First Aid	73
500002	PLASTIC ADHESIVE BAND BOX OF 100		First Aid	21
500016	HEAVYWEIGHT FABRIC FINGERTIP LARGE 50/BOX		First Aid	4
550002	SCISSORS		First Aid	7
550004	BURNSHIELD 1/8 OZ BURN GEL PKT		First Aid	3
550051	PLASTIC EYE SHIELD		First Aid	12
Jan-01	SHEER PLASTIC BNDGE SINGLES		First Aid	33
Jan-08	SHEER PLASTIC ADHESIVE BANDAGES SINGLES		First Aid	230
Jan-11	ADHESIVE FABRIC BANDAGE STERILE SINGLES		First Aid	62
Jan-12	1X3 ADHESIVE FABRIC BNDG SINGL		First Aid	71
Jan-19	ADHESIVE FABRIC BAND KNUCKLE SINGLES		First Aid	3
690434	RETAIL BOX FOR CRC-PKFAKCC-RC		First Aid	5
690562	RETAIL BOX FOR CRC-DFAK-RC		First Aid	50
693951	BOX 16 X12-3/4 X 12-3/4		First Aid	18
845221	BAG II RESUSCITATOR CHILD		First Aid	15
Jan-04	6IN COTTON TIPPED WOODEN APPLICATOR 1 PACK/EACH		First Aid	300
900095	BEMIS SHARPS CONTAINER		First Aid	24
03016-1	HEAVYWEIGHT FABRIC BANDAGES SMALL SINGLES		First Aid	24
06894-1	IODINE PADS SINGLES		First Aid	150
1012-SC	Nasal Cannula - Adult		First Aid	4
1013-S	Nasal Cannula - Infant		First Aid	129
1115-07	Oxygen Tubing - 7 FT		First Aid	138
118-520	XL Latex Finger Cots 144/bx		First Aid	1
1315-1	PERSONAL CARE WASHCLOTH 10X13 - SINGLE		First Aid	1,068
150232-1	150032 NON-ADHERENT PAD		First Aid	1,493
150313-1	GAUZE PAD STERILE 12 PLY EACHES		First Aid	24
24617XL	HI-VISIBILITY SAFETY WAISTCOAT		First Aid	46
24631XL	HI-VISIBILITY SAFETY WAISTCOAT		First Aid	10
258-SS-M100	SPEEDSPLINT-MULTI PURPOSE SPLN		First Aid	5
400038CRC	CRC AUTO VEHICLE KIT RED BAG		First Aid	83
415-020	BERMIS WALLSAFE BRACKET KEY		First Aid	8
490036CRC	CRC Stickers for Metal FAC Boxes		First Aid	57
550126U	4 X 8 SPLINT PADDING - PACK 2		First Aid	50
900002-1	SUGAR PACKET-SINGLES		First Aid	356
A-INS04	NICKEL PLATED 4CM		First Aid	10
ALLHEALTH-HYDRO-1	Single Hydrocolloid Bandaid - All Health		First Aid	206
BK4110	MULTI-FIBRE BLANKET 41X72		First Aid	4
C15053-003	COTTON TIPPED APPLICATOR 3IN 2'S		First Aid	1,395
CAH25	SELF ADHERENT BANDAGE 2X5		First Aid	55
CHS116	15 ML STERILE SALINE SOLUTION		First Aid	72
CRC-1RG	1IN ROLLER GAUZE-(CRC-GB1)		First Aid	7,885
CRC-1X3FS50	FOOD SERVICE METAL DETECTABLE		First Aid	3,459
CRC-1X3HD50	HEAVY WEIGHT FABRIC BANDAGE		First Aid	3,533
CRC-25B	BAG OF 25 ASSORTED PE		First Aid	3,369
CRC-2RG	ROLLER GAUZE		First Aid	285
CRC-2X2B	2X2 STERILE GAUZE 25/BAG 2/PKG		First Aid	1,749
CRC-2X2EA	CRC 2X2 GAUZE PAD SINGLE		First Aid	29
CRC-2X2NS	CRC 2INX2IN WOVEN GAUZE		First Aid	2,878
CRC-2X3FS25	ELBOW KNEE 2X3 FOOD SERVICE		First Aid	1,675
CRC-2X3HD25	ELBOW AND KNEE PATCH BOX OF 25		First Aid	213
CRC-2X3NAD	Bag of 50 - 2x3 Non Adherent Dressing - Sterile		First Aid	18,742
CRC-2X3NAD-1	Single Unit - 2x3 Non Adherent Dressing - Sterile		First Aid	955

Item	Description	Expiry Status	Category	Quantity
	CRC-35S SCISSORS USED IN BASIC KIT		First Aid	1,777
	CRC-35T CRC BASIC KIT TWEEZERS		First Aid	18
	CRC-3RG CRC 3IN ROLLER GAUZE		First Aid	3
	CRC-3X3B 3X3 GAUZE PAD - BAG OF 25		First Aid	3,544
	CRC-3X3NS CRC 3INX3IN WOVEN GAUZE		First Aid	1,455
	CRC-3X4NS 3x 4 STERILE NON-STICK BANDAGE		First Aid	35
	CRC-4RG CRC 4IN ROLLER GAUZE		First Aid	5,343
	CRC-4X4PD CRC 4INX4IN PRESSURE DRESSINGS		First Aid	10,298
	CRC-4X6PD CRC STERILE PRESSURE DRESSINGS		First Aid	81
	CRC-5X9 5X9 ABDOMINAL PAD		First Aid	25,289
	CRC-6X6PD PRESSURE BANDAGE 6IN		First Aid	3,625
	CRC-AB CRC ASSORTED BANDAGES		First Aid	5
	CRC-AB1R AB LEVEL 1 KIT REFILL		First Aid	1
	CRC-AB3R AB LEVEL 3 KIT REFILL	Expired - Accepted	First Aid	2
	CRC-AFAK AUTO First AidKIT		First Aid	16
	CRC-ARB CRC ACCIDENT REPORT BOOKS		First Aid	675
	CRC-ASFS50 ASSORTED BLUE FOOD SERVICE		First Aid	4,371
	CRC-ASHD50 HEAVY DUTY ASSORTED BANDAGE		First Aid	49
	CRC-B572W 5 PERSON WRKPLC BASIC KIT/WTR		First Aid	3
	CRC-BCBA BC BASIC KIT IN ABS BOX		First Aid	6
	CRC-BFAK-R CRC BASIC KIT - RETAIL		First Aid	1
	CRC-BIO CRC BIOHAZARD BAGS		First Aid	261
	CRC-BLBL CRC First AidBAG 5 BELT LOOP		First Aid	215
	CRC-BLK-N CRC BELT LOOP First AidKIT		First Aid	36
	CRC-BFAK CRC BASIC SPORTS First AidKIT		First Aid	21
	CRC-CB100 CHILDREN PLASTIC BANDAGES		First Aid	551
	CRC-CB100-BOX EMPTY BOX FOR CRC-CB100 CHILDREN'S PLASTIC BANDAGE		First Aid	600
	CRC-CB50 CRC SWIM KIDS MASCOT BANDAGES		First Aid	4,997
	CRC-CPL CRC First AidBAG 4 CLIP		First Aid	2,993
	CRC-CPR-B BLACK CRC CPR MASK W/O2 INLET		First Aid	3,500
	CRC-CPR-R RED CRC CPR MASK W/O2 INLET		First Aid	751
	CRC-CSA2LRU CSA TYPE 2 L UNFINISHED		First Aid	624
	CRC-CSA2MR CSA TYPE 2 MED KIT REFILL		First Aid	16
	CRC-CSA2SRU CSA TYPE 2 S UNFINISHED		First Aid	79
	CRC-CSA3LR CSA TYPE 3 KIT LARGE REFILL		First Aid	1
	CRC-CSA3MR CSA TYPE 3 MED KIT REFILL		First Aid	2
	CRC-CSA3MRU CSA TYPE 3 M UNFINISHED		First Aid	135
	CRC-CTA-10 COTTON TIP APPLICATORS 10/BAG		First Aid	1,738
	CRC-DFAK-R CRC DELUXE First AidKIT		First Aid	67
	CRC-DFAKU DELUXE First AidKIT UNFINISHD		First Aid	4,077
	CRC-DPK4 CRC-4 PERSON DELUXE KIT		First Aid	7
	CRC-EB2 2IN ELASTIC BANDAGE LATEX FREE		First Aid	1,180
	CRC-EB3 ELASTIC BANDAGE LATEX FREE		First Aid	6,918
	CRC-EMB CRC MYLAR BLANKET		First Aid	8,487
	CRC-EMR CRC EMR BAG		First Aid	1,037
	CRC-ES EYE SHIELD		First Aid	767
	CRC-ESFAK-R ESSENTIAL KIT IN DISPLAY CASE		First Aid	4
	CRC-FBL EMPTY FUNDAMENTAL KIT BAG		First Aid	1,348
	CRC-FEBRT-25 FEBRIDX RAPID TEST PACK OF 25		First Aid	3,538
	CRC-FEDAVBN FED AVIATION TYPE B KIT NYLON		First Aid	2
	CRC-FEDAVBR FED AVIATION TYPE B KIT REFILL		First Aid	4
	CRC-FEDBR FEDERAL First AidKIT TYPE B REFILL		First Aid	14
	CRC-FEDCR FEDERAL TYPE C KIT REFIL		First Aid	13
	CRC-FEDMAR FED MARINE KIT TYPE A REFILL		First Aid	4
	CRC-FEDMDN FED MARINE TYPE D KIT NYLON BG		First Aid	4
	CRC-FEDMDR Federal Marine First AidKit - Type D		First Aid	3
	CRC-FFAK-BOX EMPTY COLOR BOX		First Aid	13,427
	CRC-FFAKU FUNDAMENTAL KIT UNFINISHED	Expired - Accepted	First Aid	9,459
	CRC-FM10 DUST MASK BAG KIT SEE COMMENTS		First Aid	20
	CRC-FPL CRC FANNY PACK		First Aid	216
	CRC-GS CRC LIGHT STICK - INDIVIDUAL		First Aid	314

Item	Description	Expiry Status	Category	Quantity
CRC-I0000253EN	WILDERNESS AND REMOTE First AidENGLISH		First Aid	15
CRC-I0001040EN	STAY SAFE WORKBOOK ENGLISH		First Aid	1
CRC-I0001043FR	BABYSITTER'S MANUAL CERT CARDS NL FRENCH		First Aid	44
CRC-I0001902FR	CHILDCARE First AidMANUAL FRENCH		First Aid	15
CRC-I0005168FR	BASIC LIFE SUPPORT FIELD GUIDE		First Aid	6
CRC-KCB	CRC BLACK CPR KEY CHAIN MASK		First Aid	1,537
CRC-KCR	CRC RED CPR KEY CHAIN MASK		First Aid	3,309
CRC-KNFS50	KNUCKLE FOOD SERVICE METAL		First Aid	745
CRC-LB	LARGE BAG EMPTY DELUXE SIZE		First Aid	356
CRC-LBL	CRC LARGE First AidBAG		First Aid	560
CRC-LFTF550	FINGER TIP LRG SERVICE FOOD		First Aid	1,203
CRC-LFTHD50	FINGER TIP LRG HEAVY WEIGHT		First Aid	798
CRC-MPB	MULTI PURPOSE BLANKET		First Aid	532
CRC-NW0.5X5	Non Woven Tape 0.5IN x 5yds		First Aid	2,124
CRC-NW2X5	NON-WOVEN PLASTER TAPE 2IN		First Aid	1,485
CRC-OEP	EYE PAD CRC-EP ON BOX		First Aid	13,780
CRC-PB50	BOX OF 50 - PLASTIC BANDAGE		First Aid	6,912
CRC-PEI1P	PEI LEVEL 1 KIT IN PLASTIC		First Aid	2
CRC-PEI1R	PEI LEVEL 1 KIT REFILL		First Aid	2
CRC-PEI3M	PEI LEVEL 3 KIT IN METAL BOX		First Aid	1
CRC-PEI3P	PEI LEVEL 3 KIT IN PLASTIC	Expired - Accepted	First Aid	2
CRC-PFAK-R	PERSONAL KIT - RETAIL		First Aid	400
CRC-PFAK-RC	PFAK - CASE		First Aid	6
CRC-PFKR	PERSONAL First AidKIT W/ CPR BARRIER - REFILL		First Aid	24
CRC-PKFAKCC-R	POCKET KIT DISPLAYER - 40/TRAY		First Aid	31
CRC-PKFAK-R	CRC POCKET MINI First AidKIT		First Aid	42,152
CRC-QAB	QUICK BANDAGE DISPENSER		First Aid	1,897
CRC-QB13	QICK BANDAGE REFILL 32 1X3		First Aid	191
CRC-QB30-R	QUICK BANDAGE DISPENSER		First Aid	20,786
CRC-QBR	QUICK BANDAGE REFILL (39)		First Aid	2,210
CRC-RKU	ROADSIDE KIT UNFINISHED		First Aid	1,864
CRC-SBL	CRC First AidBAG 1		First Aid	1,003
CRC-SFTF550	FINGER TIP SM FOOD SERVICE		First Aid	858
CRC-SFTHD50	FINGER TIP SM HEAVY WEIGHT		First Aid	1,345
CRC-SIP	SMALL INSTANT ICE PACK		First Aid	2,809
CRC-SNP	CRC First AidBAG 1		First Aid	3,292
CRC-SP	SAFETY PINS ASSORTED SIZES 6		First Aid	470
CRC-SS45	CRC BANDAGE SCISSOR		First Aid	7,350
CRC-SW1R	1IN CRC SIMPLE WRAP RED 320CM		First Aid	1
CRC-SW1R100	1IN CRC SIMPLE WRAP RED 100CM		First Aid	4,518
CRC-SW2R	2IN CRC SIMPLE WRAP RED 320CM		First Aid	6,621
CRC-TBC	COTTON TRIANGULAR BANDAGE		First Aid	12,030
CRC-WS12	3-3/4"X 12" WIRE SPLINT		First Aid	590
CRC-WS24	3-3/4" X 23 1/2" WIRE SPLINT		First Aid	485
CRC-XLB	EXTRA LARGE First AidBAG		First Aid	520
CRC-XLBL	EXTRA LARGE First AidBAG EMPTY		First Aid	2,128
CRC-XLP	CRC EXTRA LARGE PADDED BAG		First Aid	113
D11055-1	SINGLES - HAND CLEANSING MOIST TOWELETTES		First Aid	34,140
FS-101	CPR MASK WITH ONE WAY VALVE		First Aid	59
FS-105	CPR MASK WITH O2 INLET IN BAG		First Aid	1
GK 1095	ADULT TOTAL NON-REBREATHING		First Aid	29
GK 14005	MDI Spacer - Pediatric Mask		First Aid	19
GKB-210	CRC 10 UNIT WHITE PLASTIC BOX		First Aid	1,403
GKB-301	CRC-301 EMPTY BOX 36 UNIT RED		First Aid	643
GKB-303	CRC-303 EMPTY BOX 24 UNIT RED		First Aid	140
GKB-602	EMPTY BOX 16 UNIT RED		First Aid	378
GKB-900	EMPTY PLASTIC First AidCASE		First Aid	63
GKB-901	16 UNIT PLASTIC CASE EMPTY		First Aid	1,057
GKB-904	24 UNIT PLASTIC BOX EMPTY		First Aid	262
HT-BLBNP	BELT LOOP KIT NO LOGO		First Aid	695
HTS-MS24	4X24 MALLEABLE SPLINT		First Aid	7,539

