



Telephone: (902) 425-3100
Fax: (902) 425-3777
www.bdo.ca

BDO Canada Limited
255 Lacewood Drive
Suite 201
Halifax NS B3M 4G2 Canada

District of Nova Scotia
Division No. 1 - Halifax
Court File No. 45907
Estate No. 51-3134197



IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, C. B-3,
AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF MOTRYX INC.

SIXTH REPORT OF THE PROPOSAL TRUSTEE
March 6, 2025

TABLE OF CONTENTS

INTRODUCTION.....	4
PURPOSE	6
TERMS OF REFERENCE	7
ACTIVITIES OF THE COMPANY	8
ACTIVITIES OF THE PROPOSAL TRUSTEE	9
DEEMED TRUST CLAIM	9
CASH FLOW FORECAST AND ACTUAL RESULTS.....	10
SALE PROCESS AND THE PROPOSED TRANSACTION	12
PROPOSED AMENDMENT TO DIP FINANCING CHARGE	13
PROPOSAL TRUSTEE RECOMMENDATIONS.....	14

LIST OF APPENDICES

- Appendix A - First Report of the Proposal Trustee dated October 16, 2024
- Appendix B - Initial Order granted by the Court on October 22, 2024
- Appendix C - Critical Supplier Order granted by the Court on October 22, 2024
- Appendix D - Second Report of the Proposal Trustee dated December 2, 2024
- Appendix E - Second Extension Order granted by the Court on December 5, 2024
- Appendix F - Third Report of the Proposal Trustee dated December 16, 2024
- Appendix G - Sale and Investment Solicitation Process Order granted on December 20, 2024
- Appendix H - Fourth Report of the Proposal Trustee dated January 13, 2025
- Appendix I - Third Extension Order granted by the Court on January 16, 2025
- Appendix J - Fifth Report of the Proposal Trustee dated February 19, 2025
- Appendix K - Fourth Extension Order granted by the Court on February 21, 2025
- Appendix L - Company's Cash Flow Variance Report for the period ended February 28, 2025
- Appendix M - Company's Fourth Cash Flow Forecast dated March 6, 2025
- Appendix N - Proposal Trustee's Report on Cash Flow Statement dated March 6, 2025

INTRODUCTION

1. On September 27, 2024, (the “**Filing Date**”), Motryx Inc. (“**Motryx**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). BDO Canada Limited, a Licensed Insolvency Trustee, was named proposal trustee (“**Proposal Trustee**”) in the Company’s proposal proceedings (the “**Proposal Proceedings**”).
2. On October 16, 2024, the Proposal Trustee prepared a report (the “**First Report**”) to the Supreme Court of Nova Scotia (the “**Court**”) in advance of the Company’s motion on October 22, 2024. A copy of the First Report (without appendices) is attached hereto as **Appendix “A”**. A high-level overview of the Company’s history, operations, its assets, the sole secured creditor involved in these proceedings, and the events giving rise to the Company’s decision to file an NOI pursuant to the provisions of the BIA are included within the First Report.
3. On October 22, 2024, the Court issued an order (the “**Initial Order**”) to grant the following material relief:
 - a. extending the initial stay period from October 27, 2024 up to and including December 6, 2024;
 - b. approving an administration charge (the “**Administration Charge**”) in the amount of \$125,000, in favour of the Company’s counsel, the Proposal Trustee and its counsel against the Company’s assets (the “**Assets**”), as security for their respective fees and disbursements incurred at the standard rates and charges of the professionals involved with the Company’s restructuring; and
 - c. approving the debtor-in-possession financing (the “**DIP Financing**”) to be provided by Aerocom GmbH & Co. (“**Aerocom**” or the “**DIP Lender**”) and the associated DIP Financing charge (the “**DIP Financing Charge**”) against the Company’s Assets.

A copy of the Initial Order granted by the Court is attached hereto as **Appendix “B”**.

4. Also on October 22, 2024, the Court issued an order (the “**Critical Supplier Order**”) authorizing the Company to make certain payments to current employees for pre-filing payroll and related source deductions, an employee expense reimbursement, and to pay certain critical suppliers for pre-filing obligations. A copy of the Critical Supplier Order granted by the Court is attached hereto as **Appendix “C”**.

