

District of Ontario
Division No. 09 - Mississauga
Court File No. 32-3213105
Estate No. 32-3213105

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
INDEED LABORATORIES INC.
OF THE CITY OF MISSISSAUGA,
IN THE REGIONAL MUNICIPALITY OF PEEL,
IN THE PROVINCE OF ONTARIO.

FIRST REPORT OF THE PROPOSAL TRUSTEE
April 23, 2025

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INTRODUCTION

1. Indeed Laboratories Inc. (“**Indeed**” or the “**Company**”) is a privately held corporation incorporated pursuant to the *Canada Business Corporations Act* on December 19, 2008. Indeed operates as a developer and distributor of skincare products across Canada, the United States of America and the United Kingdom.
2. Indeed’s main office is located at 118 Avenue Road, Toronto, Ontario. The Company has warehouse space and offices located at 5181 Everest Drive, Mississauga, Ontario.
3. Michael B. Davidson (“**Michael**”) is the sole director of the Company.
4. On April 17, 2025, the Company filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to the *Bankruptcy & Insolvency Act* (the “**BIA**”). BDO Canada Limited (“**BDO**”) was named as the Licensed Insolvency Trustee (in such capacity, the “**Proposal Trustee**”) in these proceedings (the “**Proposal Proceedings**”). The Certificate of Filing of a Notice of Intention to Make a Proposal issued by the Office to the Superintendent of Bankruptcy is attached hereto as **Appendix ‘I’**.

PURPOSE

5. This is the first report of the Proposal Trustee (the “**First Report**”) to be filed in the Proposal Proceedings. The purpose of this First Report is to:
 - a) Provide this Court with information regarding:
 - (i) the background on the circumstances leading to the Company’s decision to commence the Proposal Proceedings;
 - (ii) the Company’s creditors;
 - (iii) the Proposal Trustee’s activities since its appointment;
 - (iv) an overview of the Company’s 15-week cash flow forecast for the periods ending April 27, 2025 to August 3, 2025 (the “**Cash Flow Forecast**”) and the Proposal Trustee’s comments regarding the reasonableness thereof; and
 - b) Support the Company’s motion seeking the following relief:
 - I. An ancillary order (the “**Ancillary Order**”) which:
 - (i) approves a \$250,000 first ranking priority charge over all of the Company’s assets, undertakings, and property (the “**Administration Charge**”) in favour of the Proposal Trustee, the Proposal Trustee’s legal counsel, the Company’s legal counsel and BDO Canada Transaction Advisory (the “**Sales Agent**” and collectively, the “**Professional**”

Group") to secure payment of their professional fees and disbursements. The Administration Charge shall rank in priority to all other charges;

- (ii) authorizes the Company to enter into an interim financing term sheet with 1000481370 Ontario Inc. (in such capacity, the "**DIP Lender**", otherwise referred to as "**370 Ontario**") dated about April 22, 2025 (the "**Term Sheet**"), to obtain interim financing of up to \$500,000 to facilitate the continued operations of the Company during these proceedings and approves a \$500,000 second ranking priority charge over all of the Company's assets, undertakings and property (the "**Interim Financing Charge**") in favour of 370 Ontario to secure repayment of the financing. The Interim Financing Charge shall rank in priority to all other obligations other than the Administration Charge, statutory super priority deemed trusts and liens for unpaid source deductions and such other permitted priority encumbrances as may be agreed to in writing by 370 Ontario;
- (iii) approves an extension of the stay of proceedings of 45 days and the time by which to file a proposal from May 17, 2025 to July 1, 2025 (the "**Stay Extension**"); and
- (i) such further and other relief as the Court may deem just and equitable.

- 6. This First Report is to be read in conjunction with the affidavit of Kevin Watkinson sworn April 23, 2025 (the "**Watkinson Affidavit**").
- 7. The Watkinson Affidavit, and all other materials filed with the Court in the Proposal Proceedings, are accessible on the Proposal Trustee's website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/IndeedLabs> (the "**Proposal Trustee's Website**").