Item	Description	Expiry Status	Category	Quantity
	HTS-SS1 FINGER SPLINT 4.5x9		First Aid	4,300
	HT-SW SHRINK WRAP		First Aid	15,510
	HTS-ZAP ZAP STRAPS 0051-600		First Aid	3,459
	KN95S-BLUE HT-KN95S- BLUE		First Aid	2
	L-12074 TUBE GAUZE C/W APPLICATOR EACH		First Aid	9
	L-12266 EYE WASH STN BOTTLE NOT INCLUD		First Aid	24
	L-12267 1 LITRE EYE WASH BOTTLE EMPTY		First Aid	26
	L-1246 OXYGEN REGULATOR O-25 LPM		First Aid	2
	L-BL-007 BLUE FINGERTIP BNDGE BOX OF 40		First Aid	2
	L-BL-026 WATERPROOF PATCH BANDAGE		First Aid	30
	L-BL-026-1 WATERPROOF PATCH BANDAGE SINGLES		First Aid	45
	LP104-01 ALCOHOL SWABS -100/BOX		First Aid	302
	MATCHESRB-30 MATCHES BOX		First Aid	23
	PS111 EMERGENCY EYE WASH STATION PLASTIC SIGN		First Aid	3
	S-3292 VINYL LABEL 7X10 UAL/BAW		First Aid	49
	S-4612 12X9X10IN CORRUGATED BOX		First Aid	231
	S-4914 CORRUGATED BOX		First Aid	299
	S-4989 15X12X12 BOX		First Aid	49
	S-5687 ULINE STANDARD DUST MASK		First Aid	3,750
	S-9948BLK LID FOR 20L PLASTIC PAIL BLACK		First Aid	20
	SC-02028 SPLINT PADDING 1'S		First Aid	85
	SC-04101 HOLSTER FOR EYE WASH SOLUTION: BELT CLIP		First Aid	9
	SC-04600 BRADLEY EYE WASH STATION		First Aid	2
	SC-06127 GREEN SOAP ANTISEPTIC CLEANER		First Aid	16
	SC-06643 WATER-JEL COOL JEL 3.5G 25'S		First Aid	2
	SC-19180 SPLINTER OUT		First Aid	7
	SC-26153 STRETCHER SINGLE FOLD		First Aid	9
	SC-27640 Blood Pressure Cuff		First Aid	11
	SFAB SMALL EMPTY BAG 9X6.5X4		First Aid	37
	SP507-OB-EF SAM SPLINT ORANGE/BLUE 36IN		First Aid	1
	3133 3" Roller Gauze		First Aid	1,308
	3194 4" Pressure Dressing		First Aid	6
	3278 SENSI WRAP SELF ADHERENT RED 3" x 5 yds 24/CASE		First Aid	21
	3283 SENSI WRAP SELF ADHERENT WHITE 3" x 5 yds		First Aid	23
	3284 4" Sensi-Wrap - White, 3" x 5 yds, singles		First Aid	19
	3288 SENSI WRAP SELF ADHERENT DARK BLUE 3" x 5 yds 24/C		First Aid	33
	3520 60 inch x 90 inch Burn Sheet - Sterile		First Aid	167
	3531 10" x 30" Trauma Dressing - Sterile		First Aid	42
	3553 PAPER SURGICAL TAPE 2" x 10 yds		First Aid	4
	3562 1" x 10 yds Cloth Surgical Tape		First Aid	1
	3582 1" x 2-1/2 yds Waterproof Tape		First Aid	263
	3657 2" Waterproof Tri-Cut Tape		First Aid	50
	4191 EMT BANDAGE SHEARS 5.5 BLACK		First Aid	17
	4301 COTTON TIPPED WOOD APPLICATORS NON-STERILE		First Aid	5,607
	4351 Arm Sling		First Aid	51
	4506 6" x 9" Reusable Hot & Cold Gel Packs		First Aid	44
	4516 Instant Large HOT Pack		First Aid	82
	5629 Basic Quick-Release Head Immobilizer		First Aid	8
	7088 Finger Pulse Oximeter		First Aid	2
	7100 Blood Pressure Cuff Kit, single head		First Aid	3
	24631 XL HI-VISIBILITY SAFETY WAISTCOAT, ORANGE		First Aid	108
	36270 Nasopharyngeal Airway Kits - 6NPA+6 packs Jelly		First Aid	34
	500069 CLOTH ADHESIVE TAPE, SINGLE		First Aid	1
	550004 BURN GEL, 1/8oz PACKET		First Aid	696
	550051 Plastic Eye Shield		First Aid	119
	627124 Small Fingertip Bandage, single		First Aid	152
	980100 Laerdal Stifneck Select Collar - Infant		First Aid	3
	0007-3620-1 AFTER BITE WIPE, SINGLE		First Aid	239
	1171-1 Bacitracin Zinc Ointment - 0.9g Packet		First Aid	6,221
	118-518 Large Latex Finger Cots 144/bx		First Aid	4
	118-520 XL Latex Finger Cots (Box of 144)		First Aid	9

Item	Description	Expiry Status	Category	Quantity
1217-1	Oral Swab - Single		First Aid	167
1505-1	Adhesive Tape Remover Pad - Single		First Aid	2
24632XL	Hi-Vis Safety Waistcoat, Yellow, XL		First Aid	184
258-SS-M100	SpeedSplint - Multi Purpose Splint		First Aid	4
3582-10-01	1" x 10 yds Waterproof Tape		First Aid	130
3601-01-01	3/4" x 3" Sheer Plastic Bandage, singles		First Aid	360
3612-01-01	1" x 3" Adhesive Fabric Bandage - Single		First Aid	222
3614-01-01	2" x 4 1/2" Fabric Bandage, singles		First Aid	1
3617-01-01	Small Fingertip Bandage, single		First Aid	152
400079CRC	CRC Two Page Bag		First Aid	729
400092CRC	RED BELT LOOP HIP BAG CRC		First Aid	947
4314-01-01	Senior Tongue Depressor - Single		First Aid	13,889
900002-1	Sugar Packs		First Aid	2,309
BAXJF7123	0.9% Sodium Chloride Irrigation, USP, 500 ml		First Aid	4
BAXJF7124	0.9% Sodium Chloride Irrigation 1000 mL		First Aid	14
BAXJF7623P	Sterile Water Irrigation Solutions		First Aid	4
BOX DELUXE	Colour Box for Deluxe Kit		First Aid	235
CHS116	Saline Irrigation Vial		First Aid	28
CRC-1RG	1INCH ROLLER GAUZE		First Aid	323
CRC-1X3HD50	1" x 3" Fabric Bandage (box of 50)		First Aid	4,299
CRC-25B	Assorted Bandages (Bag of 25)		First Aid	8
CRC-2RG	2" Roller Gauze		First Aid	3
CRC-2X2B-1	2" Square Gauze - Sterile, singles		First Aid	7
CRC-2X2NS	2INCH SQUARE GAUZE - NON STERILE -BAG OF 50		First Aid	14
CRC-2X3NAD	2" x 3" Non Adherent Dressing - Sterile (bag of 50)		First Aid	1,504
CRC-2X3NAD-1	2" x 3" Non Adherent Dressing - Sterile, singles		First Aid	90
CRC-35S	3.5" Bandage Scissor		First Aid	12,325
CRC-35T	3.5" Nickel Plated Tweezer		First Aid	128
CRC-3RG	3" Roller Gauze		First Aid	13
CRC-3X3B	3" x 3" Gauze Pad - sterile (bag of 25)		First Aid	2,849
CRC-3X3B-1	3" x 3" Gauze Pad - sterile, single		First Aid	4,502
CRC-3X4NAD	3INCH X 4INCH NON ADHERANT DRESSING - STERILE		First Aid	7,597
CRC-4RG	4INCH ROLLER GAUZE		First Aid	338
CRC-4X4B	4" x 4" Gauze Pad - Sterile (bag of 25)		First Aid	755
CRC-4X4B-1	4" x 4" Gauze Pad - sterile, single		First Aid	239
CRC-4X4NS	4inch Square Gauze - Non Sterile Bag of 50		First Aid	84
CRC-4X4NS-1	4" Square Gauze - Non Sterile, single		First Aid	48
CRC-4X4PD	4" x 4" Pressure Dressing - Sterile		First Aid	19,545
CRC-5X9	5" x 9" Abdominal Pad		First Aid	12,109
CRC-6X6PD	6" x 6" Pressure Dressing - Sterile		First Aid	6,984
CRC-8X10	8INCH X 10INCH ABD PAD - STERILE		First Aid	7,882
CRC-AB	Assorted Bandages (bag of 16)		First Aid	131
CRC-AB50	Assorted Bandage (50/bx)		First Aid	1
CRC-AEDBL	CRC First AidBAG 4 AED LOGO		First Aid	1,728
CRC-ARB	Accident Record Book, Bilingual		First Aid	19,351
CRC-ARFAK	AUTO First AidKIT REFILL		First Aid	406
CRC-ASFS50	Assorted Fabric Bandages - Food Grade Box of 50		First Aid	1
CRC-ASHD50	Assorted Fabric Bandages (box of 50)		First Aid	1,198
CRC-BCFAK	Basic Child First AidKit		First Aid	1
CRC-BFAK-R	BASIC First AidKIT		First Aid	1
CRC-BFAKU	Basic First AidKit, Unfinished		First Aid	6
CRC-BIO	BIO Hazard Waste Bag		First Aid	29,516
CRC-BLBL	Belt Loop Bag, Nylon w/Logo		First Aid	489
CRC-BSFAK	Basic Sport First AidKit		First Aid	1
CRC-CB100	Children Plastic Bandage (box of 100)		First Aid	3,139
CRC-CPL	First AidBag 4, Clip, logo		First Aid	1,133
CRC-CPR-B	CPR MASK IN BAG WITH GLOVES - BLACK		First Aid	462
CRC-CPR-R	CPR MASK IN BAG WITH GLOVES - RED		First Aid	895
CRC-CSA1P	CSA Type 1 - Plastic Box		First Aid	1
CRC-CSA2LR	CSA Type 2 Large - Refill		First Aid	2
CRC-CSA2LRU	CSA Type 2 Large, Unfinished		First Aid	227

Item	Description	Expiry Status	Category	Quantity
CRC-CSA2MRU	CSA TYPE 2 MEDIUM First AidKIT, UNFINISHED		First Aid	3
CRC-CSA2SM	CSA Type 2 Small - Metal Box		First Aid	4
CRC-CSA2SRU	CSA Type 2 Small, Unfinished		First Aid	748
CRC-CSA3MRU	CSA TYPE 3 MEDIUM First AidKIT, UNFINISHED		First Aid	305
CRC-CSA3SR	CSA Type 3 Small - Refill		First Aid	5
CRC-CSA3SRU	CSA Type 3 Small, Unfinished		First Aid	239
CRC-CTA-10	Cotton Tipped Applicator - Sterile (bag of 10)		First Aid	13,697
CRC-DFAKU	DELUXE First AidKIT, UNFINISHED		First Aid	582
CRC-DJC	BOOSTER CABLES - 6 GAUGE		First Aid	264
CRC-EB2	2" Elastic Bandage		First Aid	2,718
CRC-EB3	3" Elastic Bandage		First Aid	5,653
CRC-EB4	4INCH ELASTIC BANDAGE		First Aid	1,172
CRC-EKS	5.5 INCH EMT SCISSOR		First Aid	44
CRC-EMB	Emergency Mylar Blanket		First Aid	14,661
CRC-EMB-C	Mylar Blanket - 10/case		First Aid	2
CRC-EMR	Emergency Response Nylon Bag - No Logo		First Aid	246
CRC-ES	Eye Shield		First Aid	10,155
CRC-FEDAR	Federal Type A - Refill		First Aid	1
CRC-FEDBR	Federal Type B - Refill		First Aid	1
CRC-FFAK-R	FUNDAMENTAL First AidKIT		First Aid	26
CRC-FFAKU	FUNDAMENTAL First AidKIT, UNFINISHED	Expired - Accepted	First Aid	2,650
CRC-GP2	2" x 4 Ply Gauze Pad, single		First Aid	2
CRC-GS	Glow Stick (not for retail)		First Aid	70
CRC-I0001040EN	Stay Safe Workbook - English		First Aid	3
CRC-I0001040FR	Stay Safe Workbook, French		First Aid	5
CRC-I0001900EN	CPR Manual - English		First Aid	184
CRC-I0001902EN	Child Care First Aid& CPR Manual, English		First Aid	150
CRC-I0003137	First AidGuide - Bilingual		First Aid	2,546
CRC-I0005151FR	NEW EMERG CARE FOR PRO RESPONDER MANUAL FRENCH		First Aid	5
CRC-I0005168EN	Basic Life Support Field Guide - English		First Aid	4
CRC-KCB	CPR Key Chain Mask with Gloves - Black		First Aid	415
CRC-KCR	CPR KEY CHAIN MASK WITH GLOVES - RED		First Aid	3,903
CRC-KNHD50-1	Knuckle Fabric Bandage - Single		First Aid	7
CRC-LB	Large Nylon Bag - No Logo		First Aid	767
CRC-LBL	Nylon Bag with Logo - Large		First Aid	1,813
CRC-MPB	Multi-Purpose Blanket		First Aid	74
CRC-NW1X5	1" x 5 yds Non-woven Tape		First Aid	16,299
CRC-NW2X5	2" x 5 yds Non-woven Tape		First Aid	318
CRC-OEP	Oval Eye Pads (singles) " bag marked CRC-EP		First Aid	382
CRC-PB-1	Plastic Bandages		First Aid	127
CRC-PB50	ADHESIVE PLASTIC BANDAGES (PACKS OF 50)		First Aid	8,689
CRC-PFAK-R	PERSONAL First AidKIT - RETAIL		First Aid	10
CRC-PFAKU	PERSONAL First AidKIT, UNFINISHED	Expired - Accepted	First Aid	3,045
CRC-PFKN	Personal First AidKit with CPR face-shield in Nyl	Expired - Accepted	First Aid	263
CRC-PKFAKCC-R	Pocket First AidKit - 40/case		First Aid	32
CRC-PKFAK-R	POCKET First AidKIT		First Aid	628
CRC-PSFAK	Personal Sport First AidKit		First Aid	23
CRC-QB13	1" x 3" Quick Bandage Refill (32 bandages)		First Aid	1
CRC-QB30CC-R	QUICK BANDAGE DISPENSER RETAIL DISPLAY, 20 DISPENS		First Aid	13
CRC-QB30-R	Quick Bandage Dispenser (30 bandages)		First Aid	5,724
CRC-QB34	3/4INCH X 3INCH QUICK BANDAGE REFILL		First Aid	632
CRC-QBR	QUICK BANDAGE PACKS		First Aid	204
CRC-RK-R	Roadside Kit - single		First Aid	2
CRC-RKU	Roadside Kit, Unfinished		First Aid	274
CRC-SF45	4.5INCH STAINLESS STEEL SPLINTER FORCEPS		First Aid	12,653
CRC-SIP	Instant Cold Pack - Small		First Aid	18
CRC-SNP	Small Nylon First AidBag w/Logo		First Aid	143
CRC-SP	Safety Pins (pack of 6)		First Aid	4,872
CRC-SS45	5.5" Stainless Steel Bandage Scissor		First Aid	2,107
CRC-SW1R100	1" Simple Wrap 100CM - Red		First Aid	2
CRC-SW1W	1" Simple Wrap 320CM - White		First Aid	1

Item	Description	Expiry Status	Category	Quantity
	CRC-SW2R 2" Simple Wrap 320CM - Red		First Aid	1
	CRC-TB Triangular Bandage		First Aid	1
	CRC-TBX Triangular Bandage		First Aid	8,445
	CRC-WS12 3 3/4" x 12" Wire Splint		First Aid	500
	CRC-WS24 3 3/4" x 23 1/2" Wire Splint		First Aid	524
	CRC-XLB Nylon Bag - XLarge, No Logo		First Aid	658
	CRC-XLBL Nylon Bag		First Aid	1,489
	CRC-XLP Extra Large Padded Bag		First Aid	111
	CT100-C-EN ChitoSAM HMSTAT Dressing - 3" x 6' Z-fold (case of		First Aid	4
	D11055 HAND CLEANSING WIPE (box of 100)		First Aid	18
	D11055-1 HAND CLEANSING WIPE, SINGLE UNIT		First Aid	6,398
	D41900-1 Castile Soap Towelette, single		First Aid	371
	EMN428-XL Chemical Resistant Coverall X-Large		First Aid	4
	FAC-150073 Sterile Burn Dressing 4X4		First Aid	1
	FAC-350001 Mylar Blanket		First Aid	46
	FAC-350026 Screw Driver		First Aid	3
	FAC-405023 Accident Report Booklet		First Aid	209
	FAC-450018 Level 2 Metal Box - 36 Unit		First Aid	23
	FAC-550051 Plastic Eye Shield		First Aid	119
	F-CFS-1 SAFETY GLASSES, ULTRA CLEAR LENS CSA		First Aid	243
	FS-101 CPR Barrier with One Way Valve		First Aid	548
	FS-104 CPR Mask in Clamshell		First Aid	2
	FS-105 CPR Mask - Adult in Poly Bag		First Aid	2
	GK1012 Nasal Cannula - Adult STRAIGHT Tip w/7' Tubing		First Aid	55
	GK2100-E Guedel Airway Kit (set of 8)		First Aid	6
	GK2200 Guedel Airways Kit		First Aid	45
	GK2500 Emesis Bag		First Aid	320
	GKB-210 10 Unit Plastic Box		First Aid	2
	GKB-301 36 Unit ABS Box Red		First Aid	1
	GKB-303 First AidKITS CRC-303 "EMPTY/RED"		First Aid	22
	GKB-602 16 Unit ABS Box Red		First Aid	260
	GKB-900 36 Unit Plastic Box		First Aid	16
	GKB-901 16 Unit Plastic Box		First Aid	193
	GKB-904 24 UNIT PLASTIC BOX		First Aid	1
	HT-FPNP Fanny Pack, Nylon, No Logo		First Aid	828
	HT-SBNP Small Nylon Pouch, No Logo		First Aid	1,078
	HTS-MS24 4" x 24" Malleable Splint		First Aid	3,301
	HTS-MS36 4" x 36" Malleable Splint		First Aid	1,464
	HTS-SS1 1-3/4INCH X 3-1/2INCH FINGER SPLINT		First Aid	41
	L-12074 TUBULAR GAUZE WITH APPLICATOR		First Aid	234
	L-12267 1L EYE WASH BOTTLE - EMPTY		First Aid	10
	L-1246 Oxygen Regulator		First Aid	6
	LP104-01-1 ALCOHOL SWAB - SINGLE		First Aid	65
	LP126 WIPE 0.13% BZK LORIS (box of 100)		First Aid	299
	MATCHESRB-30 Matches (box of 30)		First Aid	176
	PN-06-93-3884 EpiPen Trainer		First Aid	32
	SC-01168 Nylon Soft Hiker's Fanny Pack - Large		First Aid	611
	SC-01179 Nylon Soft Pack No. 16		First Aid	1,007
	SC-01512 Metal Cabinet, 36 Unit Plus, 38.7 x 26.8 x 11.7 cm		First Aid	1
	SC-01561 PLASTIC BOX, NUMBER2, BLANK		First Aid	3
	SC-01801 24 UNIT PLASTIC BOX		First Aid	21
	SC-01803 16 Unit Plastic Box		First Aid	35
	SC-01952 10 Unit Plastic Box		First Aid	45
	SC-02028 Splint Padding		First Aid	23
	SC-02103 Wood Splint - Assorted Sizes		First Aid	45
	SC-02229 Gauze Bandage Roll, 5.1 cm x 4.6 m		First Aid	6
	SC-04100 Cederroth, Eye Wash, 235 mL, Sterile		First Aid	3
	SC-04101 Cederroth, Eye Wash Belt Holster For SC-04100		First Aid	3
	SC-04102 Cederroth Sterile Eye WashSolution, 500 mL		First Aid	7
	SC-04104 Cederroth Eye Wash Strap for SC-04103		First Aid	2
	SC-04450 4OZ EYE WASH		First Aid	9

