

Estate/Court File No. BK-25-03213105-0032

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

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

**MOTION RECORD
(returnable May 2, 2025)**

Date: April 30, 2025

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TO: SERVICE LIST

SERVICE LIST
(as of April 22, 2025)

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Creditors

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MOTION RECORD

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

**NOTICE OF MOTION
(Returnable May 2, 2025)**

Indeed Laboratories Inc. (“**Indeed Labs**” or the “**Company**”) will make a motion to a Judge of the Commercial List on Friday, May 2, 2024, at 11:00 a.m., or as soon after that time as the motion can be heard, via Zoom videoconference.

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

THE MOTION IS FOR:

1. An order (the “**Ancillary Order**”):
 - (a) if necessary, abridging the time for service and filing of the Notice of Motion and the Motion Record of Indeed Labs or, in the alternative, dispensing with service thereof;
 - (b) approving the activities and conduct of BDO Canada Limited in its capacity as proposal trustee of Indeed Labs (the “**Proposal Trustee**”) as set out and described in the First Report of the Proposal Trustee dated April 23, 2025 (the “**First**

Report”) and the Second Report of the Proposal Trustee dated April 30, 2025 (the “**Second Report**”);

- (c) authorizing an increase in the amount the Company is authorized to borrow up to the maximum of the \$500,000 under the interim financing term sheet between Indeed Labs and 1000481370 Ontario Inc. dated April 22, 2025 (the “**Term Sheet**”);
- (d) granting 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, counsel for the Proposal Trustee and counsel for the Company to secure payment of their professional fees and disbursements. The Administration Charge shall rank in priority to all other charges;
- (e) granting an extension of the time required to file its proposal, from May 17, 2025, the date the current stay expires, to July 1, 2025 (the “**Stay Extension**”); and

2. An order (the “**Sale Process Order**”):

- (a) approving the marketing and sale process (the “**Sale Process**”) for the business and assets of the Company as set out in Appendix “III” to the Second Report;
- (b) approving and authorizing the Company to enter into the Stalking Horse Asset Purchase Agreement dated April 29, 2025 (the “**Stalking Horse Agreement**”) between Indeed Labs and 1000481370 Ontario Inc. as purchaser (in such capacity, the “**Stalking Horse Bidder**”, otherwise referred to as “**370 Ontario**”), solely for the purpose of acting as the stalking horse bid in the Sale Process, in the form

attached as Appendix “V” to the Second Report, including approving the \$50,000 expense reimbursement (the “**Expense Reimbursement**”) in favour of the Stalking Horse Bidder contemplated therein; and

3. such other relief as the Company may request and the Court may deem appropriate.

THE GROUNDS FOR THE MOTION ARE:

Overview of the Company and Business

4. Indeed Labs is a company incorporated pursuant to the Canada Business Corporations Act, on December 19, 2008. Indeed Labs’ main office is located at 118 Avenue Road, Toronto, ON. It also has a warehouse located at 5181 Everest Drive, Mississauga, ON. Both the main office and warehouse are leased from affiliates to a shareholder of the Company and 370 Ontario.
5. Indeed Labs is a developer and distributor of skincare products across Canada, the United States of America and the United Kingdom. The Company’s products are manufactured by third-party contract manufacturers. The Company has several trademarks and owns proprietary formulas.
6. The Company’s main customers are Shoppers Drug Mart (“**Shoppers**”), Loblaws, Ulta, Amazon US and Amazon UK.

The NOI Proceeding

7. On April 17, 2024 (the “**Filing Date**”), the Company filed a Notice of Intention to File a Proposal (“**NOI**”) under the *Bankruptcy and Insolvency Act* (the “**NOI Proceeding**”). The

NOI filing was necessary to provide stability to the allow the Company to restructure. BDO Canada Limited is the trustee in the NOI Proceeding (“**Proposal Trustee**”).

DIP Financing

8. On April 24, 2025, the Court granted an order (the “**Apr 24 Order**”), inter alia:
 - (a) authorizing 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 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 370 Ontario was granted a \$500,000 second ranking priority charge over all of the Company’s assets, undertakings and property to secure repayment of the financing; and
 - (b) authorizing interim advances under the Term Sheet of up to \$75,000 until further order of the Court.
9. The Company requires the ability to draw additional advances from the interim financing facility (the “**DIP Loan**”) under the Term Sheet to continue its operations. The Company’s 15-week cash flow (the “**Cash Flow**”) shows that the Company’s expenditures exceed its receipts in each week during the cash flow period.
10. Accordingly, for the Company to continue to operate and complete the Sales Process, it will be necessary to draw upon the facility contemplated by the Term Sheet of approximately \$500,000 during the Cash Flow period.

Sale Process

11. The Proposal Trustee, in consultation with the Company, developed the Sale Process intended to solicit interest in and opportunities for a sale of all, substantially all, or a portion of the Company's business and assets (the "**Property**"). All capitalized terms not defined herein have the meaning ascribed to them in the Second Report.
12. The Proposal Trustee and BDO Transaction Advisory (the "**Sales Agent**") are qualified to administer the Sale Process for the following reasons:
 - (a) they have considerable experience conducting similar sales processes;
 - (b) they have industry and institutional contacts who they will ensure will be made aware of this opportunity;
 - (c) they are independent of the Company; and
 - (d) they will ensure that the Sale Process is conducted in a thorough, transparent, and efficient manner for the benefit of the Company's stakeholders.
13. The Sale Process shall commence within 5 business days following the issuance of the Sale Process Order. The table below sets out the key deadlines in the Sale Process (terms within the table are defined in the Second Report):

Milestone	Deadline
Commencement of Sale Process	Within 5 business days after receipt of Sale Process Order
Distribution of the Notice and Teaser Letter	May 13, 2025
Bid Deadline	June 13, 2025
Auction	No later than June 20, 2025
Sale Approval Hearing	No later than July 31, 2025
Outside Closing Date Deadline	August 31, 2025

14. The key terms of the Sale Process are as follows:

- (a) The Sales Agent will prepare a process summary describing the Opportunity (the “**Teaser Letter**”) and a non-disclosure agreement (the “**NDA**”);
- (b) Any party who wishes to participate in the Sale Process (“**Potential Bidder(s)**”) must provide to the Sales Agent an executed NDA and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder;
- (c) Qualified Bidders (as defined in the Second Report) that wish to make a formal offer to purchase the Property or a portion thereof shall submit a binding offer (a “**Bid**”) on substantially the same terms and conditions (except as to price and payment terms) as the terms and conditions contained in the Stalking Horse Agreement;
- (d) In order for a bid to be considered a Qualified Bid, it must meet certain criteria as

set out in the Second Report;

- (e) Bids will be evaluated based on several factors including, without limitation: (i) the Purchase Price and the net value provided by such Qualified Bid, (ii) the identity, circumstances and ability of the Qualified Bidder to successfully complete such Transaction, and (iii) factors affecting the speed, certainty and value of the Transaction;
 - (f) the Stalking Horse Agreement will act as the minimum bid against which all other bids will be evaluated in the Sale Process;
 - (g) Qualified Bidders with Qualified Bids shall proceed to an auction with the Stalking Horse Bidder to be held on or before June 20, 2025 (the “**Auction**”), which shall proceed according to the Auction Procedures set out in Schedule “B” to the Sale Process to identify the Successful Bid, and the bidder making such Successful Bid will be the Successful Bidder; and
 - (h) If no other Superior Bids are received, it is contemplated that the Stalking Horse Agreement will be selected as the Successful Bid in the Sale Process.
15. The key terms of the Stalking Horse Agreement are as follows:
- (a) the Stalking Horse Agreement is structured as an asset purchase;
 - (b) the purchase price to be paid by the Stalking Horse Bidder is the sum of i) \$4,900,000 (the “**Credit Bid Amount**”), and ii) all amounts ranking in priority to the Stalking Horse Bidder’s security on the Purchased Assets (the “**Priority**”).

Payables”, and together with the Credit Bid Amount, the **“Purchase Price”**);

- (c) the Stalking Horse Bidder anticipates the retention of the majority of the Company’s employees;
- (d) closing is scheduled 15 days, or sooner, after receipt from the Court of an approval and vesting order in respect of the Sale Approval Motion; and
- (e) in the event a Qualified Bidder that is not the Stalking Horse Bidder is the successful bidder, the Stalking Horse Bidder is entitled to an expense reimbursement fee of \$50,000 inclusive of HST (the **“Expense Reimbursement”**). If the Stalking Horse Bidder is the Successful Bidder under the Sale Process, the Expense Reimbursement will not be payable, and the amounts advanced under the Term Sheet will be credited towards the Purchase Price.

16. The Proposal Trustee is of the view that the stalking horse sale process will preserve the business and relationships with customers, suppliers and employees by signaling that the business of the Company will continue. In the view of the Proposal Trustee, the Expense Reimbursement amount is fair and reasonable and will not discourage third parties from submitting Bids.

370 Ontario Security

40. The Proposal Trustee obtained a security opinion from Capstone Legal (**“Capstone”**). Capstone has advised the Proposal Trustee that, subject to the usual qualifications and assumptions contained, it is of the opinion that the security held by 370 Ontario constitutes a validly perfected security interest in the assets and business of the Indeed enforceable against the Company in accordance with their terms.

Administration Charge

17. Indeed Labs seeks an order granting the Administration Charge over its property securing the fees and disbursements of counsel to Indeed Labs, the Proposal Trustee and its counsel in the amount of \$250,000. The professionals whose fees are to be secured by the Administration Charge have taken on, and will continue to take on, a critical role in this proceeding.

Extension of NOI Period

18. The stay of proceedings is set to expire on May 17, 2025 (the “**Proposal Period**”).
19. Indeed Labs seeks a 45-day extension of the Proposal Period to give it the time needed to commence the Sale Process.
20. The Company has acted and continues to act in good faith and due diligence.
21. No creditor would be materially prejudiced if the extension is granted.

General

22. Sections 50.4(9), 50.6, 64.2 and 183 of the BIA.
23. Rules 1.04, 1.05, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended.
24. Such further and other grounds as counsel for the Plaintiff may advise and this Honourable Court may permit.

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

1. The Second Report and the appendices thereto; and
2. such further and other materials as counsel may advise and this Honourable Court may permit.

Date: April 30, 2025

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

Court File No. BK-25-03213105-0032

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

PROCEEDING COMMENCED AT TORONTO

NOTICE OF MOTION

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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.

SECOND REPORT OF THE PROPOSAL TRUSTEE
April 30, 2025

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- Appendix II - First Report of the Proposal Trustee without appendices
- Appendix III - Sale Process
- Appendix IV - The Watkinson Affidavit without exhibits
- Appendix V - Stalking Horse Agreement

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 was named as the Licensed Insolvency Trustee (in such capacity, the “**Proposal Trustee**”) in these proceedings (the “**Proposal Proceedings**”).
5. The background and circumstances leading to the Company’s NOI filing is described in the First Report and the Affidavit of Kevin Watkinson sworn April 23, 2025.
6. On April 24, 2025, the Court granted an order (the “**Apr 24 Order**”), inter alia:
 - a) authorizing 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 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 370 Ontario was granted a \$500,000 second ranking priority charge over all of the Company’s assets, undertakings and property to secure repayment of the financing; and
 - b) authorizing interim advances under the Term Sheet of up to \$75,000 until further order of the Court.A copy of the Apr 24 Order and Endorsement are attached as **Appendix ‘I’**.
7. In support of the April 24, 2025 motion, the Proposal Trustee filed its First Report (the “**First Report**”) dated April 23, 2025. A copy of the First Report, without appendices, is attached as **Appendix ‘II’**.

PURPOSE

8. The purpose of this second report of the Proposal Trustee (the “**Second Report**”) is to:
 - a) Provide this Court with information regarding:
 - (i) the Proposal Trustee’s activities since the First Report;
 - (ii) the Company’s creditors; and
 - b) Support the Company’s motion seeking the following relief:

- I. An order (the “Ancillary Order”) which:
 - (i) approves the First Report, the Second Report and the conduct and activities of the Proposal Trustee;
 - (ii) 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, counsel for the Proposal Trustee and counsel for the Company to secure payment of their professional fees and disbursements. The Administration Charge shall rank in priority to all other charges;
 - (iii) authorizes an increase in the amount the Company is authorized to borrow up to the maximum of the \$500,000 under the Term Sheet;
 - (iv) approves an extension of the time required for the Company to file its proposal from May 17, 2025, the date the current stay expires to July 1, 2025 (the “Stay Extension”); and
 - (v) such further and other relief as the Court may deem just and equitable; and
 - II. An order (the “Sale Process Order”) which:
 - (i) approves and authorizes Indeed to enter into the stalking horse purchase agreement dated April 29, 2025 (the “Stalking Horse Bid”) with 370 Ontario, or its nominee (in such capacity, the “Stalking Horse Bidder”);
 - (ii) approves the payment and priority of the Expense Reimbursement as provided for in the Stalking Horse Bid;
 - (iii) approves the stalking horse sale process contemplated in **Appendix ‘III’** attached hereto (the “Sale Process”) and authorizes the Proposal Trustee and BDO Transaction Advisory (the “Sales Agent”) to conduct the Sale Process for the Company’s business and assets (the “Property”); and
 - (iv) such further and other relief as the Court may deem just and equitable.
9. The Second Report is to be read in conjunction with the affidavit of Kevin Watkinson sworn April 23, 2025 (the “Watkinson Affidavit”). The Watkinson Affidavit, without exhibits, is attached hereto as **Appendix ‘IV’**.
 10. All 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

11. In preparing the Second 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 the First Report and the Second 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 the Second 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.
12. Future-oriented financial information referred to in the Second 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.
13. Unless otherwise indicated, the Proposal Trustee’s understanding of factual matters expressed in the Second Report concerning the Company and its business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

Capitalized terms used herein and not defined in the Second Report shall have the meaning ascribed to them in the First Report or the Sale Process, as the case may be.

PROPOSAL TRUSTEE’S ACTIVITIES TO DATE

15. Since the First Report, the Proposal Trustee has, among other things:
- (a) created the Sale Process procedures and timelines;
 - (b) participated in various discussions with Management and certain stakeholders in connection with the marketing plan and timelines associated with the Sale Process;
 - (c) communicated with creditors;
 - (d) uploaded all court material and certain other relevant documents to the Proposal Trustee’s Website;

- (e) arranged for, and obtained, a legal opinion on the validity and enforceability of 370 Ontario's security;
- (f) negotiated and finalized the Stalking Horse Agreement, subject to Court approval;
- (g) monitored the Company's weekly cash flow; and
- (h) prepared the Second Report, including a preliminary review of the Company's assets and operations.

INDEED'S RECEIPTS AND DISBURSEMENTS TO DATE

16. The Company's actual net cash flow for the period week ended April 27, 2025 was \$103,229 compared to a forecasted net cash outflow of \$43,021 over that same period as outlined in the Cash Flow Forecast. This positive variance is summarized below:

	Week ending April 27, 2025		
	Projection	Actual	Variance
<u>Receipts</u>			
CAD AR	\$ 21,853	\$ 154,666	\$ 132,813
US AR	5,964	2,919	(3,045)
Total receipts	\$ 27,817	\$ 157,585	\$ 129,768
<u>Disbursements</u>			
Salaries	36,040	36,432	(392)
Source Deductions	17,798	17,698	100
HST			
VAT			
Rent			
Property tax & Utilities			
Marketing Costs	10,000		10,000
Warehouse Costs			
Shipping costs	5,000		5,000
Inventory Purchases			
Miscellaneous	2,000	225	1,775
Professional fees			
Total disbursements	\$ 70,838	\$ 54,355	\$ 16,483
NET CASH FLOW	(\$43,021)	\$ 103,229	\$ 146,250
Opening bank position	\$ 206,615	\$ 83,492	
Closing cash (deficit)			
Funding from DIP Facility	-	-	
Closing cash (deficit) after DIP funding	\$ 163,594	\$ 186,722	\$ 23,128

17. An explanation of the key variances are:

Receipts

- (i) The Company's collection of approximately \$123,000 of accounts receivables was allocated to the week

ended April 20, 2025. The accounts receivable was not recorded in the Company's bank account until April 21, 2025, creating the positive variance.