TERMS OF REFERENCE

- 8. In preparing this First Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Company, discussions with management of the Company ("**Management**"), and information from other third-party sources (collectively, the "**Information**"). Except as described in this First Report in respect of the Cash Flow Forecast:
 - (a) The Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants Canada

Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and

- (b) Some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
- 9. Future-oriented financial information referred to in this First Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variation could be significant.
- 10. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in this First Report concerning the Company and their business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
- 11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

BACKGROUND

- 12. Indeed operates as a developer and distributor of skincare products across Canada, the United States of America and the United Kingdom. The Company's main customers are Shoppers Drug Mart ("Shoppers"), Loblaws, Ulta, Amazon US and Amazon UK. The Company's products are manufactured by third-party contract manufacturers. Several trademarks and proprietary formulas are also owned by the Company.
- 13. Indeed currently employs approximately 17 (seventeen) people consisting mainly of administrative and sales staff. Payroll is paid to employees on a biweekly basis.

CIRCUMSTANCES LEADING TO THE PROPOSAL PROCEEDINGS

- 14. Indeed operates in the competitive cosmetics industry. According to Management, revenues have decreased over the past several years because of, among other things, the increased costs of manufacturing Indeed's products which costs were passed onto consumers in the form of higher prices, which resulted in decreased demand for certain of Indeed's products.
- 15. Additionally, Indeed incurred significant capital expenditures building out infrastructure for anticipated sales that either did not materialize or were not sustained while marketing efforts to

compete with global competition were undercapitalized.

16. For the year ended December 31, 2024, the Company sustained a net loss of \$2,157,495. In 2023, the Company's net loss was \$2,283,301.
17. Most recently Shoppers, the Company's largest customer, advised it will be discontinue carrying a specific product line resulting in a chargeback estimated at \$1.2 million. The chargeback is a result of the poor sales performance of the product line together with provisions in the sales agreement with Shoppers which allows it to return unsold product for a full refund or "chargeback" against future invoices.
18. The Company has received chargeback claims from its U.S. customers, CVS Health Corporation ("CVS") and Target Corporation ("Target"), in the amounts of approximately USD \$400,000 and USD \$800,000 respectively. CVS and Target ceased to be customers of Indeed within the past 2 years.
19. Indeed's losses and cash flow deficit have been funded by an affiliate of a shareholder that is no longer willing to fund the Company outside of an insolvency process.
20. Accordingly, on April 17, 2025, Indeed commenced the Proposal Proceedings to, among other things, create stability for the Company and permit the Proposal Trustee to conduct a sale process for the marketing and sale of the Company's Property.

SECURED LENDERS AND TRADE CREDITORS

1000481370 Ontario Inc.

21. The Company is currently indebted to 370 Ontario in the approximate amount of \$8,600,000 (the "370 Debt"). 370 Ontario holds a general security agreement and a secured convertible debenture against all of the Company's assets which has been registered under the *Personal Property Security Act (Ontario)* (the "PPSA").
22. Further, the principal amount of \$1,000,000 plus accruing interest, included in the 370 Debt, is subject to a secured convertible debenture.
23. Michael is the sole director and shareholder of 370 Ontario.

Cosmetic Synergies Incorporated

24. The Company is currently indebted to Cosmetic Synergies Incorporated ("CSI") in the principal amount of \$1,000,000 plus accruing interest, pursuant to a secured convertible debenture. CSI also holds a general security interest against all of the Company's assets which has been registered under the PPSA.

Other Creditors

25. In addition to the claims of Shoppers, CVS and Target, as at the date of the NOI, the Company's books and records report that the unsecured trade debt and other creditors are owed approximately \$90,948.
26. The Company's source deduction arrears owing to Canada Revenue Agency is approximately \$8,044. HST is current.
27. Employee wages and vacation pay are current to the last payroll.

PROPOSAL TRUSTEE'S ACTIVITIES TO DATE

28. The Proposal Trustee has established the Proposal Trustee's Website for the Proposal Proceedings. All court documents and other relevant documents will continue to be posted as they are made available.
29. In accordance with its obligations under BIA, the Proposal Trustee prepared and mailed a notice on April 23, 2025, which includes information about the Proposal Proceedings, to all known creditors who have a claim against the Company of more than \$250.
30. Further, the Proposal Trustee has, among other things:
 - (a) participated in various calls with Management and the Company's counsel;
 - (b) assisted the Company with stakeholder and customer communications;
 - (c) participated in various discussions with Management and certain stakeholders in connection with developing a sale and marketing process;
 - (d) reviewed and commented on the Cash Flow Projections;
 - (e) created a weekly monitoring protocol to review the Company's weekly cash receipts and disbursements; and
 - (f) prepared this First Report, including a preliminary review of the Company's assets, liabilities and operations.