Item	Description	Expiry Status	Category	Quantity
SC-06127	Green Soap, Antiseptic Cleanser, 50 mL		First Aid	5
SC-06626	WATER-JEL, BURN DRESSING, 20.3CM X 45.7 CM		First Aid	10
SC-06629	4" x 4" Burn Dressing		First Aid	132
SC-06630	Water-Jel, Burn Dressing, 2" x 6"		First Aid	5
SC-06635	Water-Jel, Cool Jel, 118 mL bottle		First Aid	61
SC-06641	Water-Jel, Emergency Burn Kit, I		First Aid	4
SC-06643	Water-Jel, Cool Jel, 3.5 g (box of 25)		First Aid	36
SC-06647	Emergency Burn Station - Small		First Aid	4
SC-14360	BIOHAZARD CLEAN UP SPILL KIT		First Aid	11
SC-14363	Infectious Waste Bags, Single		First Aid	2
SC-14401	Sharps/Biohazard, Transportable Shuttle Container		First Aid	2
SC-14548	Infectious Waste Bags, 58.4 x 61 cm		First Aid	230
SC-19118	SCISSORS BLUNT TIP NICKEL PLATED		First Aid	3
SC-19180	Splinter Out 2-pack		First Aid	21
SC-26501	Restraint Straps w/Automotive Buckle		First Aid	5
SC-27640	BLOOD PRESSURE CUFF - ADULT		First Aid	19
SP507-OB-EF	SAM SPLINT - 36INCH FLATFOLD		First Aid	870
SP510-OB-EN	SAM Splint - Finger - 12 Pack (Case of 300)		First Aid	8
614613	1" x 10 yds Waterproof Tape		First Aid	130
3287	SENSI WRAP SELF ADHERENT WHITE 18/CASE		Training Aids & Apparel	3
3289	SENSI WRAP SELF ADHERENT DARK BLUE		Training Aids & Apparel	3
3353	Gauze Pad Sterile 3x3 singles		Training Aids & Apparel	2,314
4630	SHARPS SHAFT		Training Aids & Apparel	2
7097	BLOOD PRESSURE CUFF CHILD/ADULT /LG ADULT		Training Aids & Apparel	2
10913	SINGLE ADULT RED MANIKIN BAGS		Training Aids & Apparel	3
10914	4PCK ADULT RED MANIKING BAG		Training Aids & Apparel	10
11806	4-Pack Blue Carry Bag for PRESTAN AED UltraTrainer		Training Aids & Apparel	1
15582	Pack of 10 Type 123 Duracell Lithium Batteries		Training Aids & Apparel	2
19118	SCISSORS BLUNT TIP NICKEL PLTD		Training Aids & Apparel	51
Jan-42	SURGICAL GAUZE SPONGE 8 PLY SINGLES		Training Aids & Apparel	200
80069951	WHITE HARD HAT RATCHET ADJ		Training Aids & Apparel	9
82001120	POCKET MASK HC W/O WIPE		Training Aids & Apparel	69
82001933	POCKET MASK W/O WIPE & GLOVES		Training Aids & Apparel	45
83001120	POCKET MASK O2 HC W/O WIPE		Training Aids & Apparel	13
03017-1	HEAVYWEIGHT FABRIC BANDAGE FINGERTIP LARGE EACHES		Training Aids & Apparel	7
03026-1	FLEXIBLE HEAVYWEIGHT FABRIC -SINGLES		Training Aids & Apparel	75
03035-1	FABRIC BANDAGES LARGE PATCH SINGLES		Training Aids & Apparel	20
10-201-BL	LIFEGUARD RESCUE TUBE		Training Aids & Apparel	1
10-201-RED-NL	LIFE GUARD- RED		Training Aids & Apparel	17
10-401	CRC BRANDE RESCUE TUBE COVER		Training Aids & Apparel	15
168-6000-001	SOFT CARRYING CASE G3 AEDS		Training Aids & Apparel	6
1860VCC	GUARD INFANT CPR MASK KIT BLUE		Training Aids & Apparel	100
978-0-97836-980-4	SUDDEN IMPACT/DIVE SMART DVD		Training Aids & Apparel	35
CRC-AEDT	MINI AED TRAINER ENGLISH		Training Aids & Apparel	8
CRC-GP2	2X4 PLY GAUZE PADS		Training Aids & Apparel	25
CRCINPOLOM-3X	MEN POLO XXXLARGE		Training Aids & Apparel	2
CRCINPOLOM-S	MEN POLO SMALL		Training Aids & Apparel	2
CRCINPOLOW-M	WOMEN POLO MEDIUM		Training Aids & Apparel	2
CRCINPOLOW-S	WOMEN POLO SMALL		Training Aids & Apparel	1
CRCINPOLOW-XS	WOMEN POLO XSMALL		Training Aids & Apparel	3
CRC-MBPN	MB PERSONAL KIT IN NYLON BAG		Training Aids & Apparel	2
CRC-PLW	CRC WHISTLE (CRC-FFW)		Training Aids & Apparel	611
CRCPT100W	Etón ROAD TORQ Roadside Spotlight		Training Aids & Apparel	3
CRCPT300W	CRC Axis Weatherband - White		Training Aids & Apparel	6
CRC-QC5R	QUEBEC SEC 5 REFILL		Training Aids & Apparel	3
CRC-SK1P	SK 1-9 KIT PLASTIC BOX		Training Aids & Apparel	2
CRC-SW2W	2IN CRC SIMPLE WRAP WHITE 320CM		Training Aids & Apparel	3,032
CRC-TFAK2	CRC TRAINING PACK		Training Aids & Apparel	23,176
CRC-VEL	White Velcro 12pcs/bag		Training Aids & Apparel	3,000
CRC-WFAK-PEB	EMPTY PE BAG FOR WFAK		Training Aids & Apparel	53
FAC-450018	LEVEL 2 METAL BOX - 36 UNIT		Training Aids & Apparel	66

Item	Description	Expiry Status	Category	Quantity
FAC-450026	METAL CABINET FALL DOWN DOOR STYLE		Training Aids & Apparel	1
GK 1041	ADULT MED MASK W/7FT SURE-FLOW		Training Aids & Apparel	20
GK 3000	Resq-Aid CPR Face Face Shield		Training Aids & Apparel	49
GK 4025 F	RESUSCITATOR INFANT MASK		Training Aids & Apparel	28
GK 4050 F	RESUSCITATOR ADULT MASK		Training Aids & Apparel	33
GK 6400	OXYGEN CYLINDER WRENCH		Training Aids & Apparel	56
HT-ELM-NS	EARLOOP MASK-STRAPPED		Training Aids & Apparel	850
HT-MM50	MINGLE MASK PACK OF 50		Training Aids & Apparel	53
HT-PAC	Patient Assessment Chart		Training Aids & Apparel	164
HT-REPORT	Employer's Report of Injury/Occupational Disease		Training Aids & Apparel	100
L-0631100	TRAUMA BAG 22 X 11 X 9 EACH		Training Aids & Apparel	9
L-0631200	TRAUMA BAG LEVEL 3 28X15X12 EA		Training Aids & Apparel	4
L-12465	BAG VALVE MASKE SINGLE USE		Training Aids & Apparel	43
LF03603	LIFE FORM ADULT AIRWAY MNGMT		Training Aids & Apparel	3
L-Y2-037-353	BAG F/OXYGEN D CYLINDER		Training Aids & Apparel	7
M8120-F	EFAK Pro X - Red		Training Aids & Apparel	1
MDS192075	VINYL MEDICAL EXAM GLOVES POWDER FREE LRG 100/BOX		Training Aids & Apparel	5
MI2112-20	NexTemp oral/Axillary		Training Aids & Apparel	273
MMP-4R	CARTONED STROBE ASSEMBLY		Training Aids & Apparel	6
NBB202C-SNG	Eton Blackout Buddy - 1PK		Training Aids & Apparel	67
NBOTU2000	Eton Boost Turbine, White		Training Aids & Apparel	4
NFRX3+WXR	Eton FRX3 Radio		Training Aids & Apparel	1
PP-ACASE2-1	ADULT/CHILD PAD CASE FOR		Training Aids & Apparel	11
PP-AEDT-100-R	REMOTE CONTROL FOR PRESTAN		Training Aids & Apparel	2
PP-AEDT2-102	AED TRAINER PLUS BEN/FR		Training Aids & Apparel	7
PP-ALB-50	ADULT FACE SHIELD LUNG BAGS		Training Aids & Apparel	11
PP-AM-100-MS-CRC	ADULT MED SKIN MANIKIN		Training Aids & Apparel	8
PP-AM-400-MS-CRC	ADULT MED SKIN MANIKIN 4PK		Training Aids & Apparel	1
PP-APAD-1	PP AED TRNR ELEC PAD SINGLE		Training Aids & Apparel	1
PP-FM-500M-MS-CRC	PRESTAN PRO MS FAMILY 5PK		Training Aids & Apparel	2
PP-JTM-100M-MS-CRC	ADULT JAW THRUST MANIKIN		Training Aids & Apparel	1
PP-PPAD-1	PRESTAN AED TRAINER PEDIATRIC		Training Aids & Apparel	5
PP-PPAD-4	PEDIATRIC AED TRAINER		Training Aids & Apparel	10
PP-UFS-50	ULTRALITE ADULT 50PK FACE SHLD		Training Aids & Apparel	10
PP-ULB-50	PP ULTRALITE ADULT 50PK FACE		Training Aids & Apparel	1
PP-ULM-1200-MS	PP ULTRALITE MANIKIN 12PK		Training Aids & Apparel	2
RCSSWIMLAN	CRC First Aid, Swimming & Water Safety Lanyard		Training Aids & Apparel	179
RPP-AAOK2000-1	PRESTON PRO ADULT SERIES 2000		Training Aids & Apparel	2
RPP-AAOK-2000-4	ADULT SERIES 2000 UPGRADE KIT 4 PACK		Training Aids & Apparel	19
RPP-ACLICK-1	ADULT MANIKIN CLICKER		Training Aids & Apparel	3
RPP-AEDT2-CABLE	CABLE FOR PRESTAN AED TRAINER		Training Aids & Apparel	17
RPP-AMON-1	MONITOR ADULT MANIKIN SINGLE 1		Training Aids & Apparel	2
RPP-IFACE-4-DS	FACE SKIN REPLACEMENTS 4PK		Training Aids & Apparel	1
RPP-JTFACE-4-MS	REPLAC. FACE SKIN 4PCK MD SKIN		Training Aids & Apparel	3
RPP-JTHEAD-4	JAW THRUST HEAD ASSY. 4-UNITS		Training Aids & Apparel	2
RPP-ULPISTONM-4-MS	REPLAC. PRESTAN ULTRALITE MNKN		Training Aids & Apparel	17
S-11064	RESEALABLE BAGS 1000/BOX		Training Aids & Apparel	4,000
S-1292	RECLOSABLE BAGS 3X4"		Training Aids & Apparel	340
S-1301	12 x 15" 2 Mil Reclosable Bags		Training Aids & Apparel	1,477
S-1475PE	Manila Shipping Tags - Pre-Tied Elastic		Training Aids & Apparel	343
S-16745	15 X 11 X 11 CORRUGATED BOX		Training Aids & Apparel	93
S-16783	CORRUGATED BOX FOR BPK4-RC		Training Aids & Apparel	100
S-16970BL	PLASTIC PAIL 20L BLACK		Training Aids & Apparel	19
S-16970W	PLASTIC TOILET PAIL 20L WHITE		Training Aids & Apparel	20
S-19060	10X6X4IN CORRUGATED BOX		Training Aids & Apparel	239
S-19346	3X1" WHITE LASER LABEL 1800/BX		Training Aids & Apparel	1,800
S-19821	BOX 16 X 12 X 16 IN		Training Aids & Apparel	32
S-19822	16X14X10IN CORRUGATED BOX		Training Aids & Apparel	55
S-19865	9 X 6 X 6 ECT BOX		Training Aids & Apparel	75
S-20796	2.75X5.25 SUFFOCATION WARN LBL		Training Aids & Apparel	609
S-21064	13X10X15IN CORRUGATED BOX		Training Aids & Apparel	187

Item	Description	Expiry Status	Category	Quantity
S-21608	16X14X12 32 ECT BOXES		Training Aids & Apparel	366
S-3110	24X26 2MIL POLYBAG		Training Aids & Apparel	529
S350LS-2XL	CRC MENS WATER SAFETY INSTRUCTOR SHIRT		Training Aids & Apparel	5
S350LS-S	CRC MENS WATER SAFETY INSTRUCTOR SHIRT		Training Aids & Apparel	8
S350LS-XL	CRC Mens Water Safety Instructor Rashguard Shirt		Training Aids & Apparel	14
S3520LS-2XL	CRC Red Women's Water Safety Rashguard Shirt - 2XL		Training Aids & Apparel	8
S3520LS-3XL	CRC Red Women's Water Safety Rashguard Shirt - 3XL		Training Aids & Apparel	5
S3520LS-XL	CRC Red Women's Water Safety Rashguard Shirt - XL		Training Aids & Apparel	5
SC-01500	METAL CABINET 10 UNIT		Training Aids & Apparel	21
SC-06630	WATER-JEL BURN DRESSING 10.2X10.2CM		Training Aids & Apparel	10
7099	Blood Pressure Kit with Dual Head Stethoscope		Training Aids & Apparel	2
7111	Dual Head Stethoscope		Training Aids & Apparel	35
10918	Red Carry Bag for PRESTAN Prof Infant Manikin, 4-p		Training Aids & Apparel	3
11216	Blue Carry Bag for PRESTAN Ultralite Manikin, 4-pk		Training Aids & Apparel	1
36000	Bag Valve Mask Adult		Training Aids & Apparel	12
36003	Bag Valve Mask - Child		Training Aids & Apparel	2
985300	V-Vac Starter Kit without Catheter		Training Aids & Apparel	1
180-5020-301	Zoll Cardiac Science Powerheart G3 AED Trainer		Training Aids & Apparel	2
190-5020-002	Zoll Cardiac Science Powerheart G5 AED Trainer w/C		Training Aids & Apparel	1
CRC-AEDT	Mini AED Trainer		Training Aids & Apparel	611
CRCINPOLOM-L	Canadian Red Cross Polo - Men- Large		Training Aids & Apparel	1
CRCINPOLOM-M	Canadian Red Cross Polo - Men- Medium		Training Aids & Apparel	2
CRC-PLW	Lifeguard Whistle		Training Aids & Apparel	6
CRC-TFAK2	Training Pack		Training Aids & Apparel	176
EMS-010	Wool Blanket, Gray Colour, 80% Wool, 64" x 84"		Training Aids & Apparel	77
GK 3050	CPR RESQ-AID Protective Barrier		Training Aids & Apparel	4
GK3100	CPR Pocket Ventilator		Training Aids & Apparel	5
GK4050F	Disposable BVM Resuscitator, Adult		Training Aids & Apparel	1
M5101L	X2 Double Fill Pro		Training Aids & Apparel	2
M5111-F	PPE PROPack red		Training Aids & Apparel	2
M8101A-F	AIRWAY PRO X red		Training Aids & Apparel	1
M8101F	Omni Pro		Training Aids & Apparel	8
M8105-TB	G2 Pro X		Training Aids & Apparel	9
M8108FN	RECOVER PRO RED ICC		Training Aids & Apparel	3
NFRX3WXR	Eton FRX3 Radio		Training Aids & Apparel	166
PN-06-93-3108	Demo Dose Nitr Spray		Training Aids & Apparel	103
PP-IM-100-MS	PRESTAN Prof Infant Manikin, Single - Medium Skin		Training Aids & Apparel	1
PP-ULB-50	PRESTAN ULTRALITE FACE-SHIELD AND LUNG-BAGS 50-PAC		Training Aids & Apparel	36
PP-VALB-50	Prestan Professional Adult Series 2000 Ventilation		Training Aids & Apparel	96
RPP-AFACE-4-MS	Face Skin Rplcmnt for PRESTAN Prof Adult Manikin;		Training Aids & Apparel	1
RPP-ISKIN-4-DS	Torso Skin Rplcmnt for PRESTAN Prof Infant Manikin		Training Aids & Apparel	4
S-12559	DISPLAY STRIP - EACH		Training Aids & Apparel	2
S350LS-M	CRC Mens Water Safety Instructor Shirt		Training Aids & Apparel	11
SC-06628	WATER-JEL Burn Dressing 10.2 X 40.6 CM		Training Aids & Apparel	19

APPENDIX “F”



November 21, 2023

**E-mail (clonergan@bdo.ca and
nejones@bdo.ca)**

BDO Canada Limited
20 Wellington E, Suite 500
Toronto, ON M5E 1C5

Attention: Clark Lonergan, CPA, CA, CIRP, LIT
and Neil Jones, CPA, CA, CIRP, LIT

Tony Van Klink
Direct Line: 519.931.3509
tvanklink@millerthomson.com

File: 119381.0026

Dear Sirs:

Re: 7132221 Canada Inc. o/a Hawktree Solutions (the “Debtor”)

By Order of Madam Justice Kimmel made on July 11, 2023, BDO Canada Limited (the “Receiver”) was appointed as receiver of the assets, undertakings and properties (collectively, the “Property”) of the Debtor.

The following is our report to you and our opinion on the validity and enforceability of the security held by Bank of Montreal (“BMO”) and BDC Capital Inc. (“BDC”) against the Property of the Debtor.

ASSUMPTIONS AND QUALIFICATIONS

The opinions expressed in this letter are subject to the qualifications and assumptions set forth on Schedule A to this letter.