Disbursements

- (i) The Company filed the NOI on Thursday, April 17, 2025. Accordingly, the Company did not incur marketing or shipping costs during the initial week ended April 27, 2025, to allow it time to communicate with customers in an effort to ensure satisfactory arrangements remain in place for the ongoing sales of Indeed's product line.

CASH FLOW AND REQUIREMENT FOR DIP FINANCING

18. The Company's 15-week cash flow (the "Cash Flow") shows that the Company's expenditures exceed its receipts in each week during the cash flow period.

19. Based upon the Cash Flow as presented below, the Company has sufficient cash on hand until the week-ending May 4, 2025 and then will require funding in order to continue operations. Accordingly, for the Company to continue to operate and complete the Sales Process, it will be necessary to draw upon the facility contemplated by the Term Sheet of approximately \$500,000 during the Cash Flow period.

	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	Total
Receipts															
CAD AR	\$ 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	\$ 411,048
US AR	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	98,868
Total receipts	\$ 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	\$ 509,916
Disbursements															
Salaries		36,040		24,000		24,000		20,000		20,000		20,000		20,000	164,040
Source Deductions	8,004	17,798		11,000		11,000		10,000		10,000		10,000		10,000	87,802
HST					15,000					15,000					30,000
VAT														20,000	20,000
Rent	10,600	21,200				21,200					21,200				74,200
Property tax & Utilities		7,280				1,200					7,200				15,680
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	140,000
Warehouse Costs	5,000	7,500		5,000		7,500	5,000			5,000	7,500		5,000		47,500
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	70,000
Inventory Purchases		62,000	45,000	22,500		25,000	35,000				22,500				212,000
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	28,000
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	260,000
Total disbursements	\$ 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	\$ 1,149,222
NET CASH FLOW	(\$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)	(\$639,306)
Opening bank position	\$ 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	\$ 163,594
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	497,275
Closing cash after DIP	\$ 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	\$ 21,563

PROPOSED SALE PROCESS

20. The Proposal Trustee, in consultation with the Company, developed the Sale Process intended to solicit interest in and opportunities for a sale of all, substantially all, or a portion of the Property. Any terms not expressly defined in this section are otherwise defined in the Sale Process. A copy of the Sale Process is attached hereto as **Appendix 'III'**.
21. The Proposal Trustee and the Sales Agent are qualified to administer the Sale Process for the following reasons:
- (i) they have considerable experience conducting similar sales processes;
 - (ii) they have industry and institutional contacts who they will ensure will be made aware of this opportunity;
 - (iii) they are independent of the Company; and
 - (iv) they will ensure that the Sale Process is conducted in a thorough, transparent, and efficient manner for the benefit of the Company's stakeholders.

Sale Process Summary & Proposed Timeline

22. The Sale Process shall commence within 5 business days following the issuance of the Sale Process Order. The table below sets out the key deadlines in the Sale Process (terms within the table are defined in subsequent paragraphs):

Milestone	Deadline
Commencement of Sale Process	Within 5 business days after receipt of Sale Process Order
Distribution of the Notice and Teaser Letter	May 13, 2025
Bid Deadline	June 13, 2025
Auction	No later than June 20, 2025
Sale Approval Hearing	No later than July 31, 2025
Outside Closing Date Deadline	August 31, 2025

23. The Sale Process serves to solicit and identify parties that wish to make a formal offer to purchase the Property or any portion thereof (the "**Opportunity**").
24. The Sales Agent, in conjunction with the Proposal Trustee, will develop a list of potential bidders (the "**Known Potential Bidders**"). This list will be comprised of those that have previously shown interest in transacting

with the Company, and other potential strategic and financial parties who the Company and the Sales Agent believe may be interested in the Opportunity.

25. The Sales Agent will also prepare a process summary describing the Opportunity (the “Teaser Letter”) and a non-disclosure agreement (the “NDA”).
26. The Sales Agent will send the Teaser Letter and the NDA to all Known Potential Bidders, and to any other party who requests a copy of the Teaser Letter and the NDA or who is identified to the Company or the Sales Agent as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.
27. Any party who wishes to participate in the Sale Process (“Potential Bidder(s)”) must provide to the Sales Agent an executed NDA and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
28. The Sales Agent, with the approval of the Proposal Trustee, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered the NDA to the Sales Agent and met the minimum requirements set out in the Sale Process to be a qualified bidder (a “Qualified Bidder”), such access to due diligence material and information relating to the Property as the Sales Agent and the Proposal Trustee deem appropriate.
29. Qualified Bidders that wish to make a formal offer to purchase the Property or a portion thereof shall submit a binding offer (a “Bid”) on substantially the same terms and conditions (except as to price and payment terms) as the terms and conditions contained in the Stalking Horse Agreement. In order to be considered a “Qualified Bid”, a Bid must meet the following minimum criteria:
 - a) the Bid must be received by the Trustee at the address specified in Schedule “A” of the Sale Process (including by email or fax transmission), so as to be received by the Trustee no later than 5:00 p.m. (Eastern Time) on June 13, 2025 (the “Bid Deadline”);
 - b) the Qualified Bidder and the representatives thereof who are authorized to act on the Qualified Bidder’s behalf must be sufficiently identified;
 - c) the Bid must be submitted in writing and include a blackline of the Stalking Horse Agreement, reflecting the Qualified Bidder’s proposed changes;
 - d) the Bid must be accompanied by a deposit by way of certified cheque or wire transfer, in an amount equal to at least 10% of the aggregate purchase price payable under the Bid;
 - e) the Bid must be open for acceptance by the Trustee until the Court approves the execution by the Qualified Bidder of the agreement of purchase and sale in respect of the purchased assets subject to the Bid;

- f) the Bid must be on terms no less favourable and no more burdensome or conditional than the Stalking Horse Bid;
 - g) the Bid must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the Qualified Bidder's obligation to complete the Transaction that are not otherwise contained in the Stalking Horse Bid;
 - h) the Bid must be accompanied by written evidence of a commitment for financing or other evidence of the Qualified Bidder's ability to consummate the Transaction contemplated by the Bid;
 - i) the Bid must be for a purchase price equal to or greater than the sum of the Purchase Price (as defined in the Stalking Horse Bid), plus a minimum additional amount of \$100,000 and the Expense Reimbursement (as defined in the Stalking Horse Bid);
 - j) the Bid constitutes, in the reasonable business judgment of the Trustee, a Superior Bid (as defined in the Sale Process); and
 - k) the Bid contemplates closing the Transaction set out therein on or before the Outside Closing Date.
30. A Bid will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such Qualified Bid, (ii) the identity, circumstances and ability of the Qualified Bidder to successfully complete such Transaction, (iii) the proposed Transaction documents, (iv) factors affecting the speed, certainty and value of the Transaction, (v) the assets included or excluded from the Bid, (vi) the likelihood and timing of consummating such transaction, and (vii) whether the Transaction results in a Superior Bid.
31. On or before June 17, 2025, the Trustee will confirm those Qualified Bidders who submitted a Qualified Bid that they will be invited to the Auction.
32. Qualified Bidders with Qualified Bids shall proceed to an auction with the Stalking Horse Bidder to be held on or before June 20, 2025 (the "**Auction**"), which shall proceed according to the Auction Procedures set out in Schedule "B" to the Sale Process to identify the Successful Bid, and the bidder making such Successful Bid will be the Successful Bidder, in each case, as contemplated hereunder.
33. If no Superior Bid is received by the Bid Deadline, the Auction will not be held, and the Stalking Horse Bidder will be declared to be the Successful Bidder. The determination of any Successful Bid by the Proposal Trustee shall be subject to approval by the Court.
34. A Court date will be scheduled to hear a motion to approve any Transaction with the Successful Bidder (the "**Sale Approval Motion**"). At the Sale Approval Motion, the Proposal Trustee or the Company shall seek, among other things, approval from the Court to consummate the Successful Bid. All Qualified Bids other than the

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

Approval of Stalking Horse Bid

35. The Stalking Horse Bid will act as the minimum bid against which all other bids will be evaluated in the Sale Process. Unless other Superior Bids are received, it is contemplated that the Stalking Horse Bid will be selected as the Successful Bid in the Sale Process. A copy of the Stalking Horse Bid is attached hereto as **Appendix 'V'**. Capitalized terms used in this section and not otherwise defined have the meaning ascribed to them in the Stalking Horse Bid.
36. The Proposal Trustee provides a summary of certain material terms of the Stalking Horse Bid below but directs the reader to the Stalking Horse Bid for the full terms and conditions thereof:
- a) the Stalking Horse Bid is structured as an asset purchase;
 - b) the Stalking Horse Bidder is also the DIP Lender and a senior secured creditor;
 - c) the purchase price to be paid by the Stalking Horse Bidder is the sum of i) \$4,900,000 (the "**Credit Bid Amount**"), and ii) all amounts ranking in priority to the Stalking Horse Bidder's security on the Purchased Assets (the "**Priority Payables**", and together with the Credit Bid Amount, the "**Purchase Price**");
 - d) the Stalking Horse Bidder anticipates the retention of the majority of the Company's employees;
 - e) closing is scheduled 15 days, or sooner, after receipt from the Court of an approval and vesting order in respect of the Sale Approval Motion;
 - f) in the event a Qualified Bidder that is not the Stalking Horse Bidder is the successful bidder, the Stalking Horse Bidder is entitled to an expense reimbursement fee of \$50,000 inclusive of HST (the "**Expense Reimbursement**"). In addition, the Stalking Horse Bid requires that the Expense Reimbursement be paid out of the sale proceeds derived from and upon completion of the Successful Bid; and
 - g) if the Stalking Horse Bidder is the Successful Bidder under the Sale Process, the Expense Reimbursement will not be payable, and the amounts advanced under the Term Sheet will be credited towards the Purchase Price.
37. Management has advised the Proposal Trustee that Cosmetic Synergies Incorporated ("**CSI**"), the Company's subordinate secured creditor, is supportive of the Sale Process, the Term Sheet and the Stalking Horse Bid. The Company is indebted to 370 Ontario for approximately \$8.6 million (the "**370 Ontario Debt**"), not including any amounts advanced under the Term Sheet, and to CSI for \$1.34 million, as of March 31, 2025.
38. Over the past 18 months Management made reasonable efforts to secure a strategic partner or investor in the Company prior to the commencement of the Proposal Proceedings without success. The DIP Lender was the

only party that showed credible and timely interest in acquiring the Company's business and funding the Sale Process to allow the Company to effectively market and solicit offers for the sale of the Property for the benefit of Company's stakeholders. The Expense Reimbursement was required to adequately compensate the Stalking Horse Bidder

39. It is the Proposal Trustee's view that the stalking horse sale process will preserve the business and relationships with customers, suppliers and employees by signaling that the business of the Company will continue. In the view of the Proposal Trustee, the Expense Reimbursement amount is fair and reasonable and will not discourage third parties from submitting Bids.

370 ONTARIO SECURITY

40. The Proposal Trustee obtained a security opinion from Capstone Legal ("Capstone") with respect to the security documentation associated with the 370 Ontario Debt.
41. Capstone has advised the Proposal Trustee that, subject to the usual qualifications and assumptions contained, it is of the opinion that the security held by 370 Ontario constitutes a validly perfected security interest in the assets and business of the Indeed enforceable against the Company in accordance with their terms.
42. A copy of the security opinion is available upon request.

EXTENSION OF STAY OF PROCEEDINGS

43. The Company is currently required to make a proposal by May 17, 2025.
44. The Company is seeking an extension of the stay of proceedings from May 17, 2025 to July 1, 2025.
45. The Proposal Trustee supports the Company's request as:
 - a) the extension of the stay would permit the Proposal Trustee and the Sales Agent to commence the Sale Process, if approved;
 - b) the Company has acted and continues to act in good faith and with due diligence; and
 - c) no creditor would be materially prejudiced if the extension being applied for is granted.

CONCLUSIONS AND RECOMMENDATIONS

46. Based on the above, the Proposal Trustee respectfully recommends that the Court grant an order providing the relief described in section 8 (b) of this Second Report.

All of which is respectfully submitted this 30th 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: Josie Parisi, CPA, CA, CBV, CIRP, LIT
Title: Senior Vice President

APPENDIX I

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE) THURSDAY, THE 24TH
)
JUSTICE J. DIETRICH) DAY OF APRIL, 2025

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

ORDER

THIS MOTION, made by Indeed Laboratories Inc. (the “**Company**”), for an order, *inter alia*, approving the DIP Term Sheet dated April 22, 2025 (the “**DIP Term Sheet**”) between the Company and 1000481370 Ontario Inc. (the “**DIP Lender**”), granting priority charges over the Company’s property and assets as security for the interim financing facility in the maximum principal amount of \$500,000 (the “**DIP Loan**”), was heard this day at 330 University Avenue, Toronto, Ontario via videoconference.

ON READING the Notice of Motion and the Affidavit of Kevin Watkinson sworn April 23, 2025, and on hearing the submissions of counsel for the Company, no one else appearing for any other person on the service list although properly served as appears from the Affidavit of Service of Antoinette DePinto sworn April 23, 2025, filed:

SERVICE

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

INTERIM FINANCING

2. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to obtain and borrow under a credit facility in the maximum amount of \$500,000 from the DIP Lender in order to finance the Company's working capital requirements and the costs of these proceedings, provided that the Company shall not draw more than \$75,000 on the DIP Loan until further Order of this Court.

3. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet, filed.

4. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, with the DIP Term Sheet, the "**Definitive Documents**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Company is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to

the DIP Lender under and pursuant to the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

5. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on all present and future property and assets of the Company and proceeds thereof (the "**Property**"). The DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 7 and 8 hereof.

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

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon 4 business days notice to the Company and the Proposal Trustee, may exercise any and all of its rights and remedies against the Company or the Property under or pursuant to the Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Company and set off and/or consolidate any amounts owing by the DIP Lender to the Company against the obligations of the Company to the DIP Lender under the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Company or the Property.

7. **THIS COURT ORDERS** that the DIP Lender's Charge shall rank in priority to all other security interests, trusts, deemed trusts, liens, charges and encumbrances, claims of secured creditors (collectively, "**Encumbrances**") in favour of any Person.

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

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

- (a) neither the creation of the DIP Lender's Charge nor the execution, delivery, perfection, registration or performance of the Definitive Documents shall create or

be deemed to constitute a breach by the Company of any Agreement to which they are a party;

- (b) the Company shall not have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Company entering into the Definitive Documents, the creation of the DIP Lender's Charge, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Company pursuant to this Order or the Definitive Documents, and the granting of the DIP Lender's Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

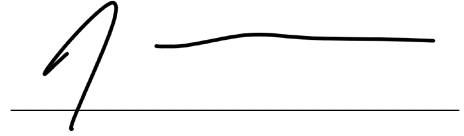
10. **THIS COURT ORDERS** that the DIP Lender' Charge created by this Order over leases of real property in Canada shall only be a charge in the Company's interest in such real property leases.

GENERAL

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

12. **THIS COURT ORDERS** that the Company or BDO Canada Limited (in its capacity as Proposal Trustee) shall be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

13. **THIS COURT ORDERS** that this Order is effective from today's date and it is made and enforceable without any need for entry or filing.

A handwritten signature, consisting of a stylized 'A' followed by a horizontal line, is positioned above a solid horizontal line that spans the width of the signature.

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

Court File No.: BK-25-03213105-0032

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
IN BANKRUPTCY AND INSOLVENCY**

INITIAL ORDER

CHAITONS LLP

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Lawyers for Indeed Laboratories Inc.