CASH FLOW PROJECTION

31. The Company's cash flow projection and related assumptions for the 15-week period ending August 3, 2025, together with Management's report on the Cash Flow Projection (as required under

subsection 50.4(2)(c) of the BIA) are attached as **Appendix ‘II’**.

32. Based on the Proposal Trustee’s review of the Cash Flow Projection, there are no material assumptions which seem unreasonable in the present circumstances. The Proposal Trustee’s report on the Cash Flow Projection (as required under subsection 50.4(2)(b) of the BIA) is attached as **Appendix ‘III’**.
33. The Cash Flow Projection shows that the Company will experience a net cash outflow of approximately \$497,275 during the 15-week period covered by the Cash Flow Projection. As a result, the Company is seeking approval of interim financing and a charge to support such financing to pay its post-filing obligations, including the cost of these proceedings.
34. The Proposal Trustee has arranged reporting and monitoring processes with Management which includes reviewing, on a weekly basis, the budget versus actual cash-flow analysis, financial reporting and receipts and disbursements.

INTERIM FINANCING CHARGE

35. The Company is seeking approval of the Term Sheet pursuant to which the DIP Lender has agreed to make available to the Company a debtor-in-possession loan in the maximum principal amount of \$500,000 (the “**Facility**”). The Facility is intended to provide sufficient liquidity to the Company to pay its post-filing obligations, including the cost of these proceedings.
36. In addition to the approval of the Term Sheet, the Ancillary Order also provides for the creation of the Interim Financing Charge to a maximum of the permitted borrowings pursuant to the Term Sheet.
37. A copy of the Term Sheet is attached as **Appendix “IV”** to this First Report. The material items, terms and conditions of the Term Sheet are:
 - (a) **Principal Amount:** up to a maximum amount of \$500,000;
 - (b) **Interest Rate:** interest on the principal amount of the Facility outstanding from time to time shall be calculated at a rate of eight percent (8%) per annum, which interest shall be calculated on the daily outstanding balance owing under the Facility, not in advance, and shall accrue and be paid on the Maturity Date (defined below);
 - (c) **Interim Financing Charge and Court Approval:** the Facility is to be secured by a Court-ordered priority charge over all of the Company’s present and after-acquired property, assets and undertakings, subject only to the Administration Charge; and

(d) **Repayment:** the Facility is to be repaid on the Maturity Date, which is defined as the earliest of:

- (i) a demand;
 - (ii) the day on which the stay of proceedings under the Proposal Proceedings has been terminated; and
 - (iii) the date on which the Company becomes bankrupt
- (the “**Maturity Date**”).

- 38. The Company is entitled to repay all or any part of the Facility at any time and from time to time without notice or penalty.
- 39. The Proposal Trustee notes that there is no fee for the Facility.
- 40. The Proposal Trustee believes the terms offered by the DIP Lender are reasonable and competitive in the circumstances.
- 41. The Proposal Trustee is of the view that the Company’s request for approval of the Term Sheet and the Interim Financing Charge is appropriate, fair and reasonable in order to provide the Company with the necessary financing to maintain ongoing operations. Absent approval of this financing, the Company will be forced to cease operations and commence liquidation of its assets, resulting in lost jobs and lost value for the Company’s creditors and stakeholders.

EXTENSION OF STAY OF PROCEEDINGS

- 42. Given the date on which the NOI was filed, the Company is currently required to make a proposal by May 17, 2025.
- 43. The Company is seeking an extension of the stay of proceedings from May 17, 2025 to July 1, 2025.
- 44. In the Proposal Trustee’s view, based on the Cash Flow Forecast and provided that the Term Sheet is approved, the Company will have sufficient liquidity to satisfy its obligations as they come due during the proposed extension period.
- 45. The Proposal Trustee supports the Company’s request for the following reasons:
 - a) The extension of the stay would permit the Proposal Trustee and the Sales Agent, in consultation with the Company, to finalize a proposed sale process for the Company’s Property and, if approved by the Court, conduct the proposed sale process;
 - b) The Company has acted, and continues to act, in good faith and with due diligence;

- c) No creditor would be materially prejudiced if the extension being applied for is granted.