SEARCHES

We have conducted the following searches concerning the Debtor:

1. Federal Corporation Information Report - We obtained a Federal corporation information report with respect to the Debtor from Corporations Canada on November 21, 2023 which shows that the Debtor was incorporated on March 2, 2009 under the name “7132221 Canada Inc.” with a registered office address of 204-220 Kennevale Drive, Ottawa;
2. Certificate of Compliance – We obtained a certificate of compliance which confirmed that the Debtor existed under the *Canada Business Corporations Act* as of November 21, 2023 and has filed all required annual returns and paid all prescribed fees;
3. *Personal Property Security Act* (Ontario) (“PPSA”) – We conducted a search of registrations against the Debtor under the PPSA, which search was current as of November 20, 2023. The registrations disclosed by that search are summarized on Schedule B to this letter; and

4. *Bank Act* (Canada) – We conducted a search of notices of intention to give security under the *Bank Act* registered in the Province of Ontario against the Debtor as of November 21, 2023, which search disclosed a registration in favour of BMO filed on March 24, 2021 with an expiry date of December 31, 2026 as number 01330131.

SECURITY REVIEWED

(a) BMO

We have reviewed the Application Record of BMO in Ontario Superior Court of Justice court file number CV-23-00700033-00CL which sets out the particulars of the loans made by BMO to the Debtor and the security provided by the Debtor to BMO. In general terms, BMO extended credit facilities totalling approximately \$9,877,000 to the Debtor on which there was an outstanding balance owing to BMO of approximately \$3,430,000, plus accruing interest and costs, as of January 8, 2023.

Contained within the Application Record is a copy of a General Security Agreement dated August 14, 2019 (the “**BMO GSA**”) granted by the Debtor to BMO. The BMO GSA was executed by Robbie Fraser, as president, and Sarah Fraser, as secretary, on behalf of the Debtor.

Under the terms of the BMO GSA the Debtor granted to BMO a security interest in all of its present and after acquired personal property as security for all of its present and future indebtedness to BMO.

There is no apparent defect in the execution of the BMO GSA.

(b) BDC

We have reviewed a General Security Agreement dated February 24, 2021 (the “**BDC GSA**”) granted by the Debtor to BDC. The BDC GSA was executed by Robbie Fraser, as president, on behalf of the Debtor.

Under the terms of the BDC GSA the Debtor granted to BDC a security interest in all of its present and after acquired personal property as security for all of its present and future indebtedness to BDC.

There is no apparent defect in the execution of the BDC GSA.

PPSA REGISTRATIONS

The *PPSA* registrations outstanding against the Debtor as of November 20, 2023 are summarized on Schedule B. The only registrations disclosed by the search are in favour of BMO and BDC. The registrations are in proper form and include all appropriate collateral classifications to properly perfect the security interests held by BMO and BDC in the Property.

SUBORDINATION AGREEMENT

BMO, BDC and the Debtor are parties to a Subordination Agreement dated March, 2021 which provides that BMO’s security shall have priority over the BDC security other than with



respect to Intellectual Property and a life insurance policy in the amount of \$2,700,000 on the lives of Robbie Fraser and Sarah Fraser. "Intellectual Property" is defined as meaning "all intellectual property owned or licensed by the Customer, including all patents, trade-marks, domain and website names, business names, copyright, industrial designs, trade secrets, know-how and all other intellectual property of any kind and nature whatsoever".

OPINIONS

Subject to the qualifications and assumptions set forth on Schedule A to this letter, we are of the opinion that:

1. BMO has a valid and effective security interest in the Property, securing all indebtedness and liabilities of the Debtor to BMO;
2. BMO's security interest in the Property is properly perfected under the *PPSA*;
3. BDC has a valid and effective security interest in the Property, securing all indebtedness and liabilities of the Debtor to BDC;
4. BDC's security interest in the Property is properly perfected under the *PPSA*;
5. There are no registrations under the *PPSA* which are prior in time to the BMO registration; and
6. Under the terms of the Subordination Agreement, BMO has subordinated its security interest in the Intellectual Property (as defined above) to the security interest held by BDC.

Yours truly,



Tony Van Klink
TVK/jf



SCHEDULE A

Genuineness and Authenticity

We assume the genuineness of all signatures and the authenticity of all documents or copies thereof.

Equity and other Statutory Limitations

The opinions herein expressed are subject to any equities between the parties of which we have no notice or knowledge.

Proper Corporate Authorization

We assume that the security documents described in the attached letter have been executed by proper signing officers of the Debtor duly authorized.

Accuracy of PPSA Register and Public Records

We have assumed the accuracy of all public records, indexes and filing systems which we have searched or have caused inquiries to be made. We also assume that the registrations disclosed by the *PPSA* and *Bank Act* searches which we have conducted accurately reflects the contents of and all registrations affecting the Debtor made by all secured parties.

Laws of Ontario

The opinions expressed herein, insofar as same relate to personal property, are limited to personal property located in the Province of Ontario. The opinions expressed herein are, as well, limited to the laws of the Province of Ontario and all federal laws applicable therein.

Attachment

We assume that the Debtor either owned or had rights akin to ownership to permit the security interest created in the General Security Agreements to attach within the meaning of the *PPSA*.

Consideration and Outstanding Indebtedness

We assume that consideration was given by the BMO and BDC to support the granting of the BMO GSA and BDC GSA by the Debtor.



SCHEDULE B

ONTARIO PERSONAL PROPERTY SECURITY ACT SEARCH – FILE CURRENCY OF
NOVEMBER 20, 2023

REGISTRATION NO.	SECURED PARTY	COLLATERAL CLASSIFICATION	PPSA (P)/ RSLA (R)
20190816 1420 1862 6047	Bank of Montreal	Inventory, Equipment, Accounts, Other	P
20211020 1619 1590 0527		Amendment to include the collateral classification of Motor Vehicles	
20210219 1301 1590 4338	BDC Capital Inc.	Inventory, Equipment, Accounts, Other. Motor Vehicles	P



APPENDIX “G”

Court File No. CV-23-00700033-00CL

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

**APPLICATION UNDER SUBSECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985, C.B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O.
1990, C.43, AS AMENDED**

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

**AFFIDAVIT OF NEIL JONES
(Sworn January 9, 2024)**


I, **NEIL JONES**, of the City of Halifax, in the Province of Nova Scotia, **MAKE OATH AND SAY** that:

1. I am a Senior Vice President of BDO Canada Limited ("**BDO**"), the court appointed receiver and manager (the "**Receiver**") of 7132221 Canada Inc. (o/a Hawktree Solutions) ("**Hawktree**") and as such have knowledge of the matters referred to herein.
2. By Order of the Honourable Mr. Justice Cavanagh, dated June 11, 2023 and made on July 11, 2023 (the "**Order**"), BDO was appointed as Receiver of all of the assets, undertaking and properties of Hawktree.
3. Pursuant to the Order, the Receiver has provided services and incurred disbursements which are particularly described in the detailed accounts attached hereto and marked as **Exhibit "A"**, **Exhibit**


“B”, and **Exhibit “C”**, which are true copies of the accounts rendered for the below noted period by BDO in its capacity as Receiver.

- 4. In addition, BDO, in its capacity as financial advisor to Hawktree, assisted Hawktree in undertaking a sale and investment solicitation process (“**SISP**”) prior to the receivership appointment. Although the SISP was unsuccessful, the work product from that SISP allowed the Receiver to undertake an expedited marketing and sales process in the receivership. The services are particularly described in the detailed accounts attached hereto and marked as **Exhibit “D”**, which is a true copy of the accounts rendered for the below noted period by BDO in its capacity as financial advisor to Hawktree.
- 5. The Receiver requests that the Court approve its receivership fees in the amount of \$236,433 and disbursements in the amount of \$6,573.80, plus sales taxes of \$31,590.89, for a total of \$274,597.69 for the period from May 29, 2023 to December 8, 2023, for the services set out in **Exhibit “A”**, **Exhibit “B”**, and **Exhibit “C”**.
- 6. The Receiver also requests that the Court approve future professional fees relating to the receivership estimated at up to \$13,567 plus HST of \$1,763.71, for a total of \$15,330.71, which may be incurred by the Receiver to complete its mandate and obtain a discharge.
- 7. The Receiver also requests that the Court approve its pre-receivership fees related to the SISP in the amount \$50,000, plus HST of \$6,500, for a total of \$56,500 for the period of January 3, 2022 to February 10, 2023, for the services set out in **Exhibit “D”**.
- 8. I consider the amounts disclosed for BDO's fees and expenses to be fair and reasonable.
- 9. This affidavit is sworn in support of the Receiver's motion for, among other things, approval of its fees and disbursements and those of its legal representatives and for no other or improper purpose.

SWORN before me at the City of)
 Halifax, in the Province)
 of Nova Scotia this 9th day)
 of January, 2024)



 Commissioner for taking affidavits, etc.



 Neil Jones, CPA, CA, CIRP, LIT

This is Exhibit "A" referred to in the affidavit of

Neil Jones

Sworn before me this 9th day of January, 2024



A COMMISSIONER FOR TAKING AFFIDAVITS

KIMBERLEY A. BURKE
A Commissioner of the Supreme
Court of Nova Scotia



Tel: 416 865 0210
 Fax: 416 865 0904
 www.bdo.ca

BDO Canada Limited
 20 Wellington Street E, Suite 500
 Toronto ON M5E 1C5 Canada

193

INVOICE

Bank of Montreal
 Special Accounts Management Unit
 100 King Street West, 19th Floor
 Toronto, ON M5X 1A1

Attention : Leo Chun, Account Manager

Date

August 3, 2023

Invoice No.

CINV2485474

Re: 7132221 Canada Inc. o/a Hawktree Solutions - Receivership

TO OUR FEE FOR PROFESSIONAL SERVICES rendered in connection with our engagement as Receiver of the above noted entity for the period May 29, 2023 to July 31, 2023 as per the details below:

Our Fee	\$ 100,617.00
Courtesy Discount	(10,000.00)
Subtotal	<u>90,617.00</u>
Disbursements:	
Car rental & fuel	558.39
Hotel	2,569.04
Meals	686.37
Subtotal	<u>94,430.80</u>
HST 13% (#R101518124)	12,276.00
Total Due	<u><u>\$ 106,706.80</u></u>

<i>Summary of Time Charges</i>	Hours	Rate	Amount
C. Lonergan, Partner	30.1	595.00	17,909.50
N. Jones, Partner	86.5	500.00	43,250.00
M. Mavhunga, Manager	93.4	375.00	35,025.00
J. Jesuratnam, Analyst	19.7	225.00	4,432.50
Total	<u>229.7</u>		<u>\$ 100,617.00</u>

Staff	Date	Comments	Hours
Mavhunga, M	29-May-23	Meeting with company principal, and discussions with N. Jones re: winding down plan, realization value/strategy.	3.0
Lonergan, C	29-May-23	Update planning with BDO team and Company re: Receivership planning and next steps, etc.	0.8
Mavhunga, M	30-May-23	Discussions with N. Jones re: winding down plan, realization value/strategy. Reviewing sales package, documents, drafting receivership plan and IRL.	2.5
Jones, N	30-May-23	Draft of update email to BMO and counsel re receivership planning and requests; Review and send IRL to R. Fraser.	3.5
Lonergan, C	30-May-23	Receivership planning and next steps discussion with Company and BDO team, etc.	1.0
Lonergan, C	31-May-23	Update email to the Bank and Company re: next steps, etc.	1.1
Mavhunga, M	31-May-23	Meeting with R. Fraser, and discussions re: preliminary steps. Drafting receivership documents and correspondence for stakeholders.	3.2
Jones, N	31-May-23	Draft of update email to BMO and counsel re receivership planning and requests.	1.0
Lonergan, C	1-Jun-23	Update call with the Company and Bank re: receivership planning, SISP, etc., cash flow analysis, etc.	2.1
Mavhunga, M	1-Jun-23	Pre-Receivership work, discussions with N. Jones re: strategy. Research on priority claims.	1.5
Jones, N	1-Jun-23	Prepare and attend HTS/BDO/BMO call re receivership planning; Related correspondence.	1.0
Jones, N	2-Jun-23	Receivership planning discussion with R. Fraser; Internal discussions re same.	2.0
Mavhunga, M	2-Jun-23	Pre-Receivership work, meetings and discussions with R. Fraser and N. Jones re: strategy. Research on priority claims.	3.5
Lonergan, C	2-Jun-23	Receivership planning, obtaining independent counsel, review of receivership order, discussion with BDO team and Company re: next steps, etc.	0.9
Jones, N	5-Jun-23	Review and analysis of information provided by management re potential movement of inventory from Wills to Gilmore 3PL; Update re same to BMO; Kick-off discussion with T. Van Klink and follow-up correspondence to provide background information; Discussion with R. Fraser to prepare for receivership and follow-up on outstanding information; Internal calls and planning.	4.5
Lonergan, C	5-Jun-23	Receivership planning and update to Bank re: inventory analysis, 3PLs, payroll, limited SISP timeline, review of order and discussion with Counsel re: the same and required changes by BDC, etc.	1.1
Mavhunga, M	6-Jun-23	Onsite at HTS; Inventory reconciliation and cost assessment.	5.0
Jones, N	6-Jun-23	Receivership planning - calls re same with HTS management team to obtain updates re information request list, and internally. Call with Receiver's counsel re BDC suggested amendments to Receivership Order.	4.0

Staff	Date	Comments	Hours
Jones, N	7-Jun-23	Receivership planning - calls re same with HTS management team, virtual CFO and bookkeeper and internally; Drafting SISP Procedure.	4.0
Mavhunga, M	7-Jun-23	Onsite at HTS; pre- receivership work including inventory and payroll reconciliations.	5.0
Lonergan, C	7-Jun-23	Meeting with Company, preparing for receivership proceedings, analysis for 3PLs, payroll, CRC and other communication plans, update with Bank and BDO team re: next steps, SISP review, etc.	2.8
Jones, N	8-Jun-23	Receivership planning - calls re same with HTS management team; Drafting SISP Process letter.	3.5
Mavhunga, M	8-Jun-23	HTS pre- receivership work, review and analysis of books and records.	4.5
Lonergan, C	8-Jun-23	Meeting with Company, preparing for receivership proceedings, analysis for 3PLs, payroll, CRC and other communication plans, update with Bank and BDO team re: next steps, SISP review, follow up with Counsel re: Court proceedings and next steps planning given the delay, etc.	3.1
Jones, N	9-Jun-23	Review of EOI from Benchmark Group LLC and suggested approach to R. Fraser; Call with Benchmark to discuss EOI and steps moving forward; Call with Numbercruncher re assistance during receivership; Planning for receivership.	4.5
Mavhunga, M	9-Jun-23	HTS pre- receivership work; Payroll reconciliation.	2.5
Jones, N	12-Jun-23	Receivership Planning; Task List for day of receivership; Discussion with R. Fraser re new legal counsel and potential opposition to receivership; Discussions internally and with counsel.	3.5
Jones, N	13-Jun-23	Attendance at Court Hearing; Discussions internally and with Receiver's counsel.	1.0
Mavhunga, M	10-Jul-23	Pre- Receivership meetings, file review, discussions with N. Jones re: tasks. Drafting employee letters and notices.	2.5
Jones, N	10-Jul-23	Discussion with Bank and counsel; Update call with R. Fraser; Day 1 planning and Sales Process updates.	3.0
Mavhunga, M	11-Jul-23	Payroll record reconciliation. Receivership day 1 steps - Employee termination meeting, correspondence with various parties re: taking possession.	5.4
Jones, N	11-Jul-23	Court hearing attendance; EE and Contractor termination meetings; Day 1 update meeting with Receiver's counsel; Sales Process Letter updates.	5.0
Lonergan, C	11-Jul-23	Day 1 activities, update re: Court and planning next steps, etc.	0.6
Jones, N	12-Jul-23	Correspondence with CRC, 3PLs, Landlord, etc. Discussions internally and with counsel.	7.0
Mavhunga, M	12-Jul-23	Various correspondence and discussions with multiple parties re: Receivership issues: Inventory review, payroll records, taking possession. Drafting and reviewing sales process documents, contracts. Creating Receiver's site. Research re: sales process.	5.0

Staff	Date	Comments	Hours
Jesuratnam, J	12-Jul-23	Took inventory of the office. Changed locks of the office. Call with R. Fraser to work through what needed to be completed.	7.5
Lonergan, C	12-Jul-23	BDO team update meeting, follow-up call with Counsel re: SISP, review of SISP documents, etc.	1.2
Mavhunga, M	13-Jul-23	Various correspondence and discussions with multiple parties re: Receivership issues: Inventory review, payroll records, taking possession. Drafting and reviewing sales process documents, contracts. Creating Receiver's site. Research re: sales process. Meeting and discussions with 3PL Parties. Launching sales process email blast.	6.0
Lonergan, C	13-Jul-23	Update calls with CRC, 3PLs, update on SISP documents and discussion with BDO team re: the same, etc.	1.8
Jones, N	13-Jul-23	Plan and attend call with CRC and 3PLs to discuss Receiver asks; Go-live with Sale Process and drafting of related info including Data room, Teaser, CIM; etc. Call with Counsel re various issues	6.0
Jesuratnam, J	13-Jul-23	Research junk removal company should premises be vacated. Copied various financial and Quickbooks documents from onsite.	4.0
Mavhunga, M	14-Jul-23	Various correspondence and discussions with multiple parties re: Receivership issues: Inventory review, taking possession. Drafting and reviewing sales process documents, contracts. Processing service cancellation, responding to customer inquiries.	5.5
Lonergan, C	14-Jul-23	Update on week 1 activities, correspondence to the Bank and Counsels re: the same, discussion with BDO team re: the same.	2.1
Jones, N	14-Jul-23	Discussions with 3PLs to negotiated settlement on sale proceeds; Email correspondence to CRC to summarize discussion and receiver asks; Update report to BMO; Update discussion with R. Fraser.	7.0
Jesuratnam, J	14-Jul-23	Visited Wills and Gilmore inventory sites to do spot checks of inventory.	3.7
Jones, N	17-Jul-23	Submission of Receiver's Certificate; Discussion with landlord; Discussion re IT backup; Sales Process management.	3.5
Mavhunga, M	17-Jul-23	Calls and correspondence with interested parties. Providing access to data room and related tracking. Responding to calls and inquiries by customers, creditors and employees.	3.4
Lonergan, C	17-Jul-23	Update on Sale Process, update on Banking and Receivership next steps discussion with BDO team, review of Bank correspondence, etc.	1.0
Jesuratnam, J	18-Jul-23	Replied to emails regarding customer inquires about purchased/purchasing products	0.7
Jones, N	18-Jul-23	Discussions with prospective purchasers ACME/FAC, Safecross; Discussion with HTS legal counsel re ongoing litigation; Other Receiver tasks.	6.0
Mavhunga, M	18-Jul-23	Sales process calls with various interested parties. Reviewing company payroll records for reconciliation and drafting documents for WEPP and ROE. Calls and correspondence Customer inquiries.	3.8