SUPERIOR COURT OF JUSTICE

ENDORSEMENT

COURT FILE NO.: BK-25-03213105-0032 DATE: April 24, 2025

NO. ON LIST: 6

TITLE OF PROCEEDING: **INDEED LABORATORIES INC v. BDO Canada Limited**

BEFORE: **JUSTICE J. DIETRICH**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Laura Culleton Harvey Chaiton	Counsel for Indeed Laboratories Inc.	laurac@chaitons.com harvey@chaitons.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Peter Naumis	BDO Canada Limited	pnaumis@bdo.ca

Other:

Name of Person Appearing	Name of Party	Contact Info

ENDORSEMENT OF JUSTICE J. DIETRICH:

Introduction

[1] Indeed Laboratories Inc. (the “**Company**”) seeks an order:

- a. approving an interim financing loan in the amount of \$500,000 (the “**DIP Loan**”) from 1000481370 Ontario Inc. (in such capacity, the “**DIP Lender**”, otherwise referred to as “**370 Ontario**”) to finance the Company’s working capital requirements and the costs of these proceedings, as more fully described in the DIP Term Sheet between Indeed Labs and the DIP Lender dated April 22, 2025, and granting a charge in the maximum amount of \$500,000 plus interest and costs (the “**DIP Lender’s Charge**”) as security for the Company’s indebtedness under the DIP Loan;
- b. granting an administration charge in the amount of \$250,000 to secure the fees and disbursements of the Proposal Trustee, the Proposal Trustee’s counsel and Indeed Labs’ counsel (the “**Administrative Charge**”); and
- c. granting an extension of the time required to file its proposal, from May 17, 2025, the date the current stay expires, to July 1, 2025.

[2] The Company also seeks to schedule a further hearing to seek approval of an anticipated stalking-horse sales process.

[3] Terms not otherwise defined herein have the meaning provided to them in the factum of the Company filed on this motion.

[4] No party opposes the relief sought, however, the material was only served yesterday afternoon.

[5] For the reasons set out below, I am prepared to approve the DIP Loan and DIP Lender’s Charge requested today, provided that borrowings are limited to a maximum amount of \$75,000.

[6] A further hearing has been scheduled **for 45 minutes starting at 11:00 am on May 2, 2025** at which time the remainder of the relief sought today and approval of the anticipated stalking-horse sales process can be addressed.

Background

[7] On April 17, 2024 (the “**Filing Date**”), the Company filed a Notice of Intention to File a Proposal under the *Bankruptcy and Insolvency Act*. BDO Canada Limited is the trustee in the NOI Proceeding (“**Proposal Trustee**”).

[8] The Company’s main office is located at 118 Avenue Road, Toronto, ON. It also has a warehouse located at 5181 Everest Drive, Mississauga, ON. Both the main office and warehouse are leased from affiliates to a shareholder of the Company and 370 Ontario.

[9] The Company is a developer and distributor of skincare products across Canada, the United States of America and the United Kingdom. The Company’s products are manufactured by third party contract

manufacturers. The Company has several trademarks and owns proprietary formulas. The Company's main customers are Shoppers Drug Mart ("**Shoppers**"), Loblaws, Ulta, Amazon US and Amazon UK.

[10] The company employs approximately 17 people.

[11] 370 Ontario (who is also the proposed DIP Lender) is the Company's primary secured creditor. The Company advises that 370 Ontario is owed approximately \$8.6 million by the Company as result of certain assignment agreements entered into by 370 Ontario and other former creditors.

[12] As well, the Company is indebted to Cosmetic Synergies Incorporated in the principal amount of \$1,000,000 plus interest pursuant to a convertible debenture effective as of June 15, 2018. Counsel advised that 370 Ontario and Cosmetic Synergies Incorporated are related.

[13] The Company also has certain trade debt (estimated to be approximately \$90,000). The Company has entered into supply agreements with its customers. Shoppers has discontinued a product line and under its supply agreement is entitled to charge back any losses it sustains in relation that discontinued product. The Company estimates that this amount will be approximately \$1.2 million. The Company is also indebted to former customers CVS and Target.

[14] The Company's revenues have decreased year over year for the past several years as a result of the increased costs to manufacture the Company's products which were passed on to consumers in the form of higher prices. Within the past two years, the Company has lost CVS and Target as customers. 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.

[15] The Company's losses have been funded by an affiliate of a shareholder that is no longer willing to provide funds outside of an insolvency process.

[16] As set out in the Cash Flow Forecast, the Company is not expected to have sufficient liquidity to continue operations and requires interim financing. If the Company is unable to obtain approval of the DIP Loan, the Company will be unable to meet its ordinary course obligations or pay the costs of these proceedings and will likely have to shut down its operations, liquidate its inventory and terminate its employees.

[17] The Company has obtained an interim debtor-in-possession financing commitment from the DIP Lender to fund the Company's operation and restructuring expenses during the restructuring pursuant to the DIP Term Sheet.

Issue

[18] The only issue to be determined today is whether the DIP Loan and DIP Lender's Charge (up to maximum amount of \$75,000) should be approved.

Analysis

[19] Pursuant to s. 50.6 of the BIA, the Court may make an order declaring that all or part of the Company's property is subject to a security or charge and order that the security or charge rank in priority over the claim of any secured creditor of the Company. Pursuant to s. 50.6 of the BIA, in deciding whether to make such an order, the Court is to consider the following:

- a. the period during which the debtor is expected to be subject to proceedings under this Act;
- b. how the debtor's business and financial affairs are to be managed during the proceedings;
- c. whether the debtor's management has the confidence of its major creditors;
- d. whether the loan would enhance the prospects of a viable proposal being made in respect of the debtor; and
- e. the nature and value of the debtor's property;

[20] The DIP Lender is the Company's largest secured creditor and is related to the Company's only other secured creditor. The key terms of the DIP Term Sheet include: a maximum loan amount of \$500,000; interest accruing at a rate of 8% per annum to be paid at the maturity date; no commitment fee; and advances under the DIP Loan are conditional upon Court approval of the DIP Term Sheet and the granting of the DIP Lender's Charge. The proposed DIP Lender's Charge will not secure any obligations incurred prior to the Filing Date.


[21] The Proposal Trustee is of the view that the Company's request for the approval of the DIP Loan and the DIP Lender's Charge are reasonable in the circumstances and are required to provide the Company with the necessary financing to complete its restructuring.

[22] Given that the motion material was only served yesterday, and that the Company will be returning to Court on May 2, 2025, the Proposal Trustee advised that only the amount of \$75,000 may be required prior to the next court attendance.

[23] In the circumstances, I am prepared to approve the DIP Loan and the DIP Term sheet on that basis.

Disposition

[24] Order to go in the form signed by me this day.



Justice J. Dietrich

April 24, 2025

APPENDIX II

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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- Appendix II - 15 Week Cash Flow and Management's Report Thereon
- Appendix III - Proposal Trustee's Report on the Cash Flow
- Appendix IV - Term Sheet dated April 22, 2025

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 III

SALE PROCESS

INTRODUCTION

On April 17, 2025, Indeed Laboratories Inc. (“**Indeed**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”, and the proceedings, the “**NOI Proceedings**”). BDO Canada Limited, a licensed insolvency trustee, was appointed as proposal trustee (the “**Trustee**”) under the NOI Proceedings.

On May 2, 2025, the Ontario Superior Court of Justice (the “**Court**”) granted an order (the “**Sale Process Order**”) which approved, among other things:

- the sale process (the “**Sale Process**”) for the marketing and sale of the Company’s business and assets (collectively, the “**Property**”);
- the engagement of BDO Canada Transaction Advisory as sales agent (the “**Sales Agent**”) to assist the Trustee with carrying out the Sale Process;
- the Company increasing its ability to borrow up to the maximum amount of \$500,000 pursuant to a Term Sheet dated April 22, 2025 (the “**Term Sheet**”); and
- the Company entering into a purchase and sale agreement (the “**Stalking Horse Agreement**”) between the Company and 1000481370 Ontario Inc. (in such capacity, the “**Stalking Horse Bidder**”) pursuant to which the Stalking Horse Bidder will purchase the Property; and (ii) act as a stalking horse bidder in the Court-supervised Sale Process within the NOI Proceedings.

The Sale Process herein sets out the manner in which: (a) binding offers for executable transactions involving all or substantially all, or any portion, of the Property will be solicited from interested parties; (b) any such offers received will be evaluated; (c) any Successful Bid (as defined below) will be selected; and (d) Court approval of any Successful Bid will be sought.

The Sale Process will be conducted by the Sales Agent and the Trustee in the manner set forth herein and in accordance with the Sale Process Order. In the event that there is a disagreement as to the interpretation or application of the Sale Process, the Court will have exclusive jurisdiction to hear and resolve such dispute.

The Trustee will post on the Trustee’s websites, any modification, amendment, variation or supplement to the Sale Process and inform the bidders impacted by such modification, amendment, variation or supplement.

THE OPPORTUNITY

The Sale Process is intended to solicit interest in, and opportunities for a sale of all or substantially all or part of the Property (the “**Transaction**”).

The Sale Process Order, the procedures in respect of the Sale Process as contained herein (the “**Sale Process Procedures**”) and any subsequent orders issued by the Court pertaining to the Sale Process Procedures shall exclusively govern the process for soliciting and selecting bids for the Transaction.

The purpose of the Sale Process Procedures is to determine whether a better Transaction than the transaction contemplated by the Stalking Horse Agreement may be obtained by the Trustee in a formal marketing process approved by the Court.

“AS IS, WHERE IS”

The sale of any Property or assets under the Stalking Horse Agreement or any Transaction to any party other than the Stalking Horse Bidder will be on an “as is, where is” basis and without surviving representations or warranties, covenants or indemnities of any kind, nature, or description by the Company, the Sales Agent, the Trustee, or any of their respective agents, advisors or representatives, and all of the right, title and interest of Indeed in and to the Property to be acquired, will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to a Court order, except as otherwise provided in such Court order.

TIMELINE

The following table sets out the key milestones under the Sale Process:

Milestone	Deadline
Commencement of Sale Process	Within 5 business days after receipt of Sale Process Order
Distribution of the Notice and Teaser Letter	May 13, 2025
Bid Deadline	June 13, 2025
Auction	No later than June 20, 2025
Sale Approval Hearing	No later than July 31, 2025
Outside Closing Date Deadline	August 31, 2025

The dates set out in the Sale Process may be extended by the Trustee in its sole discretion.

SOLICITATION OF INTEREST

As soon as reasonably practicable:

1. the Sales Agent, in consultation with the Trustee and the Company, will prepare a list of potential bidders, including (i) parties that have approached the Trustee, the Sales Agent or the Company indicating an interest in the opportunity, and (ii) strategic and financial parties who the Trustee believes may be interested in purchasing all or part of the Property (collectively, “**Known Potential Bidders**”);
2. the Trustee will arrange for a notice of the Sale Process (and such other relevant information which the Trustee considers appropriate) (the “**Notice**”) to be published in The Globe and Mail (National Edition) and any other newspaper or journal as the Trustee considers appropriate, if any; and [NTD: how many times and by what date?]
3. the Sales Agent, with the approval of the Trustee, will prepare: (i) a process summary (the “**Teaser Letter**”) describing the opportunity, outlining the Sale Process Procedures and inviting recipients of the Teaser Letter to express their interest pursuant to the Sale Process; and (ii) a non-disclosure agreement in form and substance satisfactory to the Trustee (the “**NDA**”).

The Trustee will publish the Notice and the Sales Agent will send the Teaser Letter and the NDA to all Known Potential Bidders by no later than May 13, 2025 and to any other party who requests a copy of the Teaser Letter and the NDA or who is identified to the Trustee or the Sales Agent as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

INTERESTED PARTIES

Delivery of Confidential Information Package

Any party who wishes to participate in the Sale Process must provide to the Sales Agent, unless the Trustee or the Sales Agent confirms to such potential bidder that the below documents are already available to the Trustee, the following:

1. the NDA executed by it and a letter setting forth the identity of the potential bidder, the contact information for such potential bidder and full disclosure of the direct and indirect principals of the potential bidder; and
2. such form of financial disclosure and credit quality support or enhancement that allows the Trustee to make a reasonable determination as to the potential bidder's financial and other capabilities to consummate a Transaction.

If the Trustee determines, exercising its reasonable business judgment, that a bidder has: (i) delivered the documents contemplated in the immediately preceding paragraph; and (ii) the financial capability based on the availability of financing, experience and other considerations, to be able to consummate a Transaction pursuant to the Sale Process, then such bidder shall be deemed to be a "Qualified Bidder". For greater certainty, no bidder shall be deemed to be a Qualified Bidder without the approval of the Trustee.

At any time during the Sale Process, the Trustee may, in its reasonable business judgment, eliminate a Qualified Bidder from the Sale Process, in which case such Qualified Bidder will be eliminated from the Sale Process and will no longer be a Qualified Bidder for the purposes of the Sale Process.

The Sales Agent, with the approval of the Trustee, will prepare and send to each Qualified Bidder a confidential information package providing additional information considered relevant to the potential Transaction (the "Confidential Information Package").

The Trustee and its advisors make no representation or warranty as to the completeness and accuracy of the information contained in the Confidential Information Package or otherwise made available pursuant to the Sale Process, except to the extent expressly contemplated in any definitive sale agreement with a Successful Bidder ultimately executed and delivered by the Trustee. None of the Sales Agent, the Trustee or the Company is responsible for, and will bear no liability with respect to, any information provided and obtained by any party in connection with the Company or the sale of the Property.

Qualified Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property in connection with their participation in the Sale Process and any Transaction they enter into with the Trustee.

Due Diligence

The Sales Agent, with the approval of the Trustee, shall, in its reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials and information relating to the Property as they reasonably request. Due diligence access may include Management presentations, access to electronic data rooms, on-site inspections, and other matters which a Qualified Bidder may reasonably request and as to which the Trustee in its reasonable business judgment may agree.

The Trustee will designate a representative to coordinate all reasonable requests for additional information and due diligence access from a Qualified Bidder and the manner in which such requests must be communicated. None of the Sales Agent, the Trustee or the Company will be obligated to furnish any information relating to the Property to any person other than to Qualified Bidder. Further, and for

the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Trustee determines such information to represent proprietary or sensitive competitive information.

SUPERIOR BIDS

A “**Superior Bid**” means a credible, reasonably certain and financially viable Qualified Bid (defined below), the terms of which are, in the determination of the Trustee and its Sales Agent acting reasonably, no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse Agreement, and which at a minimum includes a payment of the Purchase Price (as defined in the Stalking Horse Agreement plus a minimum additional amount of \$100,000 and the Expense Reimbursement.

QUALIFIED BIDS

Qualified Bidders that wish to make a formal offer to purchase the Property or a portion thereof shall submit a binding offer (a “**Bid**”) on substantially the same terms and conditions as the terms and conditions contained in the Stalking Horse Agreement. In order to be considered a “**Qualified Bid**”, a Bid must meet the following minimum criteria:

1. the Bid must be received by the Trustee at the address specified in Schedule “A” hereto (including by email or fax transmission), so as to be received by the Trustee no later than 5:00 p.m. (Eastern Time) on June 13, 2025 (the “**Bid Deadline**”);
2. the Qualified Bidder and the representatives thereof who are authorized to act on the Bidder’s behalf must be sufficiently identified;
3. the Bid must be submitted in writing and include a blackline of the Stalking Horse Agreement, reflecting the Qualified Bidder’s proposed changes;
4. the Bid must be accompanied by a deposit by way of certified cheque or wire transfer, in an amount equal to at least 10% of the aggregate purchase price payable under the Bid;
5. the Bid must be open for acceptance by the Trustee until approval by the Court of the execution by the Qualified Bidder and the Trustee of an agreement of purchase and sale in respect of the purchased assets subject to the Bid;
6. the Bid must be on terms no less favourable and no more burdensome or conditional than the Stalking Horse Agreement;
7. the Bid must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the Bidder’s obligation to complete the Transaction that are not otherwise contained in the Stalking Horse Agreement;
8. the Bid must be accompanied by written evidence of a commitment for financing or other evidence of the Bidder’s ability to consummate the Transaction contemplated by the Bid;
9. the Bid must be for a purchase price equal to or greater than the sum of the Purchase Price (as defined in the Stalking Horse Agreement) plus a minimum additional amount of \$100,000 and the Expense Reimbursement (as defined in the Stalking Horse Agreement); and
10. the Bid constitutes, in the reasonable business judgment of the Trustee, a Superior Bid; and
11. the Bid contemplates closing the Transaction set out therein on or before the Outside Closing Date.