ADMINISTRATION CHARGE

46. The Company is seeking the Court's approval of a charge up to a maximum amount of \$250,000 (the "Administration Charge") in favour of the Professional Group as security for the professional fees and disbursements incurred during the Proposal Proceedings.
47. As set out in the Watkinson Affidavit, the Company believes the Administration Charge is essential to a successful restructuring.
48. The Proposal Trustee has considered the Company's request and supports the request on the basis that:
- (i) these charges are typical in restructuring proceedings pursuant to the BIA and the *Companies' Creditors Arrangement Act*, as the charges facilitate an orderly restructuring process;
 - (ii) the Administration Charge is required to protect the Professional Group who have been retained in these proceedings for their fees and disbursements, given the Company's current financial challenges and insolvency; and
 - (iii) the Professional Group requires the protection afforded by the Administration Charge in order to continue in their respective roles throughout the Proposal Proceedings.
49. The Proposal Trustee is of the view that the Administration Charge is reasonable and appropriate in these circumstances.

CONCLUSIONS AND RECOMMENDATIONS

50. Based on the above, the Proposal Trustee respectfully recommends that the Court grant an order providing the relief described in section 5(b) of this First Report.

All of which is respectfully submitted this 23rd day of April, 2025.

BDO CANADA LIMITED
in its capacity as Proposal
Trustee of Indeed Laboratories Inc.,
and not in its corporate or personal
capacity



Name: Peter Naumis, CIRP, LIT
Title: Vice President

APPENDIX I



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of: Ontario
Division No.: 09 - Mississauga
Court No.: 32-3213105
Estate No.: 32-3213105

In the Matter of the Notice of Intention to make a proposal of:

Indeed Laboratories Inc.

Insolvent Person

BDO CANADA LIMITED / BDO CANADA LIMITÉE

Licensed Insolvency Trustee

Date of the Notice of Intention:

April 17, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: April 17, 2025, 14:44

E-File/Dépôt Electronique

Official Receiver

Canada

Federal Building - Hamilton, 55 Bay Street N, 9th Floor, Hamilton, Ontario, Canada, L8R3P7, (877)376-9902

APPENDIX II

IN THE MATTER OF THE PROPOSAL OF
 INDEED LABORATORIES INC.
 OF THE CITY OF MISSISSAUGA,
 IN THE REGIONAL MUNICIPALITY OF PEEL,
 IN THE PROVINCE OF ONTARIO.

STATEMENT OF PROJECTED CASH-FLOW
 FOR THE PERIOD ENDING AUGUST 3, 2025

	27-Apr	04-May	11-May	18-May	25-May	01-Jun	08-Jun	15-Jun	22-Jun	29-Jun	06-Jul	13-Jul	20-Jul	27-Jul	03-Aug
Receipts															
CAD AR	\$ 21,853	\$ 24,255	\$ 30,255	\$ 24,255	\$ 30,255	\$ 29,217	\$ 35,217	\$ 29,217	\$ 35,217	\$ 28,860	\$ 28,860	\$ 28,860	\$ 28,860	\$ 28,860	\$ 28,860
US AR	5,964	7,062	7,062	7,062	7,062	7,062	7,062	7,062	7,062	7,062	7,062	7,062	7,062	7,062	7,062
Total receipts	\$ 27,817	\$ 31,317	\$ 37,317	\$ 31,317	\$ 37,317	\$ 36,279	\$ 42,279	\$ 36,279	\$ 42,279	\$ 35,922	\$ 35,922	\$ 35,922	\$ 35,922	\$ 35,922	\$ 35,922
Disbursements															
Salaries	36,040		36,040		24,000		24,000		20,000		20,000		20,000		20,000
Source Deductions	17,798	8,004	17,798		11,000		11,000		10,000		10,000		10,000		10,000
HST						15,000					15,000				
VAT															20,000
Rent		10,600	21,200				21,200					21,200			
Property tax & Utilities			7,280				1,200					7,200			
Marketing Costs	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Warehouse Costs		5,000	7,500		5,000		7,500		5,000		5,000		7,500		5,000
Shipping costs	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Inventory Purchases			62,000	45,000	22,500		25,000	35,000				22,500			
Miscellaneous	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional fees			20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total disbursements	\$ 70,838	\$ 40,604	\$ 188,818	\$ 82,000	\$ 99,500	\$ 52,000	\$ 126,900	\$ 77,000	\$ 67,000	\$ 37,000	\$ 87,000	\$ 95,400	\$ 67,000	\$ 42,000	\$ 87,000
NET CASH FLOW	(\$43,021)	(\$9,287)	(\$151,501)	(\$50,683)	(\$62,183)	(\$15,721)	(\$84,621)	(\$40,721)	(\$24,721)	(\$1,078)	(\$51,078)	(\$59,478)	(\$31,078)	(\$6,078)	(\$51,078)
Opening bank position	\$ 206,615	\$ 163,594	\$ 154,307	\$ 22,806	\$ 21,018	\$ 19,018	\$ 21,527	\$ 19,527	\$ 22,036	\$ 20,036	\$ 22,545	\$ 20,545	\$ 23,054	\$ 21,054	\$ 23,563
Closing cash (deficit)															
Funding from DIP Facility			20,000	48,895	60,183	18,230	82,621	43,230	22,721	3,587	49,078	61,987	29,078	8,587	49,078
Closing cash (deficit) after DIP funding	\$ 163,594	\$ 154,307	\$ 22,806	\$ 21,018	\$ 19,018	\$ 21,527	\$ 19,527	\$ 22,036	\$ 20,036	\$ 22,545	\$ 20,545	\$ 23,054	\$ 21,054	\$ 23,563	\$ 21,563