Staff	Date	Comments	Hours
Jesuratnam, J	19-Jul-23	Replied to emails regarding customer inquires about purchased/purchasing products.	0.7
Jones, N	19-Jul-23	Discussions with prospective purchasers GFA, WASIP, Safecross, 72 Hours. Discussion with HTS legal counsel re ongoing litigation; Discussion with Receiver's counsel re Landlord issues; Other Receiver tasks.	6.0
Mavhunga, M	19-Jul-23	Sale Process calls with various interested parties. Meeting with R. Fraser re: status update outstanding tasks. Reviewing company payroll records for reconciliation and drafting documents for WEPP and ROE. Call with CRA re: same. Calls and correspondence Customer inquiries.	4.2
Jones, N	20-Jul-23	Discussions with prospective purchasers GFA, Safecross, 72 Hours; Discussion with CRC; Updated task list to Contractors; Draft update to CRC; Receiver tasks.	5.5
Jesuratnam, J	20-Jul-23	Responded to emails regarding the Hawktree website and products. Created mailing labels.	0.9
Mavhunga, M	20-Jul-23	Revising Inventory listings per discussions with N. Jones. Responding to creditor, customers and sales target inquiries and related correspondence.	4.7
Jones, N	21-Jul-23	Review and comment on updated Inventory Listing; Update to CRC; Update to BMO; Response to Wills Transfer; Correspondence with HTS legal counsel re litigation review, Other Receiver Tasks; Discussion with WASIP Ltd - prospective purchaser.	5.0
Mavhunga, M	21-Jul-23	Responding to creditor, customers and sales target inquiries and related correspondence payroll/bank statement review.	4.5
Jesuratnam, J	21-Jul-23	Created mailing labels. Replied to customer inquiries to the Hawktree website.	0.7
Lonergan, C	21-Jul-23	Review and update of CRC correspondence, review of Bank update, review of next steps memo and call with BDO team to discuss, follow up with Sale Process bidders, etc.	1.6
Jesuratnam, J	24-Jul-23	Replied to customer inquiries about Hawktree products.	0.2
Mavhunga, M	24-Jul-23	Completing Trustee and Employee WEPP forms. Correspondence with employees re: claims process and applying for WEPP and arranging documents package.	2.0
Mavhunga, M	24-Jul-23	Strategy Meeting with C. Lonergan and N. Jones re: outstanding tasks, sales process strategy , inventory unfulfilled orders . Meeting with R. Fraser re: same.	1.7
Lonergan, C	24-Jul-23	Receivership update, remaining steps, sales process update, etc.	0.4
Jesuratnam, J	25-Jul-23	Coordinated the junk removal from the Hawktree premises.	0.5
Mavhunga, M	26-Jul-23	Meeting with R. Fraser re: Status updates and tackling task list - Reviewing listings for expired product and pending/unfulfilled orders. Correspondence with third party. Receivership inquiries. Data room updates contact with sales targets. Creating ascend file.	3.5
Mavhunga, M	27-Jul-23	Correspondence with interested party re: sales process. Discussions with R. Fraser re Shopify . Responding to creditor inquiries.	2.5

Staff	Date	Comments	Hours
Jesuratnam, J	27-Jul-23	Coordinated the removal of office equipment. Responded to customer inquiries about products from the Shopify website.	0.5
Lonergan, C	27-Jul-23	Sales process update with potential purchasers, landlord discussions, etc.	0.4
Jesuratnam, J	28-Jul-23	Coordinated the removal of office equipment. Responded to customer inquiries about products from the website.	0.2
Mavhunga, M	28-Jul-23	Analysis of EOI offers reviewed. Drafting Summary report to the bank. Correspondence and discussions re: same. Calls and emails to organize office clear out. Various receivership matters.	4.0
Lonergan, C	28-Jul-23	Review of EOIs, update with BDO team re: Bank correspondence, next steps re: sales process, 3PLs and CRC update, etc.	3.8
Mavhunga, M	31-Jul-23	Drafting correspondence re: sales process/EOI update to CRC and prospective purchasers. Discussions with C. Lonergan re: sale process and receivership tasks. Email correspondence to Health Canada re: MDEL License. Drafting profit sharing agreement with 3PLs. Calls with creditors re: claims process.	4.0
Lonergan, C	31-Jul-23	Sales process update to the Bank, landlord correspondence, sales process update to potential purchasers, CRC update, 3PL update, update with former owner, 3PL agreement review, MDEL license review and correspondence with Health Canada re: the same, etc.	4.3
Jesuratnam, J	31-Jul-23	Responded to Customer inquiries about products by email.	0.1

This is Exhibit "B" referred to in the affidavit of

Neil Jones

Sworn before me this 9th day of January, 2024



A COMMISSIONER FOR TAKING AFFIDAVITS

KIMBERLEY A. BURKE
A Commissioner of the Supreme
Court of Nova Scotia



Tel: 416 865 0210
 Fax: 416 865 0904
 www.bdo.ca

BDO Canada Limited
 20 Wellington Street E, Suite 500
 Toronto ON M5E 1C5 Canada

200

INVOICE

Bank of Montreal
 Special Accounts Management Unit
 100 King Street West, 19th Floor
 Toronto, ON M5X 1A1

Attention : Leo Chun, Account Manager

Date

October 10, 2023

Invoice No.

CINV2564918

Re: 7132221 Canada Inc. o/a Hawktree Solutions - Receivership

TO OUR FEE FOR PROFESSIONAL SERVICES rendered in connection with our engagement as Receiver of the above noted entity for the period August 1, 2023 to September 30, 2023 as per the details below:

Our Fee	\$ 106,940.50
Disbursements:	
Costs relating to vacating premises	2,760.00
Subtotal	109,700.50
HST 13% (#R101518124)	14,261.07
Total Due	<u>\$ 123,961.57</u>

<i>Summary of Time Charges</i>	Hours	Rate	Amount
C. Lonergan, Partner	27.4	595.00	16,303.00
N. Jones, Partner	93.0	500.00	46,500.00
N. Sagolili, Sr. Manager	42.3	450.00	19,035.00
M. Mavhunga, Manager	38.9	375.00	14,587.50
K. Sae-Chua, Sr. Analyst	36.9	275.00	10,147.50
J. Hue, Administrator	2.1	175.00	367.50
Total	<u>240.6</u>		<u>\$ 106,940.50</u>

Staff	Date	Comments	Hours
Mavhunga, M	1-Aug-23	Email update to 3PLs advising them of offers and profit-sharing arrangement. Correspondence and meeting with prospective purchasers. Review of the transactions on the eve of the receivership. Unfulfilled orders review and cleaning up schedules for data room.	4.5
Lonergan, C	1-Aug-23	Update call with the R. Fraser re: next steps, EOI update, cash flow, PPE and other inventory items; call with potential purchaser re: EOI and next steps, etc.	2.1
Mavhunga, M	2-Aug-23	Update meeting with Shareholders/Guarantors. Meeting with CRC re: sales process update. Emails with 3PLs re: profit sharing agreements. Emails to creditor inquiries re unfulfilled orders.	2.8
Jones, N	2-Aug-23	Call with CRC; 3PL Profit Sharing Agreement; Various receivership tasks.	3.5
Mavhunga, M	3-Aug-23	Employee inquiries, discussions with N. Jones re: realization strategy. Creditor inquiries and calls re: unfulfilled orders.	2.5
Jones, N	3-Aug-23	Call with CRC and Prospective Purchaser; Review of ERV calculation for BMO; Call with R. Fraser; Other receivership tasks.	3.5
Lonergan, C	3-Aug-23	Correspondence with landlord, correspondence with CN/legal re: container of gloves, EOI updates and correspondence with potential purchasers re: the same, update to Bank and counsel re: offers, discussion with BDO team, etc.	2.7
Mavhunga, M	4-Aug-23	Drafting ERV report for BMO.	5.0
Lonergan, C	4-Aug-23	Review of APA, review of LOIs, update correspondence with Purchasers, update with CRC and potential purchaser discussions, update LOI analysis, correspondence with Bank re: next steps, discussion with BDO team re: the same, etc.	3.7
Jones, N	4-Aug-23	Call with CRC and Prospective Purchaser; Review of LOIs submitted and clarification correspondence; Update to BMO; Other receivership tasks.	3.5
Mavhunga, M	8-Aug-23	Completing Paper ROEs, reviewing ERV and email correspondence with stakeholders.	2.0
Jones, N	8-Aug-23	Managing Sale Process; Review of APA and issue same to prospective purchasers; Discussion with GFA re LOI submission; General Receiver tasks.	3.9
Mavhunga, M	9-Aug-23	Expired Inventory review.	1.5
Jones, N	9-Aug-23	Managing Sale Process, including organizing CRC meeting and 3PL inventory inspections for WASIP Ltd. Discussion with R. Fraser; Expired inventory analysis for data room.	3.2
Sagolili, N	10-Aug-23	Call with N. Jones re: file. Review of file documents.	1.0
Mavhunga, M	10-Aug-23	Recalculating expired inventory based on updated information, preparing updated inventory reporting for prospective purchasers.	3.5
Jones, N	10-Aug-23	Managing Sale Process; Finalize expired inventory information for data room; CRC call with WASIP Ltd.; Correspondence with prospective purchasers re expired inventory and LOI extension.	3.4

Staff	Date	Comments	Hours
Jones, N	11-Aug-23	Discussion with R. Fraser; Discussions with prospective purchasers; Draft ERV calculation and reporting; Review of revised LOIs and draft update to BMO.	3.3
Lonergan, C	11-Aug-23	LOI review, review and update of ERV, update correspondence to BMO's counsel and call re: the same, set up of template report, update on Receivership items, PPE inventory and other non LOI inventory sales, update on COVID inventory replacement, litigation update, correspondence to BDO counsel, review of updated APA, various discussions with potential purchasers, discussion with BDO team re: the same, etc.	5.1
Sagolili, N	11-Aug-23	Review of file documents. Review of Court report precedent. Begin drafting Court report.	2.1
Jones, N	14-Aug-23	Meeting with CRC to discuss LOI candidates and correspondence with receiver's counsel re same; Request of CRC re FAC LOI; Discussion with R. Fraser re Shopify charge backs; Other Receiver tasks.	2.8
Sagolili, N	14-Aug-23	Correspond with M. Mavhunga and N. Jones. Review of Motion Materials. Review of Court report precedent. Drafting Court report.	1.6
Lonergan, C	14-Aug-23	CRC update and FAC LOI update, discussions with BDO team and Counsel re: the same, etc.	0.5
Jones, N	15-Aug-23	Correspondence with Receiver's counsel re intellectual property and whether contracts are included under BDC security; Discussion with FAC re potential LOI improvements; Sales Process update and ERV calculation to BMO; Discussion with R. Fraser re Receivership tasks.	3.7
Sagolili, N	15-Aug-23	Review of Court report precedent. Review of various receivership documents/files. Drafting Court report. Review of receivership update and estimated realization calculations.	2.5
Lonergan, C	15-Aug-23	ERV update and discussion with BDO team re: Bank meeting, etc.	0.4
Jones, N	16-Aug-23	Response to CRC re royalty credit request; Discussions with GFA and FAC re LOI submissions; Discussion with R. Fraser re Receivership tasks. ERV update and update reporting to BMO.	3.2
Sagolili, N	16-Aug-23	Receipt and review of e-mails. Review of estimated realization calculations. Review of Court report precedent. Drafting Court report.	3.4
Jones, N	17-Aug-23	Call with HTS Bangkok counsel re WPT litigation; Update ERV based on FAC revised LOI and send updates to BMO and BDC; Calls with both lenders. Call with R. Fraser re receivership tasks.	3.8
Sagolili, N	17-Aug-23	Compile follow-up questions for Court report. Review of receivership update to BMO, and updated estimate net realization.	0.5
Lonergan, C	17-Aug-23	ERV final review, update re: LOI/CRC, updates re: 3pls, update on CN container re: PPE and discussion with BDO team re: the same, etc.	1.2
Jones, N	18-Aug-23	Contact HTS customers/wholesalers re sale of PPE inventory; Correspondence with BDC re cost-sharing agreement; Correspondence with CRC and prospective purchasers re Sales Process; Review of FAC APA comments and comments to Receiver's counsel; Other Receiver tasks.	3.7
Lonergan, C	18-Aug-23	Review of LOIs, APA review and update, next steps, CRC update, etc.	1.1

Staff	Date	Comments	Hours
Sagolili, N	18-Aug-23	Discussion with M. Mavhunga re: miscellaneous receivership matters. Drafting of Court report. Review of e-mails regarding accepted LOI.	3.2
Jones, N	21-Aug-23	Discussion with N. Sagolili re drafting of Court Report; Discussions with R. Fraser and M. Mavhunga re Expired PPE product to assist with sale process; Discussion with counsel re draft APA clause for Inventory Price Adjustment and court motion materials; Review of draft APA and provide to FAC with commentary.	3.6
Sagolili, N	21-Aug-23	Discussion with N. Jones re: Court report. Review of various e-mails re: sale process. Review of LOIs received and draft APA. Drafting of Court Report.	3.4
Mavhunga, M	21-Aug-23	Discussions with N. Jones re PPE inventory and preparing PPE inventory schedule with expired inventory detail.	0.8
Lonergan, C	21-Aug-23	APA update, discussion and updates with FAC, CRC and 3pls, etc.	1.1
Sagolili, N	22-Aug-23	Review and revise draft Court report. Correspond with N. Jones re: Court report. Call with N. Jones re: outstanding tasks to be completed.	1.8
Jones, N	22-Aug-23	Review of draft Court Report re approval of APA; Discussion with Counsel re APA issues and readiness/timing of motion to Court; Discussion with FAC re APA issues; Discussions with 3pls re expecting timing to move goods; Internal discussions with N. Sagolili re receivership task list and updates re same.	3.9
Lonergan, C	22-Aug-23	BDO team update meeting re: remaining items, FAC APA, 3PL, CN container, etc.	0.8
Sagolili, N	23-Aug-23	Review of comment of N. Jones on draft Court report, and discussions re: same. Make revisions to Court report. Receipt and review of e-mails re: various receivership matters. Finalize draft Court report and circulate to C. Lonergan for review.	3.1
Jones, N	23-Aug-23	Discussions with R. Fraser re APA information requirements and closing transition requirements; Discussions with FAC re APA outstanding items and correspondence with counsel re same; Review and comment on draft Receiver report; Working APA Schedules - Inventory and Contracts.	3.7
Lonergan, C	23-Aug-23	Review of Court Report, etc.	2.1
Sagolili, N	24-Aug-23	Receipt and review of e-mails re: APA, PPE inventory, etc. Review of draft APA.	0.4
Jones, N	24-Aug-23	Preparations for closing of APA and assignment of CRC contract; Discussions/correspondence with prospective purchaser and Receiver's counsel re same; Sale of PPE; Discussion with R. Fraser re gift cards outstanding issue.	3.8
Sagolili, N	24-Aug-23	Make revisions to draft Court report.	0.7
Lonergan, C	24-Aug-23	Review of Court Report and discussion with BDO team re: the same, etc.	1.8
Sagolili, N	25-Aug-23	Receipt and review of various e-mails. Review of APA. Review of C. Lonergan's comments on the draft Court report and make further revisions to same. E-mail draft Court report to legal counsel for review.	2.3

Staff	Date	Comments	Hours
Jones, N	25-Aug-23	Correspondence with prospective purchaser re PPE; Discussion with FAC re APA and CRC issues; Correspondence with counsel re APA changes; Correspondence with R. Fraser re FAC questioned unfulfilled order; Other Receiver Tasks	3.9
Lonergan, C	25-Aug-23	Review of Draft Report, review of APA, review of CRC correspondence and discussion with BDO team re: the same, etc.	2.1
Hue, J	28-Aug-23	Coordinate re AR notice and preparation of the mailing.	1.6
Jones, N	28-Aug-23	Call with CRC re assignment of contract to FAC; Request to counsel for update APS with changes; Discussions with 3pls re APS changes; Discussion and correspondence re private investigator re Hypothec security; Internal discussions and other receivership tasks.	3.2
Sagolili, N	28-Aug-23	Receipt and review of various e-mails.	0.2
Jones, N	29-Aug-23	Discussion with FAC re APA execution; Discussion with R. Fraser re Lumos Tests; PPE CRC sale restrictions; Shopify chargebacks; PPE sale process and AK&H; Final APS to FAC for execution; Other Receiver tasks.	3.2
Sagolili, N	29-Aug-23	Review of final version of APA, and e-mails re: same. Review of e-mails re: other receivership matters.	0.3
Sagolili, N	30-Aug-23	Review of executed APA. Update draft Court report and circulate to legal counsel. Compile appendices for Court report.	0.9
Jones, N	30-Aug-23	Review of updated Court report; Discussion with HTS guarantor; PPE Sale Process correspondence; Other Receiver tasks.	2.1
Sagolili, N	31-Aug-23	Review of various e-mails. Attend call with Wills 3PL.	0.4
Jones, N	31-Aug-23	Updates to BMO and BDC re Sale Process; Review of Counsel's comments on draft Receiver report; Prep and attend calls with 3PLs to provide a Sale Process update.	2.5
Lonergan, C	1-Sep-23	Follow up with BDO team re: PPE bid deadline results, etc.	0.2
Sagolili, N	5-Sep-23	E-mail Court report appendices to legal counsel. Receipt and review of e-mails.	0.2
Lonergan, C	5-Sep-23	Follow up with BDO team re: next steps, status of APA transition, CRC update, etc.	0.7
Sagolili, N	7-Sep-23	Correspond with N. Jones re: Court report. Redact copy of APA and related schedules for Court report. E-mail finalized Court report to legal counsel. Receipt and review of e-mails.	0.9
Mavhunga, M	7-Sep-23	Compiling new list of unfulfilled orders, calls with customers with unfulfilled orders.	1.2
Jones, N	7-Sep-23	Correspondence re PPE inventory and final Receiver report; Unfulfilled order request.	0.8
Lonergan, C	7-Sep-23	Follow up on Court report and PPE offers, etc.	0.7
Jones, N	8-Sep-23	E-shop discussion with R. Fraser; Unfulfilled orders to FAC and CRC; Discussion with C. Lonergan re next steps in receivership management.	1.5
Sagolili, N	11-Sep-23	E-mail to J. Hue re: coordinating update of receivership website with motion materials.	0.1