5. On December 2, 2024, the Proposal Trustee prepared a report (the **"Second Report"**) to the Court in advance of the Company's motion on December 5, 2024. A copy of the Second Report (without appendices) is attached hereto as **Appendix "D"**.
6. On December 5, 2024, the Court issued an order (the **"Second Extension Order"**) extending the stay period from December 6, 2024 up to and including January 17, 2024. A copy of the Second Extension Order granted by the Court is attached hereto as **Appendix "E"**.
7. On December 16, 2024, the Proposal Trustee prepared a report (the **"Third Report"**) to the Court in advance of the Company's motion on December 20, 2024. A copy of the Third Report (without appendices) is attached hereto as **Appendix "F"**.
8. On December 20, 2024, the Court issued an order (the **"Sale and Investment Solicitation Process Order"**) to grant the following material relief:
 - a. approving the sale and investment solicitation process (the **"Sale Process"**), and authorizing the Proposal Trustee to conduct the Sale Process; and
 - b. approving the stalking horse asset purchase agreement dated December 13, 2024 (the **"Stalking Horse Agreement"**), between the Company (as the **"Vendor"**) and Aerocom, or its nominee (as the **"Stalking Horse Purchaser"**).

A copy of the **Sale and Investment Solicitation Process Order** granted by the Court is attached hereto as **Appendix "G"**.

9. On January 13, 2025, the Proposal Trustee prepared a report (the **"Fourth Report"**) to the Court in advance of the Company's motion on January 16, 2025. A copy of the Fourth Report (without appendices) is attached hereto as **Appendix "H"**.
10. On January 16, 2025, the Court issued an order (the **"Third Extension Order"**) extending the stay period from January 17, 2025 up to and including February 28, 2025. A copy of the Third Extension Order granted by the Court is attached hereto as **Appendix "I"**.
11. On February 19, 2025, the Proposal Trustee prepared a report (the **"Fifth Report"**) to the Court in advance of the Company's motion on February 21, 2025. A copy of the Fifth Report (without appendices) is attached hereto as **Appendix "J"**.
12. On February 21, 2025, the Court issued an order (the **"Fourth Extension Order"**) extending the stay period from February 28, 2025 up to and including March 26, 2025. A copy of the Fourth Extension Order granted by the Court is attached hereto as **Appendix "K"**.

PURPOSE

13. The purpose of this sixth report of the Proposal Trustee (the **"Sixth Report"**) is to:

- a. provide the Court with updates on the activities of the Company and the Proposal Trustee in relation to the Proposal Proceedings;
- b. provide the Court with an update with respect to the deemed trust claim of the Canada Revenue Agency (**"CRA"**) for unremitted source deductions;
- c. discuss cash flow variances arising to week ending February 28, 2025 with respect to the Company's cash flow forecast filed by the Company on February 19, 2025 and reported on by the Proposal Trustee within the Fifth Report also dated February 19, 2025 (the **"Third Cash Flow Forecast"**), and the Proposal Trustee's comments regarding the reasonableness thereof
- d. provide the Court with the Company's revised cash flow forecast covering the period March 3, 2025 through March 28, 2025 (the **"Fourth Cash Flow Forecast"**);
- e. provide the Court with information regarding the Company's motion to seek an order (the **"Amended DIP Financing and DIP Charge Order"**):
 - i. authorizing the Company to enter into an amended financing term sheet dated March 7, 2025 (the **"Amended DIP Agreement"**) with Aerocom as lender (the **"DIP Lender"**), and granting an amendment to the associated debtor-in-possession financing charge (the **"Amended DIP Financing Charge"**) against the Company's Assets; and
 - ii. approving such further and other relief as the Court may deem just and equitable.
- f. provide the Court with information regarding the Proposal Trustee's motion to seek an order (the **"Sale Approval and Vesting Order"**, and together with the Amended DIP Financing and DIP Charge Order, the **"Proposed Orders"**):
 - i. approving the Stalking Horse Agreement as the successful bid (the **"Successful Bid"**) in accordance with and subject to the terms of the Sale Process as approved by the Court on December 20, 2024, approving and authorizing Motrix to complete the sale transaction (the **"Transaction"**) in accordance with the Stalking Horse Agreement, and authorizing Motrix to execute such documents and take such additional steps as are necessary for that purpose;
 - ii. upon completion of the Transaction (as evidenced by the Proposal Trustee filing a Certificate certifying the same), vesting the Purchased Assets (as

defined in the Sale Agreement) in the Purchaser free and clear of all liens, charges, security interests and other encumbrances; and

iii. approving such further and other relief as the Court may deem just and equitable.

g. the Proposal Trustee's recommendations on the relief being sought by the Company and the Proposal Trustee.