The Transaction contemplated by the Stalking Horse Agreement shall be deemed to be a Qualified Bid.

The Trustee may waive strict compliance with any one or more of the non-material foregoing requirements and deem any such non-compliant bid to be a Qualified Bid.

SELECTION OF SUCCESSFUL BIDDERS

Following the Bid Deadline, the Trustee will assess the Bids received in consultation with the Company. The Trustee shall approve the disqualification of any Bids that are deemed not to be Qualified Bids. Only Qualified Bidders whose Bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).

The Trustee shall notify each Qualified Bidder in writing as to whether its Bid constituted a Qualified Bid within two (2) business days following the Bid Deadline, or at such later time as the Trustee deems appropriate, in consultation with the Company.

If no Qualified Bids (either individually or in the aggregate) other than the Stalking Horse Agreement have been received by the Bid Deadline, then the Trustee, with the consent of the Stalking Horse Bidder, may consider an extension of the Bid Deadline for up to seven (7) business days to allow any party that submitted a Bid to consult with the Trustee and to revise such Bid such that it would provide for, or that might reasonably be expected to provide for, a Superior Bid.

Evaluation of Competing Bids

A Qualified Bid will be evaluated upon many factors, including, without limitation, items such as:

1. the Purchase Price and the net value provided by such Qualified Bid,
2. the identity, circumstances and ability of the Qualified Bidder to successfully complete such Transaction,
3. the proposed Transaction documents,
4. factors affecting the speed, certainty and value of the Transaction,
5. the assets included or excluded from the Bid,
6. the likelihood and timing of consummating such Transaction, and
7. whether the Transaction results in a Superior Bid,

Each, as determined by the Trustee, in consultation with the Sales Agent and the Company.

Selection of Successful Bid

The Trustee shall, in consultation with the Sales Agent:

1. first, review and evaluate each Qualified Bid, provided that the Trustee may contact any Qualified Bidder to clarify the terms of any Bid, and the applicable Qualified Bidder may amend, modify or vary such Bid for the purpose of clarification;
2. second, identify if any Qualified Bid is a Superior Bid; and

3. third, if one or more Qualified Bids are considered to be Superior Bid, those Qualified Bidders presenting a Superior Bid shall proceed to an auction with the Stalking Horse Bidder to be held on or before June 20, 2025 (the "**Auction**"), which shall proceed according to the Auction Procedures set out in **Schedule "B"** to this Sale Process to identify the Successful Bid.

If no Superior Bid is received by the Bid Deadline, the Auction will not be held and the Stalking Horse Bidder will be declared to be the Successful Bidder. The determination of any Successful Bid by the Trustee shall be subject to approval by the Court.

Sale Approval Motion Hearing

At the hearing of the motion to approve any Transaction with a Successful Bidder (the "**Sale Approval Hearing**"), the Trustee shall seek, among other things, approval from the Court to consummate the Successful Bid. All the Qualified Bids other than the Successful Bid, if any, shall be deemed rejected by the Trustee on and as of the date of approval of the Successful Bid by the Court.

CONFIDENTIALITY AND ACCESS TO INFORMATION

All discussions regarding a Transaction, Bid or Successful Bid should be directed through the Sales Agent. Under no circumstances, should the Management or Indeed's customers be contacted directly without the prior written consent of the Sales Agent or the Trustee. Any such unauthorized contact or communication could result in exclusion of the interested party from the Sale Process at the discretion of the Trustee.

Participants and prospective participants in the Sale Process shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Known Potential Bidders, Qualified Bidders or Qualified Bids, the details of any Bids or Qualified Bids submitted or the details of any confidential discussions or correspondence between the Sales Agent, the Trustee and such other Known Potential Bidders or Qualified Bidders in connection with the Sale Process.

Notwithstanding the foregoing, under no circumstances will the Sales Agent or the Trustee share any material information concerning any of the Bids with any person other than the Company.

SUPERVISION OF THE SALE PROCESS

The Sales Agent shall conduct the Sale Process, with the oversight of the Trustee, in the manner set out in the Sale Process Procedures and is entitled to receive all information in relation to the Sale Process.

The Sale Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Sales Agent, the Trustee or the Company and any Qualified Bidder, Known Potential Bidder, or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Trustee.

Without limiting the preceding paragraph, the Sales Agent and the Trustee shall not have any liability whatsoever to any person or party, including, without limitation, any Qualified Bidder, Known Potential Bidder, the Successful Bidder, the Company or any creditor or other stakeholder of the Company, for any act or omission related to the process contemplated by the Sale Process Procedures, except to the extent such act or omission is the result from gross negligence or wilful misconduct of the Sales Agent or the Trustee. By submitting a Bid, each Known Potential Bidder, Qualified Bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Sales Agent or the Trustee in respect of the Sale Process for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct by the Sales Agent or the Trustee.

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

Notwithstanding the process and deadlines outlined above with respect to the Sale Process, with the prior consent of the DIP Lender, the Sales Agent and the Trustee may at any time: (i) pause, terminate, amend or modify the Sale Process; (ii) remove any portion of the Property from the Sale Process; (iii) bring a motion to the Court to seek approval of a sale of all or part of the Property or the Company, whether or not such sale is in accordance with the terms or timelines set out in the Sale Process Procedures; and (iv) establish further or other procedures for the Sale Process, provided that Qualified Bidders and Known Potential Bidders shall be advised of any substantive modification to the procedures set forth herein.

Schedule "A"

Address of Trustee

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

Attention: Josie Parisi or Peter Naumis
Email: jparisi@bdo.ca
pnaumis@bdo.ca

Schedule "B"

AUCTION PROCEDURES

1. On or before June 17, 2025, the Trustee will confirm those Qualified Bidders who submitted a Qualified Bid that they will be invited to the Auction.
2. Unless otherwise ordered by the Court, only the authorized representatives, professional advisors or agents of the Stalking Horse Bidder and each Qualified Bidder shall be eligible to attend at the Auction and make any Subsequent Bid (as defined below) at the Auction.
3. The Auction, if any, shall be conducted by the Trustee, on or before June 20, 2025 at 10:00 a.m. (Eastern Time) via video conference.
4. At the Auction, all Qualified Bidders and the Stalking Horse Bidder shall be permitted to increase their Qualified Bids and the bid contemplated by the Stalking Horse Agreement in accordance with the procedures set forth herein (each, a "Subsequent Bid"). All Subsequent Bids presented during the Auction shall be made and received via video conference on an open basis. All participating Qualified Bidders and the Stalking Horse Bidder shall be entitled to be present for all bidding with the understanding that the true identity of each participating Qualified Bidder shall be fully disclosed to all other Qualified Bidders and the Stalking Horse Bidder and that all material terms of each Subsequent Bid presented during the Auction will be fully disclosed to the Stalking Horse Bidder and all other participating Qualified Bidders throughout the entire Auction.
5. All Qualified Bidders and the Stalking Horse Bidder at the Auction must have at least one individual representative with authority to bind such Qualified Bidder and the Stalking Horse Bidder present at the Auction.
6. The Auction shall be recorded by the Trustee for its exclusive use and shall not be recorded by any other party.
7. At least three (3) business days prior to the Auction, the Trustee will advise the Stalking Horse Bidder and all other Qualified Bidders which of the Qualified Bidders or the Stalking Horse Bidder the Trustee has determined, in its reasonable business judgment, after consultation with its advisors and the Company, constitutes the then highest or otherwise best offer Transaction (the "Starting Bid").
8. Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one Subsequent Bid is submitted by a Qualified Bidder or the Stalking Horse Bidder that (i) improves upon such Qualified Bidder's immediately prior Superior Bid or the bid contemplated by the Stalking Horse Agreement, as the case may be, and meets the overbid requirement set forth in paragraph 9 below, and (ii) the Trustee determines, in its reasonable business judgment, after consultation with its advisors, such Subsequent Bid is a higher or otherwise better offer than the then current leading Superior Bid.
9. Bidding at the Auction shall be in increments of \$100,000 and shall continue until such time as the highest and best bid is determined by the Trustee's reasonable business judgment after consultation with its advisors. For the purpose of evaluating the value of the consideration provided by each Bid (including any Subsequent Bid by the Stalking Horse Bidder) presented at the Auction, the value will: (i) be deemed to be the net consideration payable to the Trustee after considering, *inter alia*, any Expense Reimbursement due to the Stalking Horse Bidder under the Stalking Horse Agreement; and (ii) take into account any additional liabilities of the Company to be assumed by a Qualified Bidder.

10. After the first round of bidding and between each subsequent round of bidding, the Trustee shall announce the Subsequent Bid that the Trustee has determined, in its reasonable business judgment, after consultation with its advisors and the Company, to be the then highest or best bid (the "**Leading Bid**"). A round of bidding will conclude after each participating Qualified Bidder and the Stalking Horse Bidder has had an opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid.
11. If no Qualified Bidder or the Stalking Horse Bidder submits a Subsequent Bid (as determined by the Trustee) after a period of 30 minutes following the Trustee's acceptance of a Subsequent Bid as the Leading Bid, and the Trustee chooses not to adjourn the Auction further, the Trustee shall enter into a binding agreement of purchase and sale substantially on the same terms as the Superior Bid or the Stalking Horse Agreement (as the case may be), as amended by the Leading Bid, with the Qualified Bidder or the Stalking Horse Bidder (the Successful Bidder) that submitted the highest and best Bid as determined by the Trustee, whereupon the Auction will be concluded.
12. At the Auction, the Trustee, after consultation with its advisors, may employ and announce additional procedural rules that are fair and reasonable under the circumstances (e.g., the amount of time allotted to make Subsequent Bids) for conducting the Auction; provided, however, that such rules are (a) not inconsistent with the Auction procedures set forth in this Schedule "B", the *Bankruptcy and Insolvency Act*, any order of the Court entered in connection with such Auction procedures, and (b) disclosed to each Qualified Bidder and the Stalking Horse Bidder at the Auction.

APPENDIX IV

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

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

**AFFIDAVIT OF KEVIN WATKINSON
(sworn April 23, 2025)**

I, KEVIN WATKINSON, of the City of Mississauga, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am the Chief Restructuring Officer (“**CRO**”) of Indeed Laboratories Inc. (“**Indeed Labs**” or the “**Company**”). I was appointed CRO in August 2024. As such, I have knowledge of the matters to which I depose in this affidavit, save and except for such facts or matters which are stated to be based on information and belief, and where so stated, I believe same to be true.

2. This affidavit is sworn in support of a motion by Indeed Labs for orders:
 - (a) if necessary, abridging the time for service and filing of the Notice of Motion and the Motion Record of Indeed Labs or, in the alternative, dispensing with service of same;

- (b) approving an interim financing loan in the amount of \$500,000 (the “**DIP Loan**”) from 1000481370 Ontario Inc. (in such capacity, the “**DIP Lender**”, otherwise referred to as “**370 Ontario**”) to finance the Company’s working capital requirements and the costs of these proceedings, as more fully described in the DIP Term Sheet between Indeed Labs and the DIP Lender dated April 22, 2025, and granting a charge in the maximum amount of \$500,000 plus interest and costs (the “**DIP Lender’s Charge**”) as security for the Company’s indebtedness under the DIP Loan;
- (c) granting an administration charge in the amount of \$250,000 to secure the fees and disbursements of the Proposal Trustee, the Proposal Trustee’s counsel and Indeed Labs’ counsel (the “**Administration Charge**”);
- (d) granting an extension of the time required to file its proposal, from May 17, 2025, the date the current stay expires, to July 1, 2025.

OVERVIEW OF INDEED LABS AND ITS OPERATIONS

Indeed Labs

3. Indeed Labs is a company incorporated pursuant to the *Canada Business Corporations Act*, on December 19, 2008. Indeed Labs’ main office is located at 118 Avenue Road, Toronto, ON. It also has a warehouse and offices located at 5181 Everest Drive, Mississauga, ON. Both the main office and warehouse are leased from affiliates to a shareholder of the Company and 370 Ontario.

The Business

4. Indeed Labs is a developer and distributor of skincare products across Canada, the United States of America and the United Kingdom. The Company's products are manufactured by third-party contract manufacturers. The Company has several trademarks and owns proprietary formulas.

5. The Company's main customers are Shoppers Drug Mart ("**Shoppers**"), Loblaws, Ulta, Amazon US and Amazon UK.

Employees

6. Indeed Labs currently employs approximately 17 (seventeen) people consisting mainly of administrative and sales staff. Payroll is paid to employees on a biweekly basis.

CREDITORS

Secured Creditors

7. Indeed Labs is currently indebted to 370 Ontario in the amount of approximately \$8,600,000 pursuant to:

- (a) a grid promissory note dated as of December 31, 2021, assigned to 370 Ontario by In-Store Products Limited by way of an Assignment of Debt and Security Agreement and Debt Purchase Agreement both dated April 15, 2025. As security for this debt, 370 Ontario was assigned all of In-Store Products Limited's right, title and interest in, to and under a General Security Agreement dated as of December 31, 2021 granted by Indeed Labs to Total Cart Management Inc. (which was assigned to In-Store Products Limited as of July 17, 2024); and
- (b) a convertible debenture effective as of June 15, 2018 in the principal amount of \$1,000,000 plus interest, assigned by Maycal Growth Fund LP (formerly Trilogy Growth Fund LP) to 370 Ontario by Maycal Growth Fund LP by way of an Assignment of Debt and Security Agreement and Debt Purchase Agreement both dated February 28, 2025.

8. Indeed Labs is also indebted to Cosmetic Synergies Incorporated in the principal amount of \$1,000,000 plus interest pursuant to a convertible debenture effective as of June 15, 2018.

PPSA Registrations

9. A search of the Personal Property Security Registration System in Ontario (“PPRS”) as of April 15, 2025, shows that the security described above is perfected by registration under the *Personal Property Security Act*. A copy of the PPRS search results is attached hereto as **Exhibit “A”**.

Trade Debt

10. In addition, Indeed Labs owes approximately \$90,000 in trade debt.

Retailers

11. Indeed Labs has sale or supply agreements with each of its customers.
12. Indeed Labs entered into a supply agreement with Shoppers on August 2, 2012, which was amended pursuant to amendments dated as of December 1, 2019, July 15, 2021, and October 12, 2023 (collectively, the “**Supply Agreement**”). Shoppers has determined to discontinue a product line. Under the Supply Agreement, Shoppers is entitled to chargeback any losses it sustains in connection with the discontinued product which the Company estimates will be approximately \$1,200,000.
13. Indeed Labs is also indebted to its former customers CVS and Target, in respect of chargebacks estimated to be approximately USD \$400,000 to CVS and USD \$800,000 to Target.

Crown Liabilities

14. Indeed Labs is current in payment of HST remittances however, it is estimated that the amount of \$8,000 is due in relation to source deductions in respect of an underpayment in 2024.

Employee Liabilities

15. Indeed Labs is current in payment of its employee wages and vacation pay to the last payroll.

CURRENT FINANCIAL POSITION

16. Indeed Labs operates in an extremely competitive industry. Revenues have decreased year over year for the past several years as a result of, among other things, the increased costs to manufacture Indeed Labs' products which were passed onto consumers in the form of higher prices.