Staff	Date	Comments	Hours
Jones, N	11-Sep-23	Discussion with J. Plut, former employee, and internal discussions re E-Shop.	1.0
Hue, J	12-Sep-23	Request to update the case website with the application record and email N. Sagolili same.	0.2
Mavhunga, M	12-Sep-23	Discussion with CRA re: liabilities.	0.5
Mavhunga, M	13-Sep-23	Meeting with R. Fraser re Shopify closures, emails to J. Plut re: Eshop data/ Claims review. Setup of global Eshop. Responding to customer queries regarding unfulfilled orders.	2.5
Sagolili, N	14-Sep-23	E-mails to/from and phone call from prospective PPE purchaser and update offer spreadsheet. Receipt and review of e-mails re: Mexican Red Cross, and e-mail to R. Fraser re: same. Discussion with M. Mavhunga re: accounts receivables. Review of status of outstanding accounts receivables, and discussions with and instructions to K. Sae-Chua.	1.1
Mavhunga, M	14-Sep-23	Calls and correspondence with Shopify to attempt to recover the Eshop and switch ownership to the Receiver. Correspondence with N. Jones and R. Fraser re: same. Calls with customers re claims process and unfulfilled orders. Discussions with N. Sagolili re AR collection. Arranging for insurance policy payment.	3.5
Sae-Chua, K	14-Sep-23	Correspondence with N. Sagolili re instructions for accounts receivable collection.	0.4
Sae-Chua, K	15-Sep-23	Creation of the tracker for accounts receivable letters sent; Review of all letters sent in the first round; Compile a listing of customers with missing addresses or invoice details; Compile a list of inquiries re first round of accounts receivable letters mailed for N. Sagolili and M. Mavhunga.	6.4
Jones, N	18-Sep-23	Motion Record to HTS shareholders and discussion with counsel re same; Correspondence with Purchaser re hiring of R. Fraser as contractor and E-Shop cure costs; Call with DCare to set up call re International Contracts; Call with R. Fraser re hiring by Purchaser and general receivership tasks.	2.0
Sae-Chua, K	18-Sep-23	Finalize the tracker for accounts receivable letters sent out; review each AR collection letter sent out in Round 1 to update the tracker; Accordingly, update the second accounts receivable collection letter to send.	4.3
Sagolili, N	19-Sep-23	Discussions with K. Sae-Chua re: AR letters. Review of motion record. Follow-up e-mail to prospective purchaser of PPE. Attend call with DCare. E-mail NDA to DCare. Review of and discussion with N. Jones re: various outstanding matters.	2.5
Jones, N	19-Sep-23	Prep and attend call with DCare re International Contracts; Following up re s.245 notice re DCare; Call with N. Sagolili re planning for post APA transition, PPE abandonment analysis, MRC Receivable, and Hypothec surveillance report.	2.3

Staff	Date	Comments	Hours
Sae-Chua, K	19-Sep-23	Correspondence with N. Sagolili re round 1 of AR letters; finalize round 2 letter draft for N. Sagolili review; Correspondence with L. Dula and C. Casco re wire transfer details; Search on Netsuite for customer contact details; Draft email to N. Sagolili and M. Mavhunga re missing customer contact details; Correspondence with M. Mavhunga re round 1 inquiries.	2.4
Sagolili, N	20-Sep-23	Attend call with F. Weedmark (Gilmore Global). Receipt and review of e-mails from R. Fraser, etc. Discussion with K. Sae-Chua re: AR letters. Review and revise 2nd AR letters. Update from M. Mavhunga re: CRA trust examination.	1.2
Jones, N	20-Sep-23	Meeting with Gilmore to understand expected costs to bring inventory to shipping bay re FOB shipping and packing slip information. Discussion with M. Mavhunga re transitioning Netsuite an related information to purchaser; Receivership notice correspondence to DCare; Correspondence with Purchaser re closing.	2.3
Mavhunga, M	20-Sep-23	Internal discussions re: existing books and records, review of information collected to manage transition of records to purchaser. Call with CRA re: trust examination and information request. Attempts to connect with Shopify representative to gain access to site for transition to purchaser.	2.5
Sagolili, N	21-Sep-23	Review and revise 1st request AR letter and correspond with K. Sae-Chua re: same. Follow-up e-mail to C. Virazels (VIP Freight) re: information requested on disposal of inventory. Draft and e-mail AR letter to Mexican Red Cross. Attend call with C. Mearns (Wills Transfer). Attend call with T. Kourebeles re: closing of APA. Attend call with legal counsel, T. Van Klink, re: closing of APA.	2.5
Mavhunga, M	21-Sep-23	Internal discussions re: Outstanding AR, review of company records for AR support and contact information. Arranging for insurance installment and correspondence re: same.	1.1
Jones, N	21-Sep-23	Preparation for APA close; Correspondence with Purchaser and 3PLs re inventory logistics; Internal discussions.	2.3
Sae-Chua, K	21-Sep-23	Draft copies of Round 1 AR letters to be sent out to outstanding receivables; Search for emails and phone numbers of outstanding customers on Netsuite; Review and document customer responses obtained via email.	3.4
Lonergan, C	21-Sep-23	Court update, closing items, follow up with team re: inventory, international contracts, etc.	1.1
Sagolili, N	22-Sep-23	Follow-up e-mail to R. Weedmark (Gilmore Global) re: information requests. Receipt of e-mails re: asset sale closing and insurance. Discussion with M. Mavhunga re: outstanding matters. Instructions to K. Sae-Chua re: AR collections. Receipt and review of e-mails from Wills Transfer re: inventory handling costs. Review of Order approving asset sale and endorsement. Coordinate update of receivership website.	1.1
Jones, N	22-Sep-23	Preparation for APA close; Correspondence with Purchaser and 3PLs re inventory logistics; HST Election; Shopify access and updates.	2.8

Staff	Date	Comments	Hours
Mavhunga, M	22-Sep-23	Internal discussions and correspondence re: file administration. Sales process closing and transitioning IP to purchaser. Correspondence with Shopify; Call with CRA. Arranging for payment of estate payables.	2.5
Sae-Chua, K	22-Sep-23	Confirm mailing address of outstanding AR customers on the invoices through the use of Netsuite and Company websites; Prepare invoice schedules to be included in the Round 2 AR letters to be sent out to customers; Prepare the PDF Round 2 letter draft to be sent out to customers; Draft emails to be send out with the Round 2 accounts receivable letters to customers.	4.2
Sagolili, N	25-Sep-23	Instructions to K. Sae-Chua re: AR letters. Preparation of PPE offer analysis. Follow-up with R. Karner (DCare AG) re: non-disclosure agreement. Prepare PPE offer analysis. Receipt of closing documents for asset sale. Receipt of various responses to AR letters.	1.5
Hue, J	25-Sep-23	Request for case website update with the Court Order and Endorsement.	0.3
Sae-Chua, K	25-Sep-23	Email out round 2 AR letters to all outstanding receivables; Review email responses from customers re inquiries on outstanding payable amounts; Reply to email responses re same; correspondence with customers re outstanding payables through phone calls; Document conversation on the accounts receivable tracker.	6.3
Mavhunga, M	25-Sep-23	Drafting and preparing T4s, arranging mailing, correspondence with CRA and employees re: same.	2.5
Jones, N	25-Sep-23	Various tasks re APA closing; Discussion re outstanding items with counsel; Discussion with AK&H re PPE offer.	1.8
Sagolili, N	26-Sep-23	Receipt of various responses to AR letters. Discussions with and instructions to K. Sae-Chua re: AR collections. Receipt of e-mail from legal counsel re: APA closing. Attend re: set-up of portal for asset purchase closing.	0.7
Jones, N	26-Sep-23	Various tasks re APA closing; Discussion re outstanding items with R. Fraser, including trademark asset issue.	2.3
Sae-Chua, K	26-Sep-23	Review email responses from customers; Respond to customers via email or phone calls; Document conversations and next steps with customers in the AR tracker; Correspondence with M. Mavhunga re Company-specific inquiries.	5.2
Sagolili, N	27-Sep-23	Correspond with N. Jones re: APA closing matters. Upload documents to portal re: asset sale. Compile log-in details and instructions for Shopify and Netsuite accounts. Review of e-mails re: asset purchase closing. Provide access to portal to purchaser. E-mails to 3PL's re: transaction closing.	1.3
Jones, N	27-Sep-23	Various tasks re APA closing; Discussion re outstanding items with R. Fraser, including trademark asset.	1.5
Sae-Chua, K	27-Sep-23	Review emails and respond to customer responses re collection letters sent; Document conversation in the accounts receivable tracker; Verify payment support against BDO bank statements to confirm payment received.	4.3
Jones, N	28-Sep-23	APA closing related correspondence.	1.0

Staff	Date	Comments	Hours
Sagolili, N	28-Sep-23	Attend call with T. Kourebeles and J. Plut re: Shopify account and related product files. Various discussions with N. Jones and M. Mavhunga re: Shopify account issues. Receipt and review of various e-mails re: 3PLs and inventory purchase.	1.4

- 5 -

This is Exhibit "C" referred to in the affidavit of

Neil Jones

Sworn before me this 9th day of January, 2024



A COMMISSIONER FOR TAKING AFFIDAVITS

KIMBERLEY A. BURKE
A Commissioner of the Supreme
Court of Nova Scotia



Tel: 416 865 0210
 Fax: 416 865 0904
 www.bdo.ca

BDO Canada Limited
 20 Wellington Street E, Suite 500
 Toronto ON M5E 1C5 Canada

210

INVOICE

Bank of Montreal
 Special Accounts Management Unit
 100 King Street West, 19th Floor
 Toronto, ON M5X 1A1

Attention : Leo Chun, Account Manager

Date

December 14, 2023

Invoice No.

CINV2649014

Re: 7132221 Canada Inc. o/a Hawktree Solutions - Receivership

TO OUR FEE FOR PROFESSIONAL SERVICES rendered in connection with our engagement as Receiver of the above noted entity for the period October 1, 2023 to December 8, 2023 as per the details below:

Our Fee	\$ 53,875.50
Courtesy Discount	(15,000.00)
Subtotal	38,875.50
HST 13% (#R101518124)	5,053.82
Total Due	\$ 43,929.32

<i>Summary of Time Charges</i>	Hours	Rate	Amount
C. Lonergan, Partner	6.9	595.00	4,105.50
N. Jones, Partner	38.7	500.00	19,325.00
N. Sagolili, Sr. Manager	37.1	450.00	16,695.00
M. Mavhunga, Manager	3.3	375.00	1,237.50
K. Sae-Chua, Sr. Analyst	45.5	275.00	12,512.50
Total	131.5		\$ 53,875.50

Staff	Date	Comments	Hours
Sagolili, Ni	3-Oct-23	Receipt and review of e-mails and documents re: removal of purchased inventory and Shopify site. Receipt of responses from AR letters, and instructions to K. Sae-Chua re: same. Follow-up e-mail Mexican Red Cross re: outstanding AR. Follow-up with dcare AG re: non-disclosure agreement. Discussion with N. Jones re: outstanding matters. Correspondence with C. Teese (CRC) and J. Plut re: product information on CRC domain. Attend call with R. Fraser and Laratech.	2.5
Jones, N	3-Oct-23	Discussions with R. Fraser, N. Sagolili and Purchaser re E-Shop issues	1.5
Jones, N	4-Oct-23	Discussions with R. Fraser and J. Plut re Shopify issues. Planning re product images download from IT backup.	2
Sae-Chua, K	4-Oct-23	Review customer email responses for accounts receivable collection requests; trace customer payment confirmations against bank statements from Hawktree.	2.1
Lonergan, C	4-Oct-23	Receivership update, review of outstanding items, update on PPA with regards to the APA, update on inventory movement, international contracts - potential purchaser, litigation update, etc.	1.1
Sagolili, Ni	5-Oct-23	Receipt and review of e-mails and documents re: removal of purchased inventory and transfer of marketing data to the purchaser.	0.2
Jones, N	5-Oct-23	Discussion with C. Lonergan re next steps, correspondence to dcare re international contracts, other Receiver tasks.	1.5
Mavhunga, M	5-Oct-23	Review of claims filed. Updating WEPPA worksheet with Service Canada Payment information.	0.8
Sae-Chua, K	5-Oct-23	Review and organize customer responses to accounts receivable collection requests for BDO.	2.7
Jones, N	6-Oct-23	Correspondence re G-Force litigation, sale of PPE; Review of company backup hard drive; Review of PPE analysis.	1.5
Sagolili, Ni	9-Oct-23	Review of e-mails from dcare AG. Review of e-mails from Wills Transfer re: removal of inventory. Follow-up e-mail to Gilmore Global re: packing slips for inventory pick-up. Review of e-mails re: PPE. Review of Asset and Solvency Research report and Surveillance report on G-Force.	0.6
Jones, N	10-Oct-23	Review of files on onedrive backup; Discussion with R. Fraser re onedrive backup and transfer of files to purchaser.	2.9
Sagolili, Ni	10-Oct-23	E-mail from Canadian Red Cross re: PPE. Coordinate access to portal for transfer of intangible assets to purchaser.	0.2
Sagolili, Ni	11-Oct-23	Review of various outstanding matters. Discussion with N. Jones re: outstanding matters and update to BMO. E-mail to R. Fraser re: Mexican Red Cross AR letter.	1.4
Jones, N	11-Oct-23	Call with N. Sagolili re drafting BMO update on outstanding items/tasks; Discussion with Purchaser re eshop/IP information transition.	1.5
Sagolili, Ni	12-Oct-23	E-mail to T. Van Klink re: legal letter to Mexican Red Cross, and inventory. Compile contact information for international Red Cross societies. Drafting of update to BMO.	0.8
Sagolili, Ni	13-Oct-23	Drafting of update to BMO. Review of administration costs. Review of various documentation (Lumos distribution agreement, 3PL profit-sharing agreements, etc.).	3.1
Sagolili, Ni	16-Oct-23	Discussion with N. Jones re: update to BMO.	0.2
Mavhunga, M	16-Oct-23	Internal discussion/file review re: CRA liabilities, CRA Audit and WEPPA issues.	0.5

Staff	Date	Comments	Hours
Jones, N	16-Oct-23	Review and comment on draft BMO update; Meeting re next steps with N. Sagolili re BMO update.	1
Sae-Chua, K	16-Oct-23	Review email re CRA audit request; correspondence with J. Jesuratnam re creation of excel tracker for CRA audit requests; review of excel tracker re same.	1.3
Sagolili, Ni	17-Oct-23	Update memo to BMO. Review of receivership costs incurred to date.	0.5
Sae-Chua, K	17-Oct-23	Review customer responses; respond to customer responses; document customer responses; locate files for CRA audit request.	2.6
Sagolili, Ni	18-Oct-23	Discussion with C. Lonergan. Review of legal letter to Mexican Red Cross. E-mail from legal counsel. Receipt of shipping documentation from Wills Transfer. Discussion with K. Sae-Chua re: CRA trust examination. Request bank statements from BMO. Follow-up with dcare AG re: international contracts. Revise update to BMO.	1.3
Jones, N	18-Oct-23	Review and comments on BMO draft update.	1
Lonergan, C	18-Oct-23	BMO lender update review and proposed changes re: the same, discussion with BDO team re: the same, etc.	0.8
Sae-Chua, K	18-Oct-23	Locate CRA audit request files; compile payroll files from Ceridian.	3.2
Sagolili, Ni	19-Oct-23	Finalize update to BMO.	0.2
Jones, N	19-Oct-23	Discussions and update re source deductions priority claim; Discussion with R Fraser; Update to BMO.	1.5
Sae-Chua, K	19-Oct-23	Locate files for CRA audit request; follow up with accounts receivable customers.	2.7
Jones, N	20-Oct-23	Review of Inventory quantity issue and correspond with 3PL; Discussion with R. Fraser re Purchaser requests.	1.5
Sagolili, Ni	20-Oct-23	Receipt of BMO bank statements. Correspond with K. Sae-Chua re: CRA trust examination and AR collections. E-mails re: inventory at Gilmore Global warehouse.	0.3
Sae-Chua, K	20-Oct-23	Finalize files for CRA audit request; email correspondence to M. Mavhunga and N. Sagolili re same.	0.8
Sagolili, Ni	23-Oct-23	Call with K. Sae-Chua re: status of AR collections and CRA trust examination. Receipt of revised Mexico Red Cross and send to Mexico Red Cross. Review of documents compiled for CRA trust examination, and discussion with K. Sae-Chua re: same. Attend re: payment of invoice. Follow-up e-mail to R. Fraser.	1.5
Sae-Chua, K	23-Oct-23	Correspondence with M. Mavhunga re updates on accounts receivable collection; correspondence with N. Sagolili re same; document customer email responses on account receivable tracker.	1.2
Jones, N	24-Oct-23	Correspondence re transfer of Hawktree email domain to purchaser.	0.5
Sae-Chua, K	24-Oct-23	Upload CRA audit request files; follow up with account receivables; document communication in the account receivables tracker.	5.2
Sagolili, Ni	25-Oct-23	Receipt of shipping documentation from Wills Transfer. E-mail to Gilmore Global. Review of Lumos distributor agreement, analysis from R. Fraser, and e-mails from R. Frase re: same. Follow-up e-mail to dcare AG. Receipt of shipping documentation from Gilmore Global. Draft and send correspondence to Argentina Red Cross and Colombia Red Cross. Receipt of e-mails re: outstanding AR.	1.6
Jones, N	25-Oct-23	Discussion with R. Fraser re BNS Account access; Correspondence with dcare re potential purchase of international licence agreements; Discussion with AK&H re purchase of G-Force claim and Hypothec security.	0.75