14. The Proposal Trustee understands that the Company will be relying on the Affidavit of Ms. Niva Sabeshan, Chief Executive Officer ("CEO") of Motryx, sworn March 7, 2025 (the "Sabeshan Affidavit") in support of the relief sought in the Proposed Orders.
15. The Proposal Trustee will be relying on this Sixth Report and the Affidavit of Stephen Kingston sworn on March 6, 2025.
16. Copies of Court materials filed in these proceedings may be obtained from the Proposal Trustee's website established in connection with the NOI administration:

<https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/motryx>.

TERMS OF REFERENCE

17. In preparing this Sixth Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon unaudited financial information, books and records and financial information prepared by the Company, discussions with the management and employees of the Company and other information from various sources (collectively the "Information").
 - 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 the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the Information; and
 - b. Some of the Information referred to in this Sixth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accounts Canada Handbook, has not been performed.
18. Future-oriented financial information referred to in this Sixth 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 variations could be significant.

19. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in this Sixth Report concerning the Company and its business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
20. All references to monetary amounts in this Sixth Report are in Canadian dollars unless otherwise noted.

ACTIVITIES OF THE COMPANY

21. Since the Fifth Report, the Company, among other things, has:
 - a. continued to negotiate and arrange for the post filing support of its customers and channel partners as the Company continued to operate;
 - b. continued to service existing customer contracts, progress business leads to generate new sales, and monitor and collect accounts receivable;
 - c. consulted with the Proposal Trustee in respect of operations, cash management, and vendor and supplier payments;
 - d. monitored and reported to the Proposal Trustee the actual weekly cash flows as compared to the Third Cash Flow Forecast filed by the Company on February 19, 2025 and reported on by the Proposal Trustee within the Fifth Report also dated February 19, 2025;
 - e. reported periodically to the DIP Lender on the Company's actual cash flow results and the variances as compared to the Third Cash Flow Forecast;
 - f. with the assistance of the Proposal Trustee, drafted the Company's Fourth Cash Flow Forecast covering the period March 3, 2025 through March 28, 2025;
 - g. engaged with the DIP Lender with respect to the negotiation of the Amended DIP Agreement;
 - h. engaged with CRA, with the assistance of the Proposal Trustee, including providing financial information required for the performance of a trust account examination for purposes of quantifying CRA's deemed trust claim for unremitted source deductions; and

- i. engaged with the Royal Bank of Canada (“RBC”), with the assistance of the Proposal Trustee, to obtain the final balance for RBC’s secured debt to assist with closing of the Transaction.

ACTIVITIES OF THE PROPOSAL TRUSTEE

- 22. The Proposal Trustee’s website has been updated to include all Court documents and certain other relevant documents that have and continue to be made available with respect to the Proposal Proceedings.
- 23. Since the Fifth Report, the Proposal Trustee, among other things, has:
 - a. completed statutory forms and e-filed such reports with the Office of the Superintendent of Bankruptcy;
 - b. assisted the Company with stakeholder communications;
 - c. reviewed weekly Company reporting on actual cash flows as compared to the Third Cash Flow Forecast;
 - d. assisted management in reporting periodically to the DIP Lender on cash flow variances as compared to the Third Cash Flow Forecast;
 - e. assisted the Company in drafting the Company’s Fourth Cash Flow Forecast;
 - f. engaged with Motryx management and its counsel with respect to the execution of the Amended DIP Agreement with the DIP Lender;
 - g. assisted the Company in its engagement with CRA for purposes of the performance of a trust account examination to quantify CRA’s deemed trust claim for unremitted source deductions;
 - h. assisted the Company in its engagement with RBC for the purpose of obtaining the final balance for RBC’s secured debt to assist with closing of the Transaction;
 - i. instructed and assisted legal counsel as regards the Proposal Trustee’s Motion seeking a Sale Approval and Vesting Order and
 - j. prepared this Sixth Report.