17. Additionally, Indeed Labs built out infrastructure for anticipated sales that either did not materialize or were not sustained while marketing efforts to compete with global competition were undercapitalized.

18. Within the past two years, Indeed Labs has also lost CVS and Target as customers which represents a revenue loss of approximately \$1,500,000 each year.

19. 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.

20. Indeed Labs' losses have been funded by an affiliate of a shareholder that is no longer willing to provide funds outside of an insolvency process.

THE NOI PROCEEDING

21. On April 17, 2025 (the "**Filing Date**"), Indeed Labs filed a Notice of Intention to Make a Proposal ("**NOI**") under the *Bankruptcy and Insolvency Act* (the "**NOI Proceeding**"). The NOI filing is necessary to allow Indeed Labs to sell the business to maximize the value of the business for stakeholders and preserve employment for the Company's employees.

22. BDO Canada Limited is the trustee in the NOI Proceedings (the "**Proposal Trustee**").

Cash Flows

23. The Proposal Trustee has assisted Indeed Labs in preparing a cash flow forecast (the “**Cash Flow Forecast**”) which sets out projected cash flows for the period ending July 28, 2025 (the “**Cash Flow Period**”), a copy of which is attached hereto as **Exhibit “B”**.

24. As set out in the Cash Flow Forecast, Indeed Labs is not expected to have sufficient liquidity to operate to the end of the Cash Flow Period and requires interim financing. If Indeed Labs is unable to obtain approval of the DIP Loan, Indeed Labs will be unable to meet its ordinary course obligations or pay the costs of these proceedings and will likely have to shut down its operations, liquidate its inventory and terminate its employees.

DIP Loan and DIP Lender’s Charge

25. The Company obtained an interim debtor-in-possession financing commitment from the DIP Lender to fund the Company’s operations and restructuring expenses during the restructuring period subject to various terms and conditions as described in a term sheet dated April 22, 2025 (the “**DIP Term Sheet**”).

26. The key terms of the DIP Term Sheet are as follows:

- (a) a maximum loan amount of \$500,000;
- (b) interest accruing at a rate of 8% per annum to be paid at the maturity date;
- (c) no commitment fee; and

(d) advances under the DIP Loan are conditional upon Court approval of the DIP Term Sheet and the granting of a super-priority, Court-ordered DIP Lender's Charge in favour of the DIP Lender over all of the Company's property and assets, subject only to the Administration Charge.

27. The DIP Lender's Charge will secure all the funds advanced to Indeed Labs under the DIP Loan. The DIP Lender's Charge will not secure any obligations incurred prior to the Filing Date. Without the DIP Lender's Charge, the DIP Lender will not provide the DIP Loan, resulting in Indeed Labs' inability to finance its operations which would be detrimental to its creditors, shareholders, employees and other stakeholders.

28. Management of Indeed Labs is of the view that the terms of the DIP Loan are fair and reasonable.

29. The Proposal Trustee supports the approval of the DIP Loan and the DIP Lender's Charge.

Administration Charge

30. Indeed Labs seeks an order granting the Administration Charge over its property and assets securing the fees and disbursements of counsel to Indeed Labs, the Proposal Trustee and its counsel in the amount of \$250,000. The professionals whose fees are to be secured by the Administration Charge have taken on, and will continue to take on, a critical role in this proceeding.

Extension of NOI Period

31. I understand that the stay of proceedings is set to expire on May 17, 2025 (the "**Proposal Period**").

32. A 45-day extension of the Proposal Period would give Indeed Labs the time needed to: i) finalize the terms of a stalking horse sale agreement; ii) seek court approval of the stalking horse sale agreement and sale process; and iii) commence the sale process. If the DIP Loan is approved, Indeed Labs is expected to have sufficient liquidity to fund its operations and the costs of these proceedings to the end of July.

33. Indeed Labs had acted and is acting in good faith and with due diligence.

34. Indeed Labs will likely be able to make a viable proposal to its creditors if the extension is granted.

35. I am not aware of any creditors who would be materially prejudiced by the extension of the Proposal Period by 45 days.

36. I swear this affidavit in support of Indeed Labs' motion and for no other or improper purpose.

SWORN remotely by Kevin Watkinson of the City of Mississauga in the Regional Municipality of Peel, before me at the City of Toronto in the Regional Municipality of Metropolitan Toronto, on April 23, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Laura Culleton
Commissioner for Taking Affidavits
(or as may be)



KEVIN WATKINSON

APPENDIX V

STALKING HORSE ASSET PURCHASE AGREEMENT

This Agreement made this 29th day of April, 2025

BETWEEN:

INDEED LABORATORIES INC.,

a corporation existing under the laws of Canada pursuant to the *Canada Business Corporations Act*

(the “**Company**“)

- and -

1000481370 ONTARIO INC.,

a corporation existing under the laws of Ontario pursuant to the *Business Corporations Act*
(Ontario)

(the “**Purchaser**“)

RECITALS:

- A. The Company filed a Notice of Intention to Make a Proposal (the “**NOI**”) under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) on April 17, 2025, with BDO Canada Limited consenting to act as the proposal trustee (the “**Trustee**”) for the proceedings commenced by the NOI (the “**Proposal Proceedings**”).
- B. The Company has determined it is in the best interest of the creditors and stakeholders of the Company to conduct a sale process pursuant to which potential offerors may submit offers to purchase the assets of the Company.
- C. The Company will bring a motion for the Sale Procedures Order to authorize the Company to enter into this Agreement and conduct a sales process with respect to the Purchased Assets.
- D. Subject to the designation of the Transaction as the successful bid pursuant to the Sale Procedures, the granting of the Approval and Vesting Order and the other conditions set forth herein, the Company has agreed to sell, convey, transfer and deliver to the Purchaser, and the Purchaser has agreed to purchase, acquire, assume and accept from the Company the Purchased Assets and the Assumed Obligations, on the terms and subject to the conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confirmed, the Parties hereby agree as follows:

ARTICLE 1 – INTERPRETATION

1.1.1 Definitions

In this Agreement and the Recitals herein, the following terms shall have the meanings set out below:

“**Affiliate**” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate;

“**Agreement**” means this stalking horse asset purchase agreement, including all schedules attached hereto and forming part hereof, and all written amendments and written restatements thereto from time to time;

“**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, all applicable laws, statutes, regulations, rules, by-laws, ordinances, protocols, regulatory policies, codes, guidelines, official directives, orders, rulings, judgments and decrees of any Governmental Authority;

“**Approval and Vesting Order**” means an order of the Court approving this Agreement and the transactions contemplated hereby and vesting, upon the delivery of the Trustee’s Certificate to the Purchaser, all right, title and interest of the Company to the Purchased Assets in the Purchaser, free and clear of all Claims and Encumbrances pursuant to the terms and conditions of this Agreement, substantially in the form of the model order approved by the “Ontario Commercial List Users Committee”, and otherwise in form and substance acceptable to the Purchaser and the Company;

“**Article**” or “**Section**” or “**Schedule**” means the specified Article, Section of or Schedule to this Agreement and the expressions “**hereof**”, “**herein**”, “**hereto**”, “**hereunder**”, “**hereby**” and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement;

“**Assumed Contracts**” has the meaning ascribed thereto in Section 2.9;

“**Assumed Obligations**” has the meaning ascribed thereto in Section 2.7;

“**Bid Deadline**” has the meaning ascribed thereto in the Sale Procedures Order;

“**Books and Records**” means all of the books and records relating to the Purchased Assets, including, without limitation, all personnel files/records relating to all Transferred Employees and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, business reports, projections and all other documents, surveys, plans, files, records, assessments, correspondence, and other data and information, financial or otherwise, including all data, information and databases stored on computer-related or other electronic media, excluding any of the foregoing as applicable to any Excluded Asset;

“**Business**” means the business carried on by the Company as a developer, manufacturer and distributor of skincare products;

“**Business Day**” means a day on which banks are open for business in the City of Toronto, but does not include a Saturday, Sunday or statutory holiday recognized in the Province of Ontario;

“**Claims**” means any and all claims, demands, complaints, grievances, actions, applications, suits, causes of action, orders, charges, prosecutions or other similar processes, and “**Claim**” means any one of them;

“**Closing**” means the completion of the purchase and sale of the Purchased Assets, in accordance with the provisions of this Agreement;

“**Closing Date**” has the meaning ascribed thereto in Section 3.1 hereof;

“**Closing Time**” has the meaning ascribed thereto in Section 3.1 hereof;

“**Contracts**” means the right, title and interest of the Company to and in all executory contracts, agreements, leases and arrangements Related to the Business to or by which the Company or any of the Purchased Assets or the Business is bound or affected;

“**Court**” means the Ontario Superior Court of Justice (Commercial List);

“**Cure Payments**” refers to any and all financial obligations required to be settled to ensure the seamless transfer of Assumed Contracts, including, but not limited to, payments necessary to rectify any defaults, secure consents, or satisfy any preconditions imposed by third parties for such transfers. The term encompasses obligations that ensure the continuation of contract benefits to the Purchaser, thereby requiring the allocation of funds adequate to cover these obligations fully;

“**Effective Time**” means 12:01 a.m. on the Closing Date;

“**Employee**” means an individual who was formerly employed or engaged by the Company as an employee or, as at the Effective Time, is employed or engaged by the Company as an employee in connection with the Business, and “**Employees**” means every Employee;

“**Encumbrances**” means any and all security interests (whether contractual, statutory, or otherwise), mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, leases, title retention agreements, reservations of ownership, demands, executions, levies, charges, options or other rights to acquire any interest in any assets, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, and all contracts to create any of the foregoing, or encumbrances of any kind or character whatsoever, other than Permitted Encumbrances;

“**Equipment**” means all equipment and personal property owned by the Company wherever located, including all fixed and tangible assets, machinery, chattels, tooling, furniture, computer hardware and other tangible assets;

“**Excluded Assets**” means the following:

- (a) all minute books, share ledgers, corporate seals and stock certificates of the Company;

- (b) original Tax records and books and records pertaining thereto, taxpayer and other identification numbers and other documents relating to the organization, maintenance, and existence of the Company, in each case, that do not relate to the Business or the Purchased Assets; and
- (c) any other assets that the Purchaser elects to exclude in writing prior to Closing pursuant to Section 2.5.

“**Excluded Liabilities**” has the meaning ascribed thereto in Section 2.8;

“**Expense Reimbursement Fee**” has the meaning ascribed thereto in Section 4.1(b);

“**Governmental Authorities**” means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, and “**Governmental Authority**” means any one of them;

“**HST**” means all of the harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada);

“**Intellectual Property**” means any or all of the following items, wherever located, domestic or foreign: all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, copyrights and copyright rights, brand names, trade dress, business and product names, domain names, corporate names, logos, slogans, trade secrets, inventions, processes, formulae, industrial models, designs, specifications, data, technology, methodologies, computer programs (including all source code), confidential and proprietary information, whether or not subject to statutory registration, all related technical information, manufacturing, engineering and technical drawings, know how, all pending applications for and registrations of patents, trademarks, service marks and copyrights, including all obligations of third parties relating to the protection of the foregoing, the goodwill associated with the foregoing, and the right to sue for past payment, if any, in connection with any of the foregoing, and all documents, disks and other media on which any of the foregoing is stored;

“**Inventory and Supplies**” means all items that are held by the Company for sale, license, rental, lease or other distribution (and includes all supplies used by the Company in the operation of the Business) on hand at Closing, including, without limitation, all such items stored in warehouses and/or by third parties with the consent of the Company;

“**Landlord Consents**” means the written consent from the landlords of the Leased Premises to the assignment of the Leases to the Purchaser;

“**Leases**” means the leases for the Leased Premises, being (i) the lease dated as of January 1, 2025 between 118 Avenue Road Inc. and the Company in respect of the premises located at 118 Avenue

Road, Toronto, ON, and (ii) the lease dated as of January 1, 2025 between JLHD Investments Inc. and the Company in respect of the premises located at 5181 Everest Drive, Mississauga, ON;

“**Leased Premises**” means the premises located at 118 Avenue Road, Toronto, ON and 5181 Everest Drive, Mississauga, ON, as set forth in the Leases;

“**Liability**” means any debt, loss, damage, adverse claim, fines, penalties, 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 and consultants and costs of investigation), and, “**Liabilities**” means the plural thereof;

“**Licences and Permits**” means all licences, permits, filings, certificates, authorizations, approvals or indicia of authority Related to the Business, the Purchased Assets or necessary for the operation or use of the Purchased Assets;

“**Ordinary Course**” means, with respect to an action taken or omitted to be taken by a Person, that such action is reasonably practicable and generally consistent with the recent past practices of the Person having specific regard to the recent circumstances leading up to and including the transactions contemplated by this Agreement and, as applicable, subject to the Proposal Proceedings;

“**Parties**” means the Company, the Trustee and the Purchaser collectively, and “**Party**” means any one of them;

“**Permitted Encumbrances**” means those Encumbrances listed in **Schedule “A”** attached hereto;

“**Person**” is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;

“**Prepaid Amounts**” means all prepayments, prepaid charges, deposits, security deposits, sums and fees Related to the Business or in respect of the Purchased Assets;

“**Purchase Price**” has the meaning ascribed thereto in Section 2.2;

“**Purchased Assets**” means all of the Company’s right, title and interest in all of its assets, properties and undertakings, including, but not limited to, the following assets:

- (a) all cash on hand, bank balances, bank deposits, guaranteed investment certificates, securities and other similar cash or cash equivalent items owned or held by, or for the account of, the Company;
- (b) Assumed Contracts;

- (c) Books and Records;
- (d) Claims;
- (e) Equipment;
- (f) Intellectual Property, including, but not limited to, trademarks, copyrights, trade secrets, patents;
- (g) Any digital assets, including, but not limited to, domain names, websites, web applications, cloud accounts, telephone and facsimile numbers, email addresses, social media accounts and the content therein, along with any associated credentials or access keys;
- (h) Inventory and Supplies;
- (i) Licenses and Permits;
- (j) Prepaid Amounts;
- (k) Receivables;
- (l) Leasehold improvements (subject to the terms of the respective Lease);
- (m) The right to receive insurance recoveries or refunds thereunder under any insurance policies in existence on the date hereof in respect only of any claims with respect to Purchased Assets;
- (n) All refundable Taxes and refunds in respect of Taxes (or assessments or reassessments for Taxes);
- (o) All rights and interests under or pursuant to all warranties, representations and guarantees, express implied or otherwise, of or made by suppliers or others in connection with the Purchased Assets or otherwise Related to the Business;
- (p) All goodwill associated with the Business, including the right of the Purchaser to hold itself out as operating the Business as the successor to the Company; and
- (q) All other property, assets and undertakings of the Company used in or Related to the Business of whatsoever nature or kind,

other than the Excluded Assets;

“**Qualified Bid**” has the meaning ascribed thereto in the Sale Procedures;

“**Receivables**” means the right, title and interest of the Company to all accounts receivable, bills receivable, trade accounts, book debts, insurance claims, and choses-in-action, now or hereafter due or owing to the Company, Related to the Business or the Purchased Assets, together with any unpaid interest accrued on such items and any guarantees, security or collateral for such items, including recoverable deposits, attributable to the period prior to Closing, and, without limiting the generality of the foregoing, includes all Tax refunds and government subsidies;

“**Related to the Business**” means, directly or indirectly, used in, arising from, or relating in any manner to the Business;

“**Rights**” has the meaning ascribed thereto in Section 2.10;

“**Sale Procedures**” means the sale process approved by the Sale Procedures Order and on terms substantially similar to those attached as **Schedule “B”** attached hereto;

“**Sale Procedures Order**” means an order of the Court approving the execution of this Agreement as a “stalking horse” asset purchase agreement, the transactions contemplated herein, and the Sale Procedures, in form and content acceptable to the Purchaser and the Company;

“**Stalking Horse Bid**” has the meaning ascribed thereto in Section 4.1(a);

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

“**Transaction**” means the transaction of purchase and sale and assignment and assumption contemplated by this Agreement;

“**Transferred Employees**” means Employees who have accepted an offer of employment from the Purchaser as of the Closing;

“**Trustee’s Certificate**” means a certificate from the Trustee confirming the Closing of the Transaction, substantially in the form attached to the Approval and Vesting Order; and

“**Winning Bidder**” has the meaning ascribed thereto in Section 4.1(c).