Staff	Date	Comments	Hours
Sae-Chua, K	25-Oct-23	Follow up with account receivables on outstanding amounts; respond and document communication with account receivables in the tracker.	4.1
Sagolili, Ni	26-Oct-23	Receipt of e-mails re: outstanding AR, and discussion with K. Sae-Chua re: same. Drafting of Court report.	2.2
Sae-Chua, K	26-Oct-23	Follow up with account receivables; respond to and document communication in the account receivables tracker.	4.1
Sagolili, Ni	27-Oct-23	Receipt of e-mails re: outstanding AR, and discussion with K. Sae-Chua re: same. E-mails to/from R. Fraser re: AR and other matters. Drafting of Court report.	3.8
Jones, N	27-Oct-23	Correspondence with AK&H re G-Force claim; Internal updates with C Lonergan and N Sagolili.	0.5
Sae-Chua, K	27-Oct-23	Follow up with account receivables; respond to and document communication within the tracker; correspondence with BDO Halifax banking team re payments collected.	3.6
Jones, N	30-Oct-23	Update with C Lonergan and instructions to N Sagolili re Guarantors update; Instructions re Receivership payments.	0.5
Sagolili, Ni	30-Oct-23	Discussion with N. Jones. Attend re: payment of invoice. E-mail from R. Fraser. E-mails re: AR collections.	0.3
Sagolili, Ni	31-Oct-23	Follow-up with R. Fraser re: AR cheques and other matters. Correspond with K. Sae-Chua re: AR collections and CRA trust examination. Receipt of shipping documentation from Wills Transfer. E-mail to Gilmore Global. Follow-up e-mails to Argentina Red Cross and Colombia Red Cross. E-mail to L. Chun re: BMO bank statements.	0.7
Sagolili, Ni	1-Nov-23	Follow-up e-mail to Mexican Red Cross. Draft update to guarantors. Receipt of shipping documentation from Gilmore Global. E-mail from L. Chun re: BMO bank statements.	0.6
Sae-Chua, K	1-Nov-23	Upload invoice samples for CRA audit request; follow up with account receivables; document account receivable conversations and payment confirmations.	3.1
Jones, N	2-Nov-23	Discussion with BMO and counsel re receiver's update and related recommendations; Review of WPT contracts and discussion with R. Fraser re same.	1.75
Sagolili, Ni	2-Nov-23	Receipt of shipping documentation from Wills Transfer. E-mails to/from R. Fraser.	0.2
Sagolili, Ni	2-Nov-23	Drafting of Court report.	1.3
Mavhunga, M	3-Nov-23	Various file admin tasks, correspondence with ROB re AR collection. Data breach former staff. Accounting information research for WPT receivable.	1
Jones, N	3-Nov-23	Review of WPT contracts and related legal claim; Correspondence with HTS Thailand counsel re meeting to discuss WPT claim; Review of draft update to Guarantors; Update meeting with N. Sagolili; Call with R. Fraser.	1.5
Sagolili, Ni	3-Nov-23	Discussion with N. Jones re: outstanding matters and Court report.	0.5
Sae-Chua, K	3-Nov-23	Organize and update payments tracker; verify October payments against bank statements; compile a summary of deposits within the BMO bank statement after date of receivership.	1.6
Lonergan, C	3-Nov-23	Final Court Report review and update of sections, etc.	2.2
Jones, N	6-Nov-23	Discussion with M. Mavhunga re chargeback issue; Review of correspondence from R. Fraser re WPT claim and timesheet.	0.5

Staff	Date	Comments	Hours
Sagolili, Ni	6-Nov-23	Receipt of bank statements from BMO. Various e-mails re: removal of inventory from 3PL facilities.	0.2
Loneragan, C	6-Nov-23	Follow up with BDO team re: Report changes, updates re: the same, etc.	1.4
Jones, N	7-Nov-23	Review of draft update to Hawktree guarantors.	0.75
Sagolili, Ni	8-Nov-23	Revise update to guarantors. Discussion with C. Lonergan re: outstanding matters and Court report. Discussion with K. Sae-Chua re: AR collections and CRA trust examination. Correspond with R. Fraser re: AR cheques. Prepare interim statement of receipts and disbursements. Draft of Court report.	1.8
Sae-Chua, K	8-Nov-23	Review customer email replies; respond to customer inquiries; document interaction into the account receivables tracker.	0.8
Sagolili, Ni	9-Nov-23	E-mails re: removal of inventory from Wills Transfer 3PL. Call with T. Kourebeles re: inventory purchased. Drafting of Court report.	2.8
Jones, N	9-Nov-23	Discussion with ACME re Inventory movement and update to C. Lonergan.	0.5
Sae-Chua, K	9-Nov-23	Compile summary of BMO bank transactions from the date of receivership.	0.5
Sagolili, Ni	10-Nov-23	Drafting of Court report.	1.1
Sagolili, Ni	13-Nov-23	Review and revise Court report.	1.6
Sae-Chua, K	13-Nov-23	Leave voicemail to CRA trust examiner re updates on the CRA audit request.	0.1
Sagolili, Ni	14-Nov-23	Discussion with N. Jones re: Court report and outstanding matters. Discussion with K. Sae-Chua re: AR cheques and CRA trust examination. Review of post-receivership BMO bank statements, and e-mail to L. Chun re: same. Calculate total post-receivership AR deposits into BMO bank account and e-mail to L. Chun re: same. Correspond with K. Sae-Chua re: Scotiabank accounts. Revise update to guarantors.	1.8
Jones, N	14-Nov-23	Discussion with Nicole S. Re outstanding items; Review of invoices and billings, etc. Re final report; Guarantors update.	1.25
Loneragan, C	14-Nov-23	Review of Guarantor update, follow up with BDO team re: R&D and upcoming Court time, etc.	0.6
Sae-Chua, K	14-Nov-23	Review Scotiabank bank statements from Jan 2022; upload same to CRA for the audit request; review bank statements for new deposits; correspondence with C. Hobson re same; draft letter to Scotiabank re open bank account and credit card; compile summary of post-receivership deposits with Scotiabank account; correspondence with M. Mavhunga re same; review emails received from account receivables.	3.4
Jones, N	15-Nov-23	Review of draft Receiver report.	0.75
Sae-Chua, K	15-Nov-23	Revise draft letter to Scotiabank re comments from M. Mavhunga; draft email to Scotiabank re open bank account and credit card; correspondence with M. Mavhunga re same.	1
Jones, N	16-Nov-23	Discussion with R. Fraser re guarantor buyout option.	1
Jones, N	21-Nov-23	Discussion with counsel re outstanding issues and next steps; Update discussion with C Lonergan; Follow-up on outstanding items including AR collection and offer to guarantors to purchase unrealizable assets.	1.25
Sae-Chua, K	21-Nov-23	Draft follow up email to Scotiabank re post-receivership requirements; verify deposit from BMO within the receiver's bank account statement.	0.2
Mavhunga, M	21-Nov-23	Review of APA and related schedules, cost allocation agreements and 3pls invoice to draft cost allocation schedule.	1
Jones, N	22-Nov-23	Discussions with guarantors RT and RF (separate calls); Other receiver tasks.	1.25

Staff	Date	Comments	Hours
Sae-Chua, K	22-Nov-23	Draft and send follow up emails to outstanding receivables.	0.2
Jones, N	23-Nov-23	Review of pre-receivership billings re SISP; Follow-up re Guarantors Inquiry, Call with Thailand counsel; Draft report to counsel.	0.75
Jones, N	24-Nov-23	SISP Fee Request to BMO; Calculation of 3PL Profit Sharing.	2.5
Jones, N	28-Nov-23	Email correspondence re Guarantor Enquiry results, PPA Adjustment and contractor payment.	0.75
Lonergan, C	28-Nov-23	File update, inventory update, PP&E, court report status and discussion with BDO team re: the same, etc.	0.8
Jones, N	29-Nov-23	Email to BMO re SISP Fee request; Review of Profit-Sharing Agreement and related calculation of profits to 3pls.	1
Sae-Chua, K	30-Nov-23	Draft email response to Scotiabank re court order request.	0.1
Jones, N	30-Nov-23	Call and written correspondence to Wills re profit sharing payment and abandonment of PPE.	0.5
Jones, N	1-Dec-23	Correspondence to Gilmore re Profit Sharing Agreement.	0.75
Sagolili, Ni	4-Dec-23	Discussion with N. Jones and H. Yin re: outstanding receivership matters, Court report, and inventory reconciliation. Compile documents and discussions with H. Yin re: inventory reconciliation. Discussion with K. Sae-Chua re: status of CRA trust examination. Receipt and review of various e-mails from guarantors, 3PL's, and other stakeholders. Review of inventory reconciliation.	1.4
Jones, N	4-Dec-23	Discussion with N Sagolili and H Yu re inventory PPA calculation.	0.5
Sagolili, Ni	5-Dec-23	Review and summarize inventory reconciliation, and discussion with N. Jones re: same. E-mail to Gilmore Global. Review of 3PL profit-sharing calculation.	1.5
Jones, N	5-Dec-23	Review of Calc. Of Inventory Sent to Purchaser and Profit-Sharing Agreement Calc. With N. Sagolili.	0.5
Sae-Chua, K	5-Dec-23	Draft follow up email to Scotiabank re post-receivership requirements; draft email for Company to M. Mavhunga re products not received by customers.	0.6
Jones, N	6-Dec-23	Internal review of profit-sharing payout with 3pls; Email correspondence with BMO's counsel.	0.5
Sagolili, Ni	6-Dec-23	Update 3PL profit-sharing calculations.	0.2
Jones, N	7-Dec-23	Discussion with Gary Feldman re HTS next steps.	0.5
Sagolili, Ni	7-Dec-23	Discussion with N. Jones re: 3PL profit-sharing calculation, and AR collections.	0.6
Sae-Chua, K	7-Dec-23	Review Receiver's bank account general ledger file to date.	0.2
Sagolili, Ni	8-Dec-23	Follow-up with Gilmore Global re: invoices.	0.1
Sae-Chua, K	8-Dec-23	Draft follow up email to Scotiabank re bank account requests.	0.1
Jones, N	8-Dec-23	Proposed Profit-Sharing Calculation to 3pls. Review of Receiver's final report.	1.75

This is Exhibit "D" referred to in the affidavit of

Neil Jones

Sworn before me this 9th day of January, 2024



A COMMISSIONER FOR TAKING AFFIDAVITS

KIMBERLEY A. BURKE
A Commissioner of the Superior
Court of Nova Scotia



Tel: 416 865 0210
Fax: 416 865 0904
www.bdo.ca

BDO Canada Limited
20 Wellington Street E, Suite 500
Toronto ON M5E 1C5 Canada

217

INVOICE

Hawktree Solutions
220 Kennevale Drive
Nepean, ON K2J 0C4

Attention : Rob Fraser, President

Date

February 27, 2023

Invoice No.

CINV2156067

Re 7132221 Canada Inc. o/a Hawktree Solutions

TO OUR FEE FOR PROFESSIONAL SERVICES rendered in connection with our engagement as financial advisor to the company for the period January 3, 2022 to February 10, 2023.

Our Fee	\$	57,005.50
Courtesy Discount		(7,005.50)
Subtotal		50,000.00
HST 13% (#R101518124)		6,500.00
Total Due	\$	56,500.00

Summary of Time Charges	Hours	Rate	Amount
C. Lonergan, Partner	5.9	595.00	\$ 3,510.50
N. Jones, Partner	45.0	500.00	\$ 22,500.00
M. Mavhunga, Manager	44.9	375.00	\$ 16,837.50
A. Stern, Manager	1.6	375.00	\$ 600.00
J. Argier, Analyst	49.3	275.00	\$ 13,557.50
Total	146.7		\$ 57,005.50

Staff	Date	Comments	Hours
Jones, N	03-Jan-23	Internal review of Financial Projection; Planning for SISP; Needle Mover discussion; Update Call with Management.	4.5
Jones, N	04-Jan-23	Internal review of Financial Projection; Planning for SISP; Update Call with Management.	3.5
Jones, N	05-Jan-23	Internal review of Financial Projection; Planning for SISP; Update Call with Management.	3.0
Jones, N	06-Jan-23	Internal review of Financial Projection; Planning for SISP; Update Call with Management.	3.0
Argier, J	06-Jan-23	Meetings about buyers' list and company.	1.0
Argier, J	06-Jan-23	Buyers list.	3.0
Stern, A	06-Jan-23	Buyers list.	0.5
Argier, J	09-Jan-23	Buyers list.	6.0
Argier, J	10-Jan-23	Buyers list.	6.0
Stern, A	11-Jan-23	Buyers list.	0.5
Argier, J	12-Jan-23	Meeting to review buyers list.	0.5
Argier, J	12-Jan-23	Buyers list.	4.0
Stern, A	12-Jan-23	Buyers list.	0.3
Argier, J	13-Jan-23	Buyers list.	3.0
Stern, A	16-Jan-23	Buyers list.	0.3
Jones, N	26-Jan-23	Review of draft Buyers List and feedback to A. Stern and J. Argier.	0.5
Argier, J	26-Jan-23	Hawktree meeting.	0.3
Argier, J	30-Jan-23	Buyers' list.	4.0
Jones, N	30-Jan-23	Review of SISP Procedure; Review of Buyers List; Requests to PC re NDA and SOQ	2.0
Lonergan, C	31-Jan-23	Call with Counsels of the Directors re: Bank of Montreal, discussion with Company and Bank re: forbearance, etc. Update call with Company and BDO team re: next steps, Bank update, cash flow, use of settlement proceeds, and SISP, etc.	1.2
Argier, J	31-Jan-23	Buyers' list.	3.5
Mavhunga, M	31-Jan-23	Drafting and reviewing three-week variance analysis. Discussions and correspondence with Joanne re: same. Gathering and reviewing data room information for SISP process.	5.7
Lonergan, C	01-Feb-23	Follow up with Company, Bank and Counsel re: forbearance, discussion with new Corporate Counsel, review of cash flows and SISP update, etc.	1.0
Argier, J	01-Feb-23	Buyers' list.	2.5

Staff	Date	Comments	Hours
Jones, N	01-Feb-23	Discussions with PC and MM re SISP and cfs respectively; Email correspondence to BMO re CF Forecast and delayed interest payment.	2.0
Mavhunga, M	01-Feb-23	Reviewing data room information and drafting sales process documents.	4.3
Jones, N	02-Feb-23	Review of SISP procedure, NDA, Teaser; Bid Procedures Letter, etc.	2.0
Mavhunga, M	02-Feb-23	Reviewing data room information and drafting sales process documents.	5.0
Lonergan, C	02-Feb-23	SISP material review and update call with BDO team re: the same, etc.	0.5
Jones, N	03-Feb-23	Correspondence re Forbearance Agreement and Company's Bank Interest Payment; Related discussion with Management; Data room Set Up.	1.5
Mavhunga, M	03-Feb-23	Reviewing data room information and drafting sales process documents.	5.5
Argier, J	03-Feb-23	Buyers' list.	1.0
Mavhunga, M	05-Feb-23	Preparing sales process package documents.	4.8
Jones, N	06-Feb-23	Review of SISP documents with C. Lonergan; Call with President to discuss SISP Procedure, Buyers List, Teaser, etc.; Prep for going live re SISP.	6.0
Lonergan, C	06-Feb-23	Finalizing SISP review and discussion with BDO team and Company re: next steps, etc.	1.4
Argier, J	06-Feb-23	Buyers' list edits and email correspondence.	4.5
Mavhunga, M	06-Feb-23	Preparing sales process package documents.	8.3
Jones, N	07-Feb-23	Review NDA; Review Data Room materials; Draft SOQ Letter; Discussion with management; Review of CIM and discussion with M. Mavhunga re same.	5.0
Argier, J	07-Feb-23	Buyers' correspondence	4.5
Lonergan, C	07-Feb-23	SISP material review and update with the BDO team re: the same, etc.	1.0
Mavhunga, M	07-Feb-23	Preparing sales process package documents.	6.0
Mavhunga, M	08-Feb-23	Drafting sales process documents, update to data room files, correspondence re: same. Drafting variance report.	5.3
Lonergan, C	08-Feb-23	SISP review, discussion with Company and Counsel re: cash flows, settlements, vendor payment, etc.	0.8
Argier, J	08-Feb-23	Email correspondence and buyers' list	2.5
Jones, N	08-Feb-23	Review Data Room materials; Review of CIM and discussion with C. Lonergan re same; Call with President to review VDR and CIM; Update to BMO.	6.0

Staff	Date	Comments	Hours
Jones, N	09-Feb-23	Review of NDA adjustments from Dcare and Cintas; Finalize CIM and VDR; Discussion with President	2.0
Argier, J	09-Feb-23	Buyers' List updates and email correspondence.	3.0
Jones, N	10-Feb-23	CF Variance Analysis review and update; SISP related correspondence; Discussions with Management re CF Variance analysis and margin limit reduction.	4.0

APPENDIX “H”

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

B E T W E E N:

BANK OF MONTREAL

Applicant

- and -

7132221 CANADA INC.

Respondent

APPLICATION UNDER SECTION 243(1) of the *BANKRUPTCY AND INSOLVENCY ACT* R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. c-43, AS AMENDED

FEE AFFIDAVIT OF MICHAEL PROSIA

I, MICHAEL PROSIA, of the City of London, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a partner with the law firm of Miller Thomson LLP ("**MT**"), lawyers for BDO Canada Limited ("**BDO**"), in its capacity as Court-appointed Receiver (the "**Receiver**") of the assets, undertakings and properties of 7132221 Canada Inc. and have knowledge of the matters to which I hereinafter depose. The facts herein are within my personal knowledge and are true.
2. I make this Affidavit in support of the Receiver's motion for, among other things, having the fees and disbursements of MT, as legal counsel to the Receiver, approved.
3. Attached hereto to this my Affidavit and marked as **Exhibit "A"** are copies of the invoices (the "**MT Invoices**") rendered by MT to BDO which reflect, *inter alia*, fees and disbursements of MT for the period June 2, 2023 through December 28, 2023 (the "**Period**"). The MT Invoices accurately reflect the services provided by MT during the Period and the fees and disbursements claimed by it. During the Period, the fees and

disbursements billed were \$36,633.50 and \$371, respectively, plus H.S.T. in the amount of \$4,766.53 for a total of \$41,771.03.