DEEMED TRUST CLAIM

- 24. As reported in the Fifth Report, on February 18, 2025 management informed the Proposal Trustee that the Company had been notified by its external payroll service provider of a deemed trust claim for source deductions of approximately \$80,000 owed to the CRA. Through investigation, management determined that source deductions were mistakenly not remitted to CRA during the

five (5) month period from May through September 2024, immediately prior to the NOI Proceedings. The Company has remitted source deductions to CRA as required during the NOI Proceedings.

25. Management, with the assistance of the Proposal Trustee, fully cooperated with CRA to provide the information required for the performance of a trust account examination by CRA.
26. On March 5, 2025, the Proposal Trustee received a Proof of Claim from CRA for unremitted source deductions in the amount of \$86,565, which is comprised of unremitted source deductions from employees and employer related matching in the amount of \$74,664, and interest and penalties of \$11,901. CRA is claiming priority status for the entire balance outstanding pursuant to subsection 60(1.1) of the BIA (the “**Deemed Trust Claim**”).
27. The Company has negotiated an increase in DIP Financing of \$165,000 pursuant to the Amended DIP Agreement attached to Ms. Sabeshan’s Affidavit, which will allow the Company to pay the full amount of the Deemed Trust Claim balance of \$86,565 (as illustrated in the Company’s Fourth Cash Flow Forecast attached as **Appendix “M”** to this Sixth Report). CRA has confirmed that the interest and penalties related to the CRA’s Deemed Trust Claim have been stayed since the Filing Date.

CASH FLOW FORECAST AND ACTUAL RESULTS

28. The Proposal Trustee has reviewed the actual cash flow from operations for the two-week period ending February 28, 2025, through monitoring the banking activities of the Company.
29. Attached as **Appendix “L”** to this Sixth Report is a variance analysis comparing the Company’s actual cash flows to the Third Cash Flow Forecast during the period February 17, 2025, to February 28, 2025 (the “**Cash Flow Period**”).
30. The Company’s actual cash flow from operations during the Cash Flow Period was approximately \$44,000 unfavourable to forecast. The variance is primarily attributable to the following:
 - a. an unfavourable variance of \$40,000 related to the forecast DIP Financing pursuant to an executed amended DIP agreement, however said amended DIP agreement was not approved by the Court, therefore the financing was not received;
 - b. a favourable variance of \$3,500 as the Company was credited for debt payments erroneously withdrawn by RBC with respect to an unsecured loan;
 - c. an unfavourable variance of approximately \$4,000 with respect to general subscriptions and dues which is primarily timing in nature. The Company continues to incur subscription services in maintaining Company operations and its assets; and

- d. an unfavourable variance of approximately \$4,000 with respect to legal fees related to maintenance of Company patents which is primarily timing in nature as said expense was forecast to be incurred during the first week of March.
- 31. The Company, with the assistance of the Proposal Trustee, has prepared the Fourth Cash Flow Forecast incorporating actual results since the commencement of the NOI Proceedings and projected results for the four (4) week period ending March 28, 2025 (the “**Fourth Cash Flow Period**”). A copy of the Fourth Cash Flow Forecast with supporting notes is attached as **Appendix “M”**.
- 32. Based on the Proposal Trustee’s review of the Fourth Cash Flow Forecast, there were no material assumptions which seem unreasonable in the present circumstances. The Proposal Trustee’s report on the Fourth Cash Flow Forecast is attached as **Appendix “N”**.
- 33. The Fourth Cash Flow Forecast was prepared based on the following assumptions:
 - a. the restructuring process is intended to be funded primarily by financing obtained pursuant to the Amended DIP Agreement. The Fourth Cash Flow Forecast projects the Company will receive additional financing through the Amended DIP Agreement; and
 - b. disbursements consist of forecast expenses based on management estimates for on-going operations, for restructuring professional fees, settling CRA’s Deemed Truste Claim, and settling the secured debt of RBC pursuant to the terms of the Stalking Horse Agreement.
- 34. The Proposal Trustee has reviewed the Fourth Cash Flow Forecast, including its assumptions, through inquiries, analytical procedures and review of documents related to the information supplied by employees of the Company. Based on the Proposal Trustee’s review, nothing has come to its attention that causes it to believe, as at the date of the Sixth Report, the assumptions are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Fourth Cash Flow Forecast.
- 35. The Fourth Cash Flow Forecast illustrates that during the Fourth Cash Flow Period, the Company will have sufficient cash flow to operate until the closing of the Transaction, which will be as soon as reasonably possible, but in all events, in advance of the expiry of the stay of proceedings on March 26, 2025. The Proposal Trustee understands the Company is targeting a closing date of March 14, 2025 (the “**Closing Date**”). Of note, the Fourth Cash Flow Forecast includes the following:
 - a. receipt of \$165,000 of additional DIP Financing pursuant to the Amended DIP Agreement;