1.1.2 Section References

Unless the context otherwise, references in this Agreement to Sections are to Sections of this Agreement.

1.1.3 Schedules

The following Schedules shall form an integral part of this Agreement:

Schedule “A” Permitted Encumbrances

Schedule “B” Sale Procedures

ARTICLE 2 – PURCHASE AND SALE

2.1 Purchase and Sale of Purchased Assets

At the Closing Time, subject to the terms and conditions of this Agreement and the Approval and Vesting Order, the Company shall sell, and the Purchaser shall purchase, the Purchased Assets, and the Purchaser shall assume the Assumed Obligations.

2.2 Purchase Price

The purchase price payable by the Purchaser to the Company for the Purchased Assets shall be the sum of (i) four million nine hundred thousand dollars (**\$4,900,000**) (the “**Credit Bid Amount**”), and (ii) all amounts ranking in priority to the Purchaser’s security on the Purchased Assets (the “**Priority Payables**” and, collectively with the Credit Bid Amount, the “**Purchase Price**”).

2.3 Satisfaction of Purchase Price

The Purchase Price shall be paid, accounted for and satisfied as follows:

- (a) the Credit Bid Amount shall be satisfied by way of reduction of the indebtedness of the Company to the Purchaser on a dollar-for-dollar basis; and
- (b) the balance on Closing in an amount equal to the Priority Payables shall be satisfied by wire transfer of immediately available funds on Closing.

2.4 Allocation of Purchase Price

The Purchase Price shall be allocated among the Purchased Assets in the manner agreed to by the Purchaser and the Company (each acting reasonably) prior to the Closing Date.

2.5 Excluded Assets

Save and except as otherwise expressly set out herein, the Purchaser may, at its option, exclude any of the Purchased Assets from the transaction contemplated hereby prior to Closing upon delivery of prior written notice to the Company, whereupon such assets shall be deemed to form part of the Excluded Assets, provided, however, that there shall be no reduction in the Purchase Price as a result of such exclusion.

2.6 Taxes and Elections

- (a) The Purchaser shall be responsible for the payment on Closing of all Taxes that are required to be paid or remitted in connection with the consummation of the Transaction.
- (b) If applicable, at the Closing, the Trustee and the Purchaser shall jointly execute an election under Section 167 of the *Excise Tax Act* (Canada) to seek to cause the sale of the Purchased Assets to take place on an HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST

return for the applicable reporting period in which the sale of the Purchased Assets takes place.

- (c) If applicable, at the Closing, the Company and the Purchaser shall execute jointly an election in prescribed form under Section 22 of the *Income Tax Act* (Canada) in respect of the Receivables and shall file such election with their respective tax returns for their respective taxation years that include the Closing Date.
- (d) The Purchaser agrees to indemnify and save the Company harmless from and against all claims and demands for payment of all Taxes payable by Purchaser in connection with the purchase of the Purchased Assets, including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such Taxes when due.

2.7 Assumed Obligations

At the Closing, the Purchaser shall assume and be liable for the following (collectively, the “**Assumed Obligations**”):

- (a) any Liabilities in connection with the Assumed Contracts as set out in Section 2.9;
- (b) all Liabilities and Claims arising or accruing from the use of the Purchased Assets from and after the Closing;
- (c) all liabilities set out in section 7.3(3); and
- (d) all Permitted Encumbrances.

2.8 Excluded Liabilities

Except for the Assumed Obligations, the Purchaser is not assuming, and shall not be deemed to have assumed, any Liabilities of the Company not specifically assumed hereunder (collectively, the “**Excluded Liabilities**”), which Excluded Liabilities include, but are not limited to, the following:

- (a) all Liabilities and Claims arising or accruing from the use of the Purchased Assets prior to the Closing;
- (b) all Encumbrances, other than Permitted Encumbrances.

2.9 Assumed Contracts

Save and except as hereinafter set out, the Purchaser shall give notice to the Company in writing, at least five (5) days prior to the scheduled date of the motion for the Approval and Vesting Order, of those Contracts that it elects to assume on Closing (which Contracts shall be referred to as the “**Assumed Contracts**” and of which any one of them is an “**Assumed Contract**”). This Agreement and any document delivered under this Agreement will not constitute an assignment

or an attempted assignment of any Contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third person if such consent has not been obtained and such assignment or attempted assignment would constitute a breach of such Contract, in which event, the provisions of Section 2.10 hereof shall govern. The Company, in cooperation with the Purchaser, shall take such steps as necessary to obtain the consent of the counterparties for the assignment of the Assumed Contracts. The Company agrees to help facilitate the transition of Assumed Contracts to the Purchaser by addressing all preconditions for such transfer, other than the settlement of Cure Payments which shall be the responsibility of the Purchaser, and which Cure Payments shall be in addition to the Purchase Price.

2.10 Assignment of Purchased Assets

Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an assignment or transfer of any of the Purchased Assets or any right thereunder if an attempted assignment or transfer, without the consent of a third person, would constitute a breach or in any way adversely affect the rights of the Purchaser hereunder. To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the “**Rights**” and each a “**Right**”) is not capable of being transferred without the approval, consent or waiver of any third person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any Applicable Law unless the approval, consent or waiver of such third person is obtained, then, except as otherwise expressly provided in this Agreement, and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an assignment or transfer of such Rights unless and until such approval, consent or waiver has been obtained or an order of the Court compelling assignment is obtained. After the Closing and until all such Rights are transferred to the Purchaser, the Company shall:

- (a) hold the Rights as bare trustee for the Purchaser;
- (b) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and
- (c) enforce, at the reasonable request of the Purchaser, any rights of the Company arising from such Rights against any third person, including the right to elect to terminate any such Rights in accordance with the terms of such rights upon the written direction of the Purchaser.

In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Company shall, at the request and under the direction of the Purchaser, in the name of the Company or otherwise as the Purchaser may specify, take all such action and do or cause to be done all such things as are, in the opinion of the Purchaser, acting reasonably, necessary or proper in order that the obligations of the Company under such Rights may be performed in such manner that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Company shall hold as bare trustee and promptly pay to the Purchaser all moneys collected by or paid to the Company in respect of every such Right. In the event that any consent, approval or waiver cannot be obtained for any Assumed Contract,

the Company, if requested by the Purchaser in its sole discretion, shall as soon as reasonably practicable bring a motion before the Court seeking the issuance of an order by the Court authorizing and approving the assignment of an Assumed Contract to the Purchaser with respect to each such Assumed Contract, which order shall be in form and substance acceptable to the Trustee and the Purchaser.

The Purchaser shall have the right to direct that title to any of the Purchased Assets be taken in the name of another Person (presently in existence or to be incorporated) that is an Affiliate of the Purchaser.

ARTICLE 3 – CLOSING ARRANGEMENTS

3.1 Closing

Closing shall take place at 9:00 a.m. (the “**Closing Time**”) on the eleventh (11th) day following the granting of the Approval and Vesting Order or such other date as the Parties may agree to in writing, and if such date falls on a holiday or weekend, it shall be the next Business Day (the “**Closing Date**”). The Closing shall take place by electronic transmission of documents, or at such other time and location, and in such other manner, as the Parties may agree upon in writing.

3.2 Tender

Except as otherwise set out herein, any tender of documents or money under this Agreement may be made upon the Parties or their respective counsel and money may be tendered by official bank draft drawn upon a Canadian chartered bank, by negotiable cheque payable in Canadian funds and certified by a Canadian chartered bank or trust company, or by wire transfer of immediately available funds to the account specified by that Party.

3.3 Company's Closing Deliveries

At the Closing, the Company shall deliver to the Purchaser the following, each in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a copy of the Approval and Vesting Order, issued by the Court;
- (b) the Trustee Certificate, executed by the Trustee;
- (c) if applicable, the elections referred to in Section 2.6;
- (d) a general conveyance with respect to the Purchased Assets;
- (e) the Landlord Consents;
- (f) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date, with the same effect as though made on and as of the Closing Date; and

- (g) such further and other documentation as is referred to in this Agreement or as the Purchaser or its lawyers may reasonably require to complete the Transaction .

3.4 Purchaser's Closing Deliveries

At the Closing, the Purchaser shall deliver to the Company the following, each in form and substance satisfactory to the Company, acting reasonably:

- (a) the Purchase Price;
- (b) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (c) a general conveyance with respect to the Purchased Assets;
- (d) if applicable, the elections referred to in Section 2.6; and
- (e) such further and other documentation as is referred to in this Agreement or as the Company or its lawyers may reasonably require to complete the Transaction .

3.5 Conduct Prior to Closing

Prior to the Closing, the Company shall conduct the Business in the Ordinary Course, except to the extent required to allow the Company to comply with its obligations under this Agreement or as may be permitted with the written consent of the Purchaser (such consent not to be unreasonably conditioned, withheld, or delayed), subject in all cases to any Court orders granted in connection with the Proposal Proceedings. Without limiting the generality of, but subject to, the foregoing, the Company shall:

- (a) maintain, preserve and protect the Purchased Assets in the condition in which they exist on the date hereof, other than ordinary wear and tear and other than replacements, dispositions, modifications or maintenance in the Ordinary Course;
- (b) preserve the goodwill of the Company and maintain satisfactory relationships with suppliers and customers;
- (c) not terminate any Employees without the prior consent of the Purchaser, such consent not to be unreasonably withheld;
- (d) not convey, encumber or otherwise dispose of any of the Purchased Assets except in the Ordinary Course;
- (e) not amend or modify any Assumed Contract in any material respect, waive any material rights in respect of any Assumed Contract or disclaim any Assumed Contract;

- (f) not enter into any material contract or agreement in respect of the Business without the prior consent of the Purchaser;
- (g) continue and keep in full force and effect all insurance coverage currently held by the Company; and
- (h) comply in all material respects with all Applicable Law relating to the conduct of the Business and the ownership and use of the Purchased Assets.

3.8 Delivery of the Trustee 's Certificate

When the conditions set out in Article 5 below have been satisfied or waived, the Trustee will deliver an executed copy of the Trustee's Certificate to the Purchaser. Upon such delivery, the Closing will be deemed to have occurred. The Trustee will thereafter promptly file a copy of the Trustee's Certificate with the Court.

ARTICLE 4 – SALE PROCEDURE

4.1 Sale Procedures

- (a) The Company shall bring a motion on or before May 2, 2025 for approval of the Sale Procedures. The Sale Procedures Order shall recognize the Purchase Price as a baseline or “stalking horse bid” (the “**Stalking Horse Bid**”) and shall also provide for a marketing process of the Purchased Assets by the Company with the potential for competitive bidding. The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a superior bid can be obtained for the Purchased Assets.
- (b) In consideration of the Purchaser's expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, subject to Court approval, the Purchaser shall be entitled to an expense reimbursement fee in the amount of \$50,000.00 (inclusive of HST, if any) (the “**Expense Reimbursement Fee**”) payable by the Company to the Purchaser only in the event that a successful bid other than the Stalking Horse Bid is accepted by the Company, approved by the Court and completed. The payment of the foregoing fee shall be approved in the Sale Procedures Order and shall be payable to the Purchaser out of the sale proceeds derived from and upon completion of the winning bid. The Parties acknowledge and agree that the foregoing fee represent a fair and reasonable estimate of the expenses that will be incurred by the Purchaser as a result of preparing for and entering into this Agreement and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Assets. For certainty, the Expense Reimbursement Fee does not form part of the Purchase Price.
- (c) In the event that one or more Persons submits a Qualified Bid, the Company shall conduct an auction for the determination and selection of a winning bid (the Person submitting such bid being the “**Winning Bidder**”). Upon the selection of the Winning Bidder, there shall be a binding agreement of purchase and sale between the Winning

Bidder and the Company. The Company shall forthwith bring a motion following the selection of the Winning Bidder for an order approving the agreement reached with the Winning Bidder and to vest the Purchased Assets in the Winning Bidder and, if granted, shall proceed with closing the transaction forthwith.

- (d) Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the Winning Bidder, then upon the closing of a transaction with such Winning Bidder, this Agreement shall thereupon be terminated and the Purchaser shall be entitled to the Expense Reimbursement Fee and none of the Parties shall have any further liability or obligation to the other Parties hereunder, except as expressly provided for in this Agreement.
- (e) If no Qualified Bids other than the Stalking Horse Bid are received by the Bid Deadline, the Company shall forthwith bring a motion to the Court to obtain the Approval and Vesting Order and, if granted, shall proceed with completing the Transaction forthwith.

4.2 Approval and Vesting Order

The Approval and Vesting Order shall approve this Agreement and the transactions contemplated hereby and vest, upon the delivery of the Trustee's Certificate to the Purchaser, all right, title and interest of the Company in and to the Purchased Assets to the Purchaser, or as it may direct, free and clear of all Claims and Encumbrances pursuant to the terms and conditions of this Agreement, other than Permitted Encumbrances.

ARTICLE 5 – CONDITIONS PRECEDENT

5.1 Conditions Precedent of the Purchaser

The Purchaser shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing, by the Purchaser at any time; and the Company agrees with the Purchaser to take all such commercially reasonable actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Representations and Warranties.* The representations and warranties of the Company in Section 6.1 shall be true and correct at the Closing Time;
- (b) *Sale Procedures Order.* The Sale Procedures Order shall have been issued by the Court, shall not be stayed, varied, superseded or under appeal, and the applicable time for appealing the Sale Procedures Order shall have expired;

- (c) *Winning Bidder.* The Company shall have determined in accordance with the Sale Procedures that this Agreement is a successful bid and the Purchaser is the Winning Bidder;
- (d) *Approval and Vesting Order Final.* The Approval and Vesting Order shall have been issued by the Court, shall not be stayed, varied, superseded or under appeal, and the applicable time for appealing the Approval and Vesting Order shall have expired if the hearing for the Approval and Vesting Order is contested;
- (e) *Landlord Consents.* The landlords for the Leased Premises shall have provided their written consent to the assignment of the Leases to the Purchaser (the “**Landlord Consents**”);
- (f) *Company’s Compliance.* The Company shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing Time and shall have executed and delivered to the Purchaser at the Closing Time all the deliveries contemplated in Section 3.3; and
- (g) *No Legal Action:* No action or proceeding will be pending or threatened by any Person (other than the Purchaser), and there is no order or notice from any Person to (or seeking to) enjoin, restrict or prohibit, on a temporary or permanent basis any of the transactions contemplated by this Agreement or imposing any terms or conditions on the transactions contemplated by this Agreement, the Business or the business of the Purchaser or otherwise limiting the right of the Purchaser to conduct the Business after Closing on substantially the basis as heretofore operated.

5.2 Conditions Precedent of the Company

The Company shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Company and may be waived, in whole or in part, in writing by the Company at any time; and the Purchaser agrees with the Company to take all such commercially reasonable actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Representations and Warranties.* The representations and warranties of the Purchaser in Section 6.2 shall be true and correct at the Closing Time;
- (b) *Sale Procedures Order.* The Sale Procedures Order shall have been issued by the Court, shall not be stayed, varied, superseded or under appeal, and the applicable time for appealing the Sale Procedures Order shall have expired;
- (c) *Approval and Vesting Order Final.* The Approval and Vesting Order shall have been issued by the Court, shall not be stayed, varied, superseded or under appeal, and the applicable time for appealing the Approval and Vesting Order shall have expired if the hearing for the Approval and Vesting Order was contested; and

- (d) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be to be performed by or complied with at or before the Closing Time and shall have executed and delivered to the Company at the Closing Time all the deliveries contemplated in Section 3.4.