4. Attached hereto to this my Affidavit and marked as **Exhibit "B"** is a schedule summarizing MT's fees for the Period. Lawyers and staff at MT have collectively expended a total of 53.6 billable hours in connection with this matter during the Period as outlined in the schedule.

5. To the best of my knowledge, the rates charged by MT throughout these proceedings are comparable to the rates charged by other firms in the Southwestern Ontario market for the provision of similar services. No premiums have been charged on the MT Invoices.

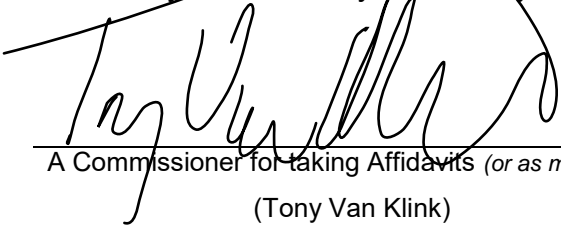
SWORN BEFORE ME:

in person by video conference

With the deponent in the City of London,
County of Middlesex, Province of Ontario
and the Commissioner in the Municipality
of Thames Centre, Province of Ontario in
accordance with O. Reg. 431/20,
Administering Oath or Declaration
Remotely this 10th day of January, 2024.



Michael Prosia


A Commissioner for taking Affidavits (or as may be)
(Tony Van Klink)

Attached are Exhibits "A" and "B" to
the Affidavit of Michael Prosia sworn
the 10th day of January, 2024.



A Commissioner, Etc.

EXHIBIT "A"

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MILLER THOMSON LLP
ONE LONDON PLACE
255 QUEENS AVENUE, SUITE 2010
LONDON, ON N6A 5R8
CANADA

T 519.931.3500
F 519.858.8511

MILLERTHOMSON.COM

August 31, 2023

Invoice Number 3918396

BDO Canada Limited
252 Pall Mall Street
Suite 103
London, ON N6A 5P6

Attention: Clark Lonergan, Partner/Senior Vice President

To Professional Services Rendered in connection with the following matter(s) including:

**Re: 7132221 Canada Inc. o/a Hawktree Solutions
Our File No. 0119381.0026**

Date	Initials	Description	Hours
06/02/2023	AVK	Reviewing Application Record	0.30
06/05/2023	AVK	MS Teams meeting with Clark Lonergan and Neil Jones	0.60
06/06/2023	AVK	Telephone call with counsel for BMO; telephone call with Mr. Jones re form of appointment order; emails with counsel for BMO; telephone call with counsel for BDC	1.40
06/07/2023	AVK	Emails with BDO and counsel for BDC and BMO regarding revisions to draft order	0.50
06/12/2023	AVK	Emails with BDO and counsel for BMO; telephone calls with Mr. Jones	0.50
06/13/2023	AVK	Telephone call with Mr. Jones	0.30
06/15/2023	AVK	Telephone call with counsel for BMO	0.30
07/11/2023	AVK	Emails with BDO regarding receivership order	0.10
07/11/2023	AVK	MS Teams meeting with Mr. Jones and Mr. Lonergan	0.70
07/12/2023	AVK	Revising SISF terms	1.20
07/13/2023	AVK	MS Teams meeting with Mr. Jones (CRC, 3PL, Mexico	0.50

Date	Initials	Description	Hours
		sales rep)	
07/14/2023	AVK	Revising draft NDA; reviewing background documents and agreements (CIM, CRC Distribution Agreement, 3PL Agreements)	1.00
07/18/2023	AVK	Emails with Mr. Jones	0.10
07/19/2023	AVK	Considering lease related issues; MS Teams meeting with Mr. Jone	0.50
08/01/2023	AVK	Telephone call with Mr. Lonergan re status of sale process and offers	0.30
08/02/2023	AVK	Drafting Agreement of Purchase and Sale	3.20
08/03/2023	AVK	Working on draft Agreement of Purchase and Sale	2.20
08/04/2023	AVK	Reviewing comments on APS	0.20
08/08/2023	AVK	Working on revisions to draft APS; emails with Receiver	1.20
08/11/2023	AVK	Reviewing information relating to misuse of customer/confidential information by former employee and Quebec Hypothec litigation and communicating with Mr. Jones thereon; telephone call with counsel for BMO; email to counsel for BDC re enforcement notices and stay of proceedings; discussion with Mr. Downing regarding injunction action against former employees for misuse of confidential information, and email to Mr. Jones thereon	2.60
08/11/2023	JD	Review email from Mr. Van Klink regarding the conduct of former employees of Hawktree Solutions; review the emails attached to Mr. Fraser's email; telephone discussion with Mr. Van Klink regarding the option of bring an injunction application; provide advice and direction; review email from Mr. Van Klink to Mr. Jones;	0.40
08/15/2023	AVK	Reviewing sale process updates; reviewing BMO/BDC Priority Agreement and considering relative priority to "contractual rights"; communicating with Mr. Jones	0.60
08/15/2023	JD	Review email from Mr. Jones; email to Mr. Jones regarding the option of issuing a demand letter;	0.20
08/17/2023	AVK	Reviewing sale process update; MS Teams meetings	1.10

Date	Initials	Description	Hours
		with Receiver and counsel for BMO and BDC	
08/18/2023	AVK	Working on First Aid Central transaction - reviewing LOI, emails with Receiver, reviewing comments from purchaser's counsel on APA and revising APA	1.00
08/21/2023	AVK	Working on revisions to draft APA with Acme United; telephone call with Mr. Jones	2.30
08/23/2023	AVK	Emails with Mr. Jones regarding Acme United transaction	0.10
08/24/2023	AVK	Communicating with Mr. Jones regarding revisions to APA and assignment of CRC contract; revising draft APA; reviewing CRC assignment Agreement and providing comments thereon	1.80
08/25/2023	AVK	Revising Amce United APA and communicating with Mr. Jones thereon	0.30
08/28/2023	AVK	Communicating with Commercial List office, Receiver and other counsel regarding sale approval motion	0.20
08/28/2023	AVK	Revising Acme United APA and communicating with Receiver thereon	0.30
08/29/2023	AVK	Finalizing APA; emails with other counsel and Receiver regarding hearing date	0.30
08/30/2023	AVK	Revising Receiver's First Report	1.20
08/31/2023	AVK	Working on materials for sale approval motion (report, notice of motion and draft orders)	2.00
Total Hours			29.50

Our Fee: 20,210.50

TK ID	Initials	Name	Title	Rate	Hours	Amount
05403	AVK	A. Van Klink	Partner	\$685.00	28.90	\$19,796.50
05400	JD	J. Downing	Partner	\$690.00	0.60	\$414.00

Ontario HST 13% (R119440766)
On Fees

\$2,627.37

Total Amount Due

\$22,837.87

E.&O.E.



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
ONE LONDON PLACE
255 QUEENS AVENUE, SUITE 2010
LONDON, ON N6A 5R8
CANADA

T 519.931.3500
F 519.858.8511

229

MILLERTHOMSON.COM

September 30, 2023

Invoice Number 3923471

BDO Canada Limited
252 Pall Mall Street
Suite 103
London, ON N6A 5P6

Attention: Clark Lonergan, Partner/Senior Vice President

To Professional Services Rendered in connection with the following matter(s) including:

Re: 7132221 Canada Inc. o/a Hawktree Solutions
Our File No. 0119381.0026

Date	Initials	Description	Hours
09/07/2023	AVK	Working on motion materials and draft orders for sale approval motion; email to counsel for purchaser	1.40
09/08/2023	AVK	Finalize sale approval motion record; correspondence to Service List	0.50
09/08/2023	AVK	Telephone call with counsel for BMO	0.10
09/12/2023	AVK	Drafting factum for sale approval motion; correspondence to Service List	2.20
09/18/2023	AVK	Telephone call with Mr. Jones; email to Service List; finalizing materials for sale approval motion	0.70
09/21/2023	AVK	Preparing for and attending on sale approval motion; MS Teams meeting with Mr. Jones to discuss closing arrangements; receive signed orders and letter to Service List; working on closing documents	3.50
09/22/2023	AVK	Working on Acme United transaction, revising closing documents, communicating with purchaser's counsel and Mr. Jones	1.20
09/25/2023	AVK	Closing Acme United sale	3.50
09/26/2023	AVK	Communications throughout the day with Mr; Jones and counsel for purchaser regarding closing of sale	1.20



Date	Initials	Description	Hours
		transaction	
09/27/2023	AVK	Emails with Receiver and purchaser's counsel; complete closing and filing of Receiver's Certificate	0.80
Total Hours			15.10

Our Fee: **10,343.50**

TK ID	Initials	Name	Title	Rate	Hours	Amount
05403	AVK	A. Van Klink	Partner	\$685.00	15.10	\$10,343.50

Non-Taxable Disbursements

Issue Notice of Motion 339.00

Total Non-Taxable Disbursements 339.00 **\$339.00**

Total Fees and Disbursements **\$10,682.50**

Ontario HST 13% (R119440766)

On Fees \$1,344.66

Total Amount Due **\$12,027.16**

E.&O.E.



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
ONE LONDON PLACE
255 QUEENS AVENUE, SUITE 2010
LONDON, ON N6A 5R8
CANADA

T 519.931.3500
F 519.858.8511

231

MILLERTHOMSON.COM

October 31, 2023

Invoice Number 3938323

BDO Canada Limited
252 Pall Mall Street
Suite 103
London, ON N6A 5P6

Attention: Clark Lonergan, Partner/Senior Vice President

To Professional Services Rendered in connection with the following matter(s) including:

Re: 7132221 Canada Inc. o/a Hawktree Solutions
Our File No. 0119381.0026

Date	Initials	Description	Hours
10/04/2023	AVK	Emails with Mr. Jones	0.10
10/16/2023	AVK	Reviewing 3PL profit sharing agreement and emails with Receiver thereon	0.20
10/17/2023	AVK	Drafting letter to CRM re outstanding A/R	0.30
10/20/2023	AVK	Reviewing email from Mr. Jones with status update on all aspects of receivership	0.10
10/23/2023	AVK	Email from MRC	0.10
Total Hours			0.80

Our Fee: 548.00

TK ID	Initials	Name	Title	Rate	Hours	Amount
05403	AVK	A. Van Klink	Partner	\$685.00	0.80	\$548.00

Ontario HST 13% (R119440766)



On Fees

\$71.24

Total Amount Due

\$619.24

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MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
ONE LONDON PLACE
255 QUEENS AVENUE, SUITE 2010
LONDON, ON N6A 5R8
CANADA

T 519.931.3500
F 519.858.8511

233

MILLERTHOMSON.COM

November 30, 2023

Invoice Number 3948223

BDO Canada Limited
252 Pall Mall Street
Suite 103
London, ON N6A 5P6

Attention: Clark Lonergan, Partner/Senior Vice President

To Professional Services Rendered in connection with the following matter(s) including:

Re: 7132221 Canada Inc. o/a Hawktree Solutions
Our File No. 0119381.0026

Date	Initials	Description	Hours
11/02/2023	AVK	MS Teams meeting with Mr. Jones, BMO and counsel for BMO	0.90
11/20/2023	AVK	Working on security opinion	1.00
11/21/2023	JC	Obtain certificate of compliance, Strategis Report; Bank Act certificate and verbal PPSA printout for 7132221 Canada Inc.;	0.30
11/21/2023	AVK	MS Teams meeting with Mr. Jones; revising and finalizing security opinion	0.80
11/28/2023	AVK	Emails with Mr. Jones	0.10
		Total Hours	3.10

Our Fee: 2,038.00



TK ID	Initials	Name	Title	Rate	Hours	Amount
05403	AVK	A. Van Klink	Partner	\$685.00	2.80	\$1,918.00
01510	JC	J. Chau	Paraprofession nal	\$400.00	0.30	\$120.00

Taxable Disbursements

Certificate of Status/Compliance	10.00	
Bank Act Search (CSRS) - Ontario	14.00	
PPSA Search - Ontario	8.00	
Total Taxable Disbursements	<u>32.00</u>	\$32.00

Total Fees and Disbursements **\$2,070.00**

Ontario HST 13% (R119440766)

On Fees		\$264.94
On Disbursements		\$4.16

Total Amount Due **\$2,339.10**

E.&O.E.



MILLER THOMSON
 AVOCATS | LAWYERS

MILLER THOMSON LLP
 ONE LONDON PLACE
 255 QUEENS AVENUE, SUITE 2010
 LONDON, ON N6A 5R8
 CANADA

235

T 519.931.3500
 F 519.858.8511

MILLERTHOMSON.COM

December 28, 2023

Invoice Number 3951452

BDO Canada Limited
 252 Pall Mall Street
 Suite 103
 London, ON N6A 5P6

Attention: Clark Lonergan, Partner/Senior Vice President

To Professional Services Rendered in connection with the following matter(s) including:

Re: 7132221 Canada Inc. o/a Hawktree Solutions
Our File No. 0119381.0026

Date	Initials	Description	Hours
12/27/2023	AVK	Working on revisions to Second Report to Court	2.50
12/28/2023	AVK	Working on revisions to second report, preparing notice of motion and draft order	2.60
Total Hours			5.10

Our Fee: 3,493.50

TK ID	Initials	Name	Title	Rate	Hours	Amount
05403	AVK	A. Van Klink	Partner	\$685.00	5.10	\$3,493.50

Ontario HST 13% (R119440766)
 On Fees \$454.16

Total Amount Due \$3,947.66



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Invoice 3951452

E.&O.E.

EXHIBIT "B"
Miller Thomson's Fees

	<u>Year of Call</u>	<u>Rate 2023</u>	Invoice #3918396 <u>31-Aug-23</u>	Invoice #3923471 <u>30-Sep-23</u>	Invoice #3938323 <u>31-Oct-23</u>	Invoice #3948223 <u>30-Nov-23</u>	Invoice #3951452 <u>28-Dec-23</u>	<u>Total</u>
Hours								
T. Van Klink - Partner	1988	\$685.00	28.90	15.10	0.80	2.80	5.10	52.70
J. Downing - Partner	1998	\$690.00	0.60	0.00	0.00	0.00	0.00	0.60
J. Chau - Paraprofessional	N/A	\$400.00	0.00	0.00	0.00	0.30	0.00	0.30
			<u>29.50</u>	<u>15.10</u>	<u>0.80</u>	<u>3.10</u>	<u>5.10</u>	<u>53.60</u>
Total \$								
T. Van Klink - Partner	1988	\$685.00	\$ 19,796.50	\$ 10,343.50	\$ 548.00	\$ 1,918.00	\$ 3,493.50	\$ 36,099.50
J. Downing - Partner	1998	\$690.00	\$ 414.00	\$ -	\$ -	\$ -	\$ -	\$ 414.00
J. Chau - Paraprofessional	N/A	\$400.00	\$ -	\$ -	\$ -	\$ 120.00	\$ -	\$ 120.00
			<u>\$ 20,210.50</u>	<u>\$ 10,343.50</u>	<u>\$ 548.00</u>	<u>\$ 2,038.00</u>	<u>\$ 3,493.50</u>	<u>\$ 36,633.50</u>
Summary								
Fees			\$ 20,210.50	\$ 10,343.50	\$ 548.00	\$ 2,038.00	\$ 3,493.50	\$ 36,633.50
Disbursements			\$ -	\$ 339.00	\$ -	\$ 32.00	\$ -	\$ 371.00
HST			\$ 2,627.37	\$ 1,344.66	\$ 71.24	\$ 269.10	\$ 454.16	\$ 4,766.53
Total			<u>\$ 22,837.87</u>	<u>\$ 12,027.16</u>	<u>\$ 619.24</u>	<u>\$ 2,339.10</u>	<u>\$ 3,947.66</u>	<u>\$ 41,771.03</u>

BANK OF MONTREAL 7132221 CANADA INC.
and
Applicant Respondent

Court File No. CV-23-00700033-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

FEE AFFIDAVIT OF MICHAEL PROSIA

MILLER THOMSON LLP

One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8

Tony Van Klink LSO# 29008M

tvanklink@millerthomson.com

Tel: 519.931.3509

Fax: 519.858.8511

**Lawyers for BDO Canada Limited,
the Court-appointed Receiver of the
assets, undertakings and properties of
7132221 Canada Inc.**

BANK OF MONTREAL

Applicant

and

7132221 CANADA INC.

Respondent

Court File No. CV-23-00700033-00CL

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

Proceeding commenced at TORONTO

MOTION RECORD

MILLER THOMSON LLP

One London Place
255 Queens Avenue, Suite 2010
London, ON Canada N6A 5R8

Tony Van Klink LSO#: 29008M

Tel: 519.931.3509

Fax: 519.858.8511

Email: tvanklink@millerthomson.com

**Lawyers for BDO Canada Limited, the
Court-appointed Receiver of the assets,
undertakings and properties of 7132221
Canada Inc.**