INDEED LABORATORIES INC.

Per:



Kevin Watkinson
 Chief Restructuring Officer

04/23/2025

Date

BDO CANADA LIMITED

Per:



Peter Naumis, CIRP, LIT
 Vice-President

April 23, 2025

Date

This statement of projected cash-flow for Indeed Laboratories Inc. has been prepared in accordance with section 50(6) of the Bankruptcy and Insolvency Act, and should be read in conjunction with Trustee's Report on Cash-Flow, dated April 23, 2025.

IN THE MATTER OF THE PROPOSAL OF
INDEED LABORATORIES INC.
OF THE CITY OF MISSISSAUGA,
IN THE REGIONAL MUNICIPALITY OF PEEL,
IN THE PROVINCE OF ONTARIO.

NOTES AND ASSUMPTIONS TO
THE STATEMENT OF PROJECTED CASH-FLOW

1. This projected cash-flow statement has been prepared for the purposes of filing a proposal pursuant to Part III of the Bankruptcy and Insolvency Act.
2. The projected cash-flow statement has been prepared by management of the insolvent person.
3. Disbursements are managements estimates based on historical information.
4. The collection of accounts receivable are management's estimates and are based on historical customer payment patterns and discussions with customers.

Indeed Laboratories Inc.
Per:



Kevin Watkinson
Chief Restructuring Officer

04/23/2025
Date

BDO CANADA LIMITED
Per:



Peter Naumis, CIRP, LIT
Vice-President

April 23, 2025
Date

IN THE MATTER OF THE PROPOSAL OF
INDEED LABORATORIES INC.
OF THE CITY OF MISSISSAUGA,
OF THE REGIONAL MUNICIPALITY OF PEEL,
IN THE PROVINCE OF ONTARIO.

Report on Cash-flow Statement by the Company Making the Proposal

Indeed Laboratories Inc. (the "Company") has developed the assumptions and prepared the attached statement of projected cash-flow of the insolvent person, as of the 23rd day of April 2025, consisting of the Statement of Projected Cash-Flow and Notes and Assumptions to the Statement of Projected Cash-Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions have been disclosed in Notes 2 - 4.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The projection has been prepared solely for the creditors of the Company for the purpose described in Note 1, using a set of probable and hypothetical assumptions set out in Notes 2 - 4. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario, this 23rd day of April 2025.

Indeed Laboratories Inc.

Per:



Kevin Watkinson

APPENDIX III

IN THE MATTER OF THE PROPOSAL OF
INDEED LABORATORIES INC.
OF THE CITY OF MISSISSAUGA,
OF THE REGIONAL MUNICIPALITY OF PEEL,
IN THE PROVINCE OF ONTARIO.

Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) of the Act)

The attached statement of projected cash-flow of Indeed Laboratories Inc. (the "Company"), as of the 23rd day of April 2025, consisting of an unaudited monthly cash flow statement, has been prepared by the Company for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Note 2 - 4.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the Company. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by the insolvent person for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by the insolvent person are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the creditors of the insolvent person for the purpose described in Note 1, and readers are cautioned that it may not be appropriate for other purposes.

Dated at Oakville, Ontario, this 23rd day of April 2025.