5.3 Non-Satisfaction of Conditions

If any condition precedent set out in Section 5.1 (other than sections 5.1(b) or 5.1(d)) or Section 5.2 (other than section 5.2(b) or 5.2(c)) is not satisfied or performed prior to the Closing Date, the Party for whose benefit the condition precedent is inserted may:

- (a) waive compliance with the condition, in whole or in part, in its sole discretion by written notice to the other Parties (but may not claim for any matter waived) and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) elect on written notice to the other Parties to terminate this Agreement, in which event each Party shall be released from all liabilities or obligations under this Agreement.

ARTICLE 6 – REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of the Company

As a material inducement to the Purchaser entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Company set out in this Section 6.1, the Company hereby represents and warrants to the Purchaser as follows:

- (a) *Incorporation and Qualification.* The Company is a corporation duly amalgamated and existing under the laws of its jurisdiction of incorporation and has the corporate power to enter into and perform its obligations under this Agreement;
- (b) *Due Authorization.* Subject to the granting of the Approval and Vesting Order, the Company has all necessary authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments;
- (c) *Enforceability of Obligations.* Subject to the granting of the Approval and Vesting Order, if applicable, this Agreement constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought;
- (d) *HST.* The Company is a registrant under Part IX of the *Excise Tax Act* (Canada), and its Business Number is 827200627RC0002; and

- (e) *Residency.* The Company is not a non-resident within the meaning of section 116 of the *Income Tax Act* (Canada).

6.2 Representations and Warranties of the Purchaser

As a material inducement to the Company entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Company is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 6.2, the Purchaser hereby represents and warrants to the Company as follows:

- (a) *Incorporation of the Purchaser.* The Purchaser is a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such laws;
- (b) *Due Authorization.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments;
- (c) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser, enforceable against the Purchaser, in accordance with its terms, subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought;
- (d) *Approvals and Consents.* Except as otherwise provided herein, no authorization, consent or approval of or filing with or notice to any Governmental Authority or other Person is required in connection with the execution, delivery or performance of this Agreement by the Purchaser or the purchase of any of the Purchased Assets hereunder;
- (e) *HST.* The Purchaser is or will on Closing be a registrant under Part IX of the *Excise Tax Act* (Canada); and
- (f) *Residency.* The Purchaser is not a non-resident within the meaning of section 116 of the *Income Tax Act* (Canada).

6.3 Acquisition of Purchased Assets on “As Is, Where Is” Basis

- (a) The representations and warranties given by the Company in Article 6 are the sole and exclusive representations and warranties of the Company in connection with this Agreement and the transactions contemplated by it. Except for the representations and warranties given by the Company in Article 6, the Purchaser has not relied upon any statements, representations, promises, warranties, conditions or guarantees whatsoever, whether express or implied (by operation of law or otherwise), oral or written, legal, equitable, conventional, collateral or

otherwise, regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith.

- (b) The Purchaser acknowledges that the Company is selling the Purchased Assets on an “as is, where is” basis as they shall exist on the Closing Date, subject to the terms of the Approval and Vesting Order. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Company does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Company to sell or assign same, save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations, expressed or implied, pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. The Purchaser further acknowledges that all written and oral information (including analyses, financial information and projections and studies) obtained by the Purchaser from the Company or any of its directors, officers, employees, professional consultants or advisors with respect to the Purchased Assets or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete.

6.4 Indemnification

The Purchaser shall indemnify and save harmless the Company and its directors, officers, employees, shareholders, agents and representatives from and against any and all Liabilities incurred by or asserted against them arising out of or in connection with the Purchased Assets after the Closing Date.

ARTICLE 7 – EMPLOYEES

7.1 Offers to Employees

The Purchaser may offer new employment, conditional upon Closing and effective as of the Effective Time, to such of the Employees as determined by the Purchaser in its sole discretion, on such terms as the Purchaser and each of the Transferred Employees may agree.

7.2 Transferred Employees

The Purchaser shall provide to the Company a list at least five (5) Business Days before Closing, indicating:

- (a) those Employees to whom offers of employment or expressions of interest have been made;

- (b) those Employees who have accepted any such offer; and
- (c) those Employees who the Purchaser has determined will not be offered employment with the Purchaser.

Section 7.3 Employee Liabilities

(1) The Company shall be liable for all salary, wages, bonuses, commissions, vacation pay, and other compensation relating to employment of all Employees for the period prior to the Closing Date.

(2) The Company shall be liable for statutory notice of termination or payment in lieu of notice obligations and statutory severance obligations in respect of any Employees who do not accept the Purchaser's offer of employment.

(3) Without limiting the Purchaser's obligations in respect of the Transferred Employees, the Purchaser shall be responsible for:

- (a) All liabilities for salary, wages, bonuses, commissions, vacation pay, and other compensation relating to employment of the Transferred Employees in accordance with the offer made to such Transferred Employees by the Purchaser for the period on or after the Closing Date; and
- (b) All statutory notice of termination or payment in lieu of notice obligations and statutory severance obligations in respect of the termination by the Purchaser, on or after the Closing Date, of the employment of any Transferred Employee.

ARTICLE 8 – TERMINATION

8.1 Termination by the Parties

This Agreement may be terminated:

- (a) upon the mutual written agreement of the Company and the Purchaser;
- (b) pursuant to Section 5.3(b) by either the Company or the Purchaser; or
- (c) pursuant to Section 4.1(d).

8.3 Breach by Purchaser

If the Purchaser fails to comply with any of its obligations under this Agreement, the Company may by notice to the Purchaser elect to treat this Agreement as having been repudiated by the Purchaser. In that event, all further obligations of the Purchaser under or pursuant to this Agreement shall terminate, and the Purchased Assets may thereafter be sold by the Company to any other Person.

ARTICLE 9 – POST-CLOSING MATTERS

9.1 Post-Closing Receipts

If, following the Closing Date, any of the Purchased Assets are paid to or otherwise received by the Company, or if any of the Excluded Assets are paid to or otherwise received by the Purchaser, then the Company or the Purchaser, as the case may be, shall hold such assets in trust for the other and shall promptly deliver such assets to the Company or the Purchaser, as the case may be.

9.2 Books and Records

The Purchaser shall preserve and keep the Books and Records which relate to the Purchased Assets for a period of six (6) years from the Closing Date or for any longer period as may be required by any Applicable Law or Governmental Authority. Upon reasonable advance notice, after the Closing Date, the Purchaser will grant the Company or any trustee in bankruptcy of the Company reasonable access during normal business hours, to use such Books and Records included in the Purchased Assets, including, without limitation, any personnel files/records of the Transferred Employees relating to the period up to the Closing Date and any Employees up to and including the Closing Date, and computer systems, tapes, disks, records and software acquired as part of the Purchased Assets.

9.3 Use of Business Name

If requested by the Purchaser, on or promptly following the Closing Date, and except as may be required for purposes of the Proposal Proceedings, the Company shall discontinue use of the name “Indeed Labs” and any variation thereof and shall, subject to the Court’s approval, as soon as is reasonably practicable, file articles of amendment to change the corporate name of the Company to another name not confusingly similar to its present name.

ARTICLE 10 – GENERAL CONTRACT PROVISIONS

10.1 Headings and Sections

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

10.2 Number and Gender

Unless the context requires otherwise, words importing the singular include the plural and vice versa, and words importing gender include all genders. Where the word “**including**” or “**includes**” is used in this Agreement, it means “including (or includes), without limitation”.

10.3 Currency

Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian dollars.

10.4 Statutory References

All references in this Agreement to any statute or regulation is to that statute or regulation as now enacted or as may from time to time be amended, re-enacted or replaced and includes all regulations made thereunder, unless something in the subject matter or context is inconsistent therewith or unless expressly provided otherwise in this Agreement.

10.5 No Strict Construction

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party, including the doctrine of *contra proferentum*.

10.6 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and sets out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties relating to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, relating thereto. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral among or between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. Subject to the Approval and Vesting Order being issued by the Court, this Agreement is intended to create binding obligations on the part of the Company and the Purchaser, as set out herein.

10.7 Expenses

Subject to Section 4.1(b), each Party shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in connection with the transactions contemplated in this Agreement, and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement.

10.8 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by email as follows:

- (a) in the case of notice to the Company, at:

Indeed Laboratories Inc.
5000 Yonge St., 10th Floor
Toronto, ON M2N 7E9
Attention: Kevin Watkinson
Email: kevinw@indeedlabs.com

With a copy to (which shall not constitute notice):

Chaitons LLP
5000 Yonge St., 10th Floor
Toronto, ON M2N 7E9
Attention: Harvey Chaiton
Email: harvey@chaitons.com

And a copy to the Trustee, at:
BDO Canada Limited
360 Oakville Place Drive, Suite 500
Oakville, Ontario L6H 6K8

Attention: Josie Parisi and Peter Naumis
Email: jparisi@bdo.ca and pnaumis@bdo.ca

(b) in the case of a notice to the Purchaser, at:

1000481370 Ontario Inc.
5181 Everest Drive
Mississauga, ON L4W 2R2
Attention: Avi Greenspoon
Email: avi@instorecorp.com

Any notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day, then the notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving notice to the other Parties in accordance with the provisions of this Section.

10.9 Successors and Assigns

This Agreement shall ensure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

10.10 Third Party Beneficiaries

Unless where provided to the contrary by the specific terms hereof, this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

10.11 Time of the Essence

Time shall be of the essence in respect of the obligations of the Parties arising prior to Closing under this Agreement.

10.12 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Party to be bound thereby.

10.13 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing Date, provided that the reasonable costs and expenses of any actions taken after the Closing Date at the request of a Party shall be the responsibility of the requesting Party.

10.14 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and any other agreement, document or instrument executed or delivered in connection with the Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

10.15 Severability

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

10.16 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 non-exclusive jurisdiction of the Courts of the Province of Ontario. The Parties consent to the jurisdiction and venue of the Court for the resolution of any disputes under this Agreement.

10.17 Non-Merger

The representations, warranties and covenants of each Party contained in this Agreement will not merge on and will survive the closing of the Transaction and will continue in full force and effect, notwithstanding the closing of the Transaction or any investigation or knowledge acquired by or on behalf of the other Parties.

10.18 Independent Legal Advice

The Purchaser warrants that it has received independent legal advice in connection with this Agreement.

10.19 Execution and Delivery

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed and delivered either in original form or by electronic delivery in portable document format (PDF).

10.20 Damages

Under no circumstance shall any of the Parties or their representatives be liable for any special, punitive, exemplary, consequential, or indirect damages (including loss of profits) that may be alleged to result, in connection with, arising out of, or relating to this Agreement or the transactions contemplated herein.

10.21 No Brokers

It is understood and agreed that the Purchaser shall not be liable for any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for the Company. It is further understood and agreed that the Company shall not be liable for any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for the Purchaser.

[signature page follows]

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

INDEED LABORATORIES INC.

Per: _____

Name: Kevin Watkinson

Title: Chief Restructuring Officer

I have the authority to bind the corporation

1000481370 ONTARIO INC.

Per: _____

Name: Avi Greenspoon

Title: Secretary

I have the authority to bind the corporation

SCHEDULE "A" – PERMITTED ENCUMBRANCES

None

SCHEDULE "B" – SALE PROCEDURES

SALE PROCESS

INTRODUCTION

On April 17, 2025, Indeed Laboratories Inc. (“**Indeed**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”, and the proceedings, the “**NOI Proceedings**”). BDO Canada Limited, a licensed insolvency trustee, was appointed as proposal trustee (the “**Trustee**”) under the NOI Proceedings.

On May 2, 2025, the Ontario Superior Court of Justice (the “**Court**”) granted an order (the “**Sale Process Order**”) which approved, among other things:

- the sale process (the “**Sale Process**”) for the marketing and sale of the Company’s business and assets (collectively, the “**Property**”);
- the engagement of BDO Canada Transaction Advisory as sales agent (the “**Sales Agent**”) to assist the Trustee with carrying out the Sale Process;
- the Company increasing its ability to borrow up to the maximum amount of \$500,000 pursuant to a Term Sheet dated April 22, 2025 (the “**Term Sheet**”); and
- the Company entering into a purchase and sale agreement (the “**Stalking Horse Agreement**”) between the Company and 1000481370 Ontario Inc. (in such capacity, the “**Stalking Horse Bidder**”) pursuant to which the Stalking Horse Bidder will purchase the Property; and (ii) act as a stalking horse bidder in the Court-supervised Sale Process within the NOI Proceedings.

The Sale Process herein sets out the manner in which: (a) binding offers for executable transactions involving all or substantially all, or any portion, of the Property will be solicited from interested parties; (b) any such offers received will be evaluated; (c) any Successful Bid (as defined below) will be selected; and (d) Court approval of any Successful Bid will be sought.

The Sale Process will be conducted by the Sales Agent and the Trustee in the manner set forth herein and in accordance with the Sale Process Order. In the event that there is a disagreement as to the interpretation or application of the Sale Process, the Court will have exclusive jurisdiction to hear and resolve such dispute.

The Trustee will post on the Trustee’s websites, any modification, amendment, variation or supplement to the Sale Process and inform the bidders impacted by such modification, amendment, variation or supplement.

THE OPPORTUNITY

The Sale Process is intended to solicit interest in, and opportunities for a sale of all or substantially all or part of the Property (the “**Transaction**”).

The Sale Process Order, the procedures in respect of the Sale Process as contained herein (the “**Sale Process Procedures**”) and any subsequent orders issued by the Court pertaining to the Sale Process Procedures shall exclusively govern the process for soliciting and selecting bids for the Transaction.

The purpose of the Sale Process Procedures is to determine whether a better Transaction than the transaction contemplated by the Stalking Horse Agreement may be obtained by the Trustee in a formal marketing process approved by the Court.

“AS IS, WHERE IS”

The sale of any Property or assets under the Stalking Horse Agreement or any Transaction to any party other than the Stalking Horse Bidder will be on an “as is, where is” basis and without surviving representations or warranties, covenants or indemnities of any kind, nature, or description by the Company, the Sales Agent, the Trustee, or any of their respective agents, advisors or representatives, and all of the right, title and interest of Indeed in and to the Property to be acquired, will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to a Court order, except as otherwise provided in such Court order.

TIMELINE

The following table sets out the key milestones under the Sale Process:

Milestone	Deadline
Commencement of Sale Process	Within 5 business days after receipt of Sale Process Order
Distribution of the Notice and Teaser Letter	May 13, 2025
Bid Deadline	June 13, 2025
Auction	No later than June 20, 2025
Sale Approval Hearing	No later than July 31, 2025
Outside Closing Date Deadline	August 31, 2025

The dates set out in the Sale Process may be extended by the Trustee in its sole discretion.

SOLICITATION OF INTEREST

As soon as reasonably practicable:

1. the Sales Agent, in consultation with the Trustee and the Company, will prepare a list of potential bidders, including (i) parties that have approached the Trustee, the Sales Agent or the Company indicating an interest in the opportunity, and (ii) strategic and financial parties who the Trustee believes may be interested in purchasing all or part of the Property (collectively, “**Known Potential Bidders**”);
2. the Trustee will arrange for a notice of the Sale Process (and such other relevant information which the Trustee considers appropriate) (the “**Notice**”) to be published in The Globe and Mail (National Edition) and any other newspaper or journal as the Trustee considers appropriate, if any; and [NTD: how many times and by what date?]
3. the Sales Agent, with the approval of the Trustee, will prepare: (i) a process summary (the “**Teaser Letter**”) describing the opportunity, outlining the Sale Process Procedures and inviting recipients of the Teaser Letter to express their interest pursuant to the Sale Process; and (ii) a non-disclosure agreement in form and substance satisfactory to the Trustee (the “**NDA**”).