BDO CANADA LIMITED
Trustee
Per:



Peter Naumis, CIRP, LIT
Vice President

APPENDIX IV

April 22, 2025

Indeed Laboratories Inc.
5181 Everest Drive
Mississauga, ON L4W 2R2

Attention: Kevin Watkinson

Re: Term Sheet – 1000481370 Ontario Inc. (the “DIP Lender”) Interim Debtor in Possession Facility in favour of Indeed Laboratories Inc. (the “Borrower”)

We understand that on April 17, 2025, the Borrower filed a notice of intention to make a proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) naming BDO Canada Limited as proposal trustee (the “**Proposal Trustee**”), and that in connection with the BIA proceedings (the “**Proposal Proceedings**”). the Borrower requires interim financing and will be seeking an interim financing Order pursuant to section 50.6(1) of the BIA (the “**Interim Financing Order**”). The DIP Lender is pleased to offer interim financing by way of the interim debtor in possession facility described in this term sheet (this “**Term Sheet**”) subject to the terms and conditions set forth herein. Unless otherwise indicated, all amounts are expressed in Canadian currency. All capitalized terms not otherwise defined in the body of this Term Sheet shall have the meanings ascribed thereto in **Schedule “A”**.

Borrower: Indeed Laboratories Inc.

DIP Lender: 1000481370 Ontario Inc.

Facility: A super priority, debtor-in-possession, non-revolving demand credit facility up to the maximum principal amount of five hundred thousand dollars (\$500,000) (the “**Facility**”), subject to the terms and conditions contained herein.

Purpose: The purpose of the Facility is to fund (i) working capital needs in accordance with the cash flow projections approved by the Proposal Trustee and the DIP Lender from time to time (the “**Cash Flow Projections**”); (ii) professional fees and expenses incurred by the Borrower and the Proposal Trustee in connection with the Proposal Proceedings, and (iii) such other costs and expenses of the Borrower as may be agreed to by the DIP Lender, in writing.

Repayment: The Borrower shall repay all principal, interest, fees and other amounts owing under the Facility on the **earlier** of (the “**Maturity Date**”): (i) demand; (ii) the day on which the stay of proceedings pursuant to the Proposal Proceedings has been terminated; (iii) the date on which the Borrower becomes bankrupt. The Borrower is entitled to repay all or any part of the Facility at any time and from time to time without notice or

penalty.

Facility Advances: Each advance under the Facility (an “**Advance**”) shall be wire transferred to the current operating account of the Borrower (the “**Borrower’s Account**”). The Borrower’s Account shall be subject to the Interim Financing Charge (as defined below).

Interest Rate: Interest on the principal amount of the Facility outstanding from time to time shall be calculated at a rate of eight percent (8%) per annum, which interest shall be calculated on the daily outstanding balance owing under the Facility, not in advance, and shall accrue and be paid on the Maturity Date.

Security: All debts, liabilities, and obligations of the Borrower under the Facility shall be secured by the Interim Financing Charge charging all present and future, real and personal, tangible and intangible, properties, assets and undertakings of the Borrower.

The Interim Financing Charge shall rank in priority to any and all security interests, mortgages, trusts, deemed trusts (statutory or otherwise), liens, charges and encumbrances, and claims of all other secured creditors, statutory or otherwise, in favour of any Person, provided, however, that the Interim Financing Charge shall rank behind in priority to a charge granted in favour of professionals to secure the fees and disbursements of the Borrower’s counsel, counsel for the Proposal Trustee and/or the Proposal Trustee (the “**Administration Charge**”).

Conditions Precedent to the Facility: The availability of the Facility is subject to and conditional upon the following:

1. the granting by the Court of the Interim Financing Order in a form satisfactory to the DIP Lender, acting reasonably, including:
 - (a) approving this Term Sheet and the Facility contemplated herein;
 - (b) granting the DIP Lender a charge in and to all present and future, real and personal, tangible and intangible, properties, assets and undertakings of the Borrower (the “**Interim Financing Charge**”), which Interim Financing Charge shall rank in priority to any and all security interests, mortgages, trusts, deemed trusts (statutory or otherwise), liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise, in favour of any Person but behind the Administration Charge;

- (c) declaring that the granting of the Interim Financing Charge, and the payment of all amounts by the Borrower to the DIP Lender, including any and all fees and interest, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any Applicable Law; and
 - (d) declaring the Interim Financing Order, including the Interim Financing Charge granted thereunder, binding upon a trustee in bankruptcy of the Borrower, the Proposal Trustee, a receiver, interim-receiver, receiver-manager or any other officer of the Court appointed in respect of the Borrower; and
2. receipt of a duly executed copy of this Term Sheet by the DIP Lender.