The Trustee will publish the Notice and the Sales Agent will send the Teaser Letter and the NDA to all Known Potential Bidders by no later than May 13, 2025 and to any other party who requests a copy of the Teaser Letter and the NDA or who is identified to the Trustee or the Sales Agent as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

INTERESTED PARTIES

Delivery of Confidential Information Package

Any party who wishes to participate in the Sale Process must provide to the Sales Agent, unless the Trustee or the Sales Agent confirms to such potential bidder that the below documents are already available to the Trustee, the following:

1. the NDA executed by it and a letter setting forth the identity of the potential bidder, the contact information for such potential bidder and full disclosure of the direct and indirect principals of the potential bidder; and
2. such form of financial disclosure and credit quality support or enhancement that allows the Trustee to make a reasonable determination as to the potential bidder's financial and other capabilities to consummate a Transaction.

If the Trustee determines, exercising its reasonable business judgment, that a bidder has: (i) delivered the documents contemplated in the immediately preceding paragraph; and (ii) the financial capability based on the availability of financing, experience and other considerations, to be able to consummate a Transaction pursuant to the Sale Process, then such bidder shall be deemed to be a "Qualified Bidder". For greater certainty, no bidder shall be deemed to be a Qualified Bidder without the approval of the Trustee.

At any time during the Sale Process, the Trustee may, in its reasonable business judgment, eliminate a Qualified Bidder from the Sale Process, in which case such Qualified Bidder will be eliminated from the Sale Process and will no longer be a Qualified Bidder for the purposes of the Sale Process.

The Sales Agent, with the approval of the Trustee, will prepare and send to each Qualified Bidder a confidential information package providing additional information considered relevant to the potential Transaction (the "Confidential Information Package").

The Trustee and its advisors make no representation or warranty as to the completeness and accuracy of the information contained in the Confidential Information Package or otherwise made available pursuant to the Sale Process, except to the extent expressly contemplated in any definitive sale agreement with a Successful Bidder ultimately executed and delivered by the Trustee. None of the Sales Agent, the Trustee or the Company is responsible for, and will bear no liability with respect to, any information provided and obtained by any party in connection with the Company or the sale of the Property.

Qualified Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property in connection with their participation in the Sale Process and any Transaction they enter into with the Trustee.

Due Diligence

The Sales Agent, with the approval of the Trustee, shall, in its reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials and information relating to the Property as they reasonably request. Due diligence access may include Management presentations, access to electronic data rooms, on-site inspections, and other matters which a Qualified Bidder may reasonably request and as to which the Trustee in its reasonable business judgment may agree.

The Trustee will designate a representative to coordinate all reasonable requests for additional information and due diligence access from a Qualified Bidder and the manner in which such requests must be communicated. None of the Sales Agent, the Trustee or the Company will be obligated to furnish any information relating to the Property to any person other than to Qualified Bidder. Further, and for

the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Trustee determines such information to represent proprietary or sensitive competitive information.

SUPERIOR BIDS

A “**Superior Bid**” means a credible, reasonably certain and financially viable Qualified Bid (defined below), the terms of which are, in the determination of the Trustee and its Sales Agent acting reasonably, no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse Agreement, and which at a minimum includes a payment of the Purchase Price (as defined in the Stalking Horse Agreement plus a minimum additional amount of \$100,000 and the Expense Reimbursement.

QUALIFIED BIDS

Qualified Bidders that wish to make a formal offer to purchase the Property or a portion thereof shall submit a binding offer (a “**Bid**”) on substantially the same terms and conditions as the terms and conditions contained in the Stalking Horse Agreement. In order to be considered a “**Qualified Bid**”, a Bid must meet the following minimum criteria:

1. the Bid must be received by the Trustee at the address specified in Schedule “A” hereto (including by email or fax transmission), so as to be received by the Trustee no later than 5:00 p.m. (Eastern Time) on June 13, 2025 (the “**Bid Deadline**”);
2. the Qualified Bidder and the representatives thereof who are authorized to act on the Bidder’s behalf must be sufficiently identified;
3. the Bid must be submitted in writing and include a blackline of the Stalking Horse Agreement, reflecting the Qualified Bidder’s proposed changes;
4. the Bid must be accompanied by a deposit by way of certified cheque or wire transfer, in an amount equal to at least 10% of the aggregate purchase price payable under the Bid;
5. the Bid must be open for acceptance by the Trustee until approval by the Court of the execution by the Qualified Bidder and the Trustee of an agreement of purchase and sale in respect of the purchased assets subject to the Bid;
6. the Bid must be on terms no less favourable and no more burdensome or conditional than the Stalking Horse Agreement;
7. the Bid must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the Bidder’s obligation to complete the Transaction that are not otherwise contained in the Stalking Horse Agreement;
8. the Bid must be accompanied by written evidence of a commitment for financing or other evidence of the Bidder’s ability to consummate the Transaction contemplated by the Bid;
9. the Bid must be for a purchase price equal to or greater than the sum of the Purchase Price (as defined in the Stalking Horse Agreement) plus a minimum additional amount of \$100,000 and the Expense Reimbursement (as defined in the Stalking Horse Agreement); and
10. the Bid constitutes, in the reasonable business judgment of the Trustee, a Superior Bid; and
11. the Bid contemplates closing the Transaction set out therein on or before the Outside Closing Date.

The Transaction contemplated by the Stalking Horse Agreement shall be deemed to be a Qualified Bid.

The Trustee may waive strict compliance with any one or more of the non-material foregoing requirements and deem any such non-compliant bid to be a Qualified Bid.

SELECTION OF SUCCESSFUL BIDDERS

Following the Bid Deadline, the Trustee will assess the Bids received in consultation with the Company. The Trustee shall approve the disqualification of any Bids that are deemed not to be Qualified Bids. Only Qualified Bidders whose Bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).

The Trustee shall notify each Qualified Bidder in writing as to whether its Bid constituted a Qualified Bid within two (2) business days following the Bid Deadline, or at such later time as the Trustee deems appropriate, in consultation with the Company.

If no Qualified Bids (either individually or in the aggregate) other than the Stalking Horse Agreement have been received by the Bid Deadline, then the Trustee, with the consent of the Stalking Horse Bidder, may consider an extension of the Bid Deadline for up to seven (7) business days to allow any party that submitted a Bid to consult with the Trustee and to revise such Bid such that it would provide for, or that might reasonably be expected to provide for, a Superior Bid.

Evaluation of Competing Bids

A Qualified Bid will be evaluated upon many factors, including, without limitation, items such as:

1. the Purchase Price and the net value provided by such Qualified Bid,
2. the identity, circumstances and ability of the Qualified Bidder to successfully complete such Transaction,
3. the proposed Transaction documents,
4. factors affecting the speed, certainty and value of the Transaction,
5. the assets included or excluded from the Bid,
6. the likelihood and timing of consummating such Transaction, and
7. whether the Transaction results in a Superior Bid,

Each, as determined by the Trustee, in consultation with the Sales Agent and the Company.

Selection of Successful Bid

The Trustee shall, in consultation with the Sales Agent:

1. first, review and evaluate each Qualified Bid, provided that the Trustee may contact any Qualified Bidder to clarify the terms of any Bid, and the applicable Qualified Bidder may amend, modify or vary such Bid for the purpose of clarification;
2. second, identify if any Qualified Bid is a Superior Bid; and

3. third, if one or more Qualified Bids are considered to be Superior Bid, those Qualified Bidders presenting a Superior Bid shall proceed to an auction with the Stalking Horse Bidder to be held on or before June 20, 2025 (the "**Auction**"), which shall proceed according to the Auction Procedures set out in **Schedule "B"** to this Sale Process to identify the Successful Bid.

If no Superior Bid is received by the Bid Deadline, the Auction will not be held and the Stalking Horse Bidder will be declared to be the Successful Bidder. The determination of any Successful Bid by the Trustee shall be subject to approval by the Court.

Sale Approval Motion Hearing

At the hearing of the motion to approve any Transaction with a Successful Bidder (the "**Sale Approval Hearing**"), the Trustee shall seek, among other things, approval from the Court to consummate the Successful Bid. All the Qualified Bids other than the Successful Bid, if any, shall be deemed rejected by the Trustee on and as of the date of approval of the Successful Bid by the Court.

CONFIDENTIALITY AND ACCESS TO INFORMATION

All discussions regarding a Transaction, Bid or Successful Bid should be directed through the Sales Agent. Under no circumstances, should the Management or Indeed's customers be contacted directly without the prior written consent of the Sales Agent or the Trustee. Any such unauthorized contact or communication could result in exclusion of the interested party from the Sale Process at the discretion of the Trustee.

Participants and prospective participants in the Sale Process shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Known Potential Bidders, Qualified Bidders or Qualified Bids, the details of any Bids or Qualified Bids submitted or the details of any confidential discussions or correspondence between the Sales Agent, the Trustee and such other Known Potential Bidders or Qualified Bidders in connection with the Sale Process.

Notwithstanding the foregoing, under no circumstances will the Sales Agent or the Trustee share any material information concerning any of the Bids with any person other than the Company.

SUPERVISION OF THE SALE PROCESS

The Sales Agent shall conduct the Sale Process, with the oversight of the Trustee, in the manner set out in the Sale Process Procedures and is entitled to receive all information in relation to the Sale Process.

The Sale Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Sales Agent, the Trustee or the Company and any Qualified Bidder, Known Potential Bidder, or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Trustee.

Without limiting the preceding paragraph, the Sales Agent and the Trustee shall not have any liability whatsoever to any person or party, including, without limitation, any Qualified Bidder, Known Potential Bidder, the Successful Bidder, the Company or any creditor or other stakeholder of the Company, for any act or omission related to the process contemplated by the Sale Process Procedures, except to the extent such act or omission is the result from gross negligence or wilful misconduct of the Sales Agent or the Trustee. By submitting a Bid, each Known Potential Bidder, Qualified Bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Sales Agent or the Trustee in respect of the Sale Process for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct by the Sales Agent or the Trustee.

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

Notwithstanding the process and deadlines outlined above with respect to the Sale Process, with the prior consent of the DIP Lender, the Sales Agent and the Trustee may at any time: (i) pause, terminate, amend or modify the Sale Process; (ii) remove any portion of the Property from the Sale Process; (iii) bring a motion to the Court to seek approval of a sale of all or part of the Property or the Company, whether or not such sale is in accordance with the terms or timelines set out in the Sale Process Procedures; and (iv) establish further or other procedures for the Sale Process, provided that Qualified Bidders and Known Potential Bidders shall be advised of any substantive modification to the procedures set forth herein.

Schedule "A"

Address of Trustee

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

Attention: Josie Parisi or Peter Naumis
Email: jparisi@bdo.ca
pnaumis@bdo.ca

Schedule "B"

AUCTION PROCEDURES

1. On or before June 17, 2025, the Trustee will confirm those Qualified Bidders who submitted a Qualified Bid that they will be invited to the Auction.
2. Unless otherwise ordered by the Court, only the authorized representatives, professional advisors or agents of the Stalking Horse Bidder and each Qualified Bidder shall be eligible to attend at the Auction and make any Subsequent Bid (as defined below) at the Auction.
3. The Auction, if any, shall be conducted by the Trustee, on or before June 20, 2025 at 10:00 a.m. (Eastern Time) via video conference.
4. At the Auction, all Qualified Bidders and the Stalking Horse Bidder shall be permitted to increase their Qualified Bids and the bid contemplated by the Stalking Horse Agreement in accordance with the procedures set forth herein (each, a "Subsequent Bid"). All Subsequent Bids presented during the Auction shall be made and received via video conference on an open basis. All participating Qualified Bidders and the Stalking Horse Bidder shall be entitled to be present for all bidding with the understanding that the true identity of each participating Qualified Bidder shall be fully disclosed to all other Qualified Bidders and the Stalking Horse Bidder and that all material terms of each Subsequent Bid presented during the Auction will be fully disclosed to the Stalking Horse Bidder and all other participating Qualified Bidders throughout the entire Auction.
5. All Qualified Bidders and the Stalking Horse Bidder at the Auction must have at least one individual representative with authority to bind such Qualified Bidder and the Stalking Horse Bidder present at the Auction.
6. The Auction shall be recorded by the Trustee for its exclusive use and shall not be recorded by any other party.
7. At least three (3) business days prior to the Auction, the Trustee will advise the Stalking Horse Bidder and all other Qualified Bidders which of the Qualified Bidders or the Stalking Horse Bidder the Trustee has determined, in its reasonable business judgment, after consultation with its advisors and the Company, constitutes the then highest or otherwise best offer Transaction (the "Starting Bid").
8. Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one Subsequent Bid is submitted by a Qualified Bidder or the Stalking Horse Bidder that (i) improves upon such Qualified Bidder's immediately prior Superior Bid or the bid contemplated by the Stalking Horse Agreement, as the case may be, and meets the overbid requirement set forth in paragraph 9 below, and (ii) the Trustee determines, in its reasonable business judgment, after consultation with its advisors, such Subsequent Bid is a higher or otherwise better offer than the then current leading Superior Bid.
9. Bidding at the Auction shall be in increments of \$100,000 and shall continue until such time as the highest and best bid is determined by the Trustee's reasonable business judgment after consultation with its advisors. For the purpose of evaluating the value of the consideration provided by each Bid (including any Subsequent Bid by the Stalking Horse Bidder) presented at the Auction, the value will: (i) be deemed to be the net consideration payable to the Trustee after considering, *inter alia*, any Expense Reimbursement due to the Stalking Horse Bidder under the Stalking Horse Agreement; and (ii) take into account any additional liabilities of the Company to be assumed by a Qualified Bidder.

10. After the first round of bidding and between each subsequent round of bidding, the Trustee shall announce the Subsequent Bid that the Trustee has determined, in its reasonable business judgment, after consultation with its advisors and the Company, to be the then highest or best bid (the "**Leading Bid**"). A round of bidding will conclude after each participating Qualified Bidder and the Stalking Horse Bidder has had an opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid.
11. If no Qualified Bidder or the Stalking Horse Bidder submits a Subsequent Bid (as determined by the Trustee) after a period of 30 minutes following the Trustee's acceptance of a Subsequent Bid as the Leading Bid, and the Trustee chooses not to adjourn the Auction further, the Trustee shall enter into a binding agreement of purchase and sale substantially on the same terms as the Superior Bid or the Stalking Horse Agreement (as the case may be), as amended by the Leading Bid, with the Qualified Bidder or the Stalking Horse Bidder (the Successful Bidder) that submitted the highest and best Bid as determined by the Trustee, whereupon the Auction will be concluded.
12. At the Auction, the Trustee, after consultation with its advisors, may employ and announce additional procedural rules that are fair and reasonable under the circumstances (e.g., the amount of time allotted to make Subsequent Bids) for conducting the Auction; provided, however, that such rules are (a) not inconsistent with the Auction procedures set forth in this Schedule "B", the *Bankruptcy and Insolvency Act*, any order of the Court entered in connection with such Auction procedures, and (b) disclosed to each Qualified Bidder and the Stalking Horse Bidder at the Auction.

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

Court File No. BK-25-03213105-0032

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

PROCEEDING COMMENCED AT TORONTO

**SECOND REPORT OF THE PROPOSAL
TRUSTEE DATED APRIL 30, 2025**

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

Harvey G. Chaiton (LSO #21592F)
Email: harvey@chaitons.com

Laura Culleton (LSO #82428R)
Email: laurac@chaitons.com

Lawyers for Indeed Laboratories Inc.

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

Court File No. BK-25-03213105-0032

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD

CHAITONS LLP

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

Harvey G. Chaiton (LSO #21592F)

Email: harvey@chaitons.com

Laura Culleton (LSO #82428R)

Email: laurac@chaitons.com

Lawyers for Indeed Laboratories Inc.