Timing of Initial Advance:

Subject to the satisfaction of the Conditions Precedent to the Facility, the Facility shall be made to the Borrower within two (2) Business Days following Court approval of the Interim Financing Order, or such later date as may be agreed to by the DIP Lender and the Borrower.

Covenants:

The Borrower covenants and agrees with the DIP Lender, so long as any amounts are outstanding by the Borrower to the DIP Lender hereunder, to:

- 1. pay all sums of money when due hereunder;
- 2. not request, obtain or consent to a variation of the Interim Financing Order if, in the opinion of the DIP Lender, such variation may be prejudicial to the DIP Lender, without the prior written consent of the DIP Lender, such consent not to be unreasonably withheld or delayed;
- 3. use the proceeds of the Facility solely for the purposes provided for herein;
- 4. keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;
- 5. upon reasonable notice, permit the DIP Lender or its representatives, at any time and from time to time with such frequency as the DIP Lender, in its sole discretion, may require, to visit and inspect the Borrower's premises, properties and assets and to examine and obtain copies of the Borrower's records or

other information and discuss the Borrower's affairs with the auditors, counsel and other professional advisors of the Borrower, all at the reasonable expense of the Borrower;


6. to pay or make provision for payment of all Priority Claims due and payable from and after the commencement of the Proposal Proceedings, as and when such Priority Claims are due; and
7. carry on the business of the Borrower in the normal course, consistent in all material respects with past practice and orders of the Court made in the Proposal Proceedings.

If the terms and conditions of this Term Sheet are acceptable to you, please sign in the space indicated below and return the signed copy of this Term Sheet to us. Acceptance may also be effected by scanned transmission and in counterpart.

We thank you for allowing us the opportunity to provide you with this Term Sheet.

Yours truly,

1000481370 ONTARIO INC.

Per: 
Name: Avi Greenspoon
Title: Secretary

I have authority to bind the corporation.

ACCEPTANCE

The undersigned hereby accepts this Term Sheet this 22nd day of April.

INDEED LABORATORIES INC.

Per: 
Name: Kevin Watkinson
Title: Chief Restructuring Officer

I have authority to bind the corporation.

SCHEDULE “A”

In addition to terms defined elsewhere in this Term Sheet, the following terms shall have the following meanings:

- (a) “**Applicable Law**” means, with respect to any Person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction.
- (b) “**Business Day**” means a day on which chartered banks are open for over-the-counter business in Toronto and excludes Saturday, Sunday and any other day which is a statutory holiday in Toronto.
- (c) “**Person**” includes a natural person, a partnership of any type, a corporation, a company, an unlimited liability company, a limited liability company, a joint venture, a syndicate, a bank, a trust, a trust company, a governmental authority or an agency thereof, a trustee or an executor, an administrator or other legal representative or entity.
- (d) “**Priority Claims**” means the aggregate of any amounts accrued or payable by any Borrower which under any law may rank prior to or *pari passu* with the Interim Financing Charge or otherwise in priority to any claim by the DIP Lender for payment or repayment of any amounts owing under this Term Sheet, including:
 - (i) wages, salaries, commissions or other remuneration;
 - (ii) vacation pay;
 - (iii) pension plan contributions;
 - (iv) amounts required to be withheld from payments to employees or other Persons for federal and provincial income taxes, employee Canadian Pension Plan contributions and employee Employment Insurance premiums, additional amounts payable on account of employer Canada Pension Plan contributions and employer Employment Insurance premiums;
 - (v) harmonized sales tax;
 - (vi) provincial sales or other consumption taxes;
 - (vii) Workers’ Compensation Board and Workplace Safety and Insurance Board premiums or similar premiums;
 - (viii) real property taxes;
 - (ix) rent and other amounts payable in respect of the use of real property;
 - (x) amounts payable for repair, storage, transportation or construction or other services which may give rise to a possessory or registerable lien; and
 - (xi) claims which suppliers could assert pursuant to Section 81.1 or Section 81.2 of the BIA; and
 - (xii) WEPPA Claims.
- (e) “**WEPPA Claims**” means any claims made against the Borrower pursuant to the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1, as the same may be amended, restated or replaced from time to time.

Words importing the singular include the plural thereof and *vice versa* and words importing gender include the masculine, feminine and neuter genders.