- b. receipt of \$40,000, being the cash portion of the Purchase Price (as defined in the Stalking Horse Agreement), to settle RBC's secured debt pursuant to the terms of the Stalking Horse Agreement;
- c. payment of \$86,565 to settle CRA's Deemed Trust Claim in full;
- d. payment of \$30,775 to settle RBC's secured debt (including an estimate of interest to be accrued up to the projected date of Transaction close);
- e. payment of \$4,000, pursuant to subsections 65.13(8), 60(1.3), 136(d) and 81.3(1) of the BIA, to two (2) former employees with claims for wages owing for services rendered during the period beginning the day that was six (6) months before the date of the initial bankruptcy event, being the Filing Date on September 27, 2024; and
- f. the Company's counsel, the Proposal Trustee and its counsel have agreed to cap professional fees for the month of March to allow the Company sufficient cash flow to close the Transaction, currently projected by the Company to be approximately \$17,000.

SALE PROCESS AND THE PROPOSED TRANSACTION

36. As reported in the Fifth Report, the Proposal Trustee successfully conducted the Sale Process in accordance with the Sale and Investment Solicitation Process Order. During the Sale Process, the Proposal Trustee was in contact with 105 potential bidders (89 strategic bidders and 16 financial bidders) regarding the acquisition opportunity, of which six (6) potential bidders signed NDAs and were granted access to the VDR, and 24 potential bidders expressed no interest. Three (3) of the parties that had been granted access to the VDR scheduled and attended meetings with Motryx management and the Proposal Trustee to discuss the acquisition opportunity prior to the bid deadline. A summary of Sale Process activity is provided in the table below:

	Strategic	Financial	Total
Potential Bidders	89	16	105
Expressed no interest	20	4	24
No response to date	69	12	81
Signed NDAs and granted VDR access	6	0	6

37. Ultimately, the Sale Process did not produce the submission of any Qualified Bids (as defined in the Sale and Investment Solicitation Process Order) other than the Court approved Stalking Horse Agreement as submitted by Aerocom.
38. On February 10, 2025, the Proposal Trustee provided Aerocom with official correspondence advising that it had accepted the Stalking Horse Agreement as the successful bid (the "Successful

Bid”) in accordance with and subject to the terms of the Sale Process as approved by the Court on December 20, 2024.

39. In accordance with the Sale Process, the Proposal Trustee has brought a motion to the Court seeking the Sale Approval and Vesting Order as regards the Transaction, and approving the Successful Bid. If the Sale Approval and Vesting Order is granted by the Court, the Company plans to close the Transaction with Aerocom as soon as reasonably possible and prior to the expiry of the current stay of proceedings on March 26, 2025.
40. The Proposal Trustee is not currently able to confirm whether Motryx’s employees will be employed by Aerocom and/or its permitted assignee following the closing of the Transaction, however we understand negotiations in this regard continue. The Proposal Trustee also understands that Motryx’s employees will be paid up to the Closing Date.
41. The Proposal Trustee understands two (2) former employees are owed wages for services rendered during the period beginning the day that was six (6) months before the date of the initial bankruptcy event, being the Filing Date on September 27, 2024. Pursuant to subsections 65.13(8), 60(1.3), 136(1)(d) and 81.3(1) of the BIA, the former employee claims, to the extent of \$2,000 per former employee, or \$4,000, will be paid by Motryx prior to the Closing Date.

PROPOSED AMENDMENT TO DIP FINANCING CHARGE

42. The Company seeks approval of an amendment to the priority charge on all of the current and future assets, undertakings, and properties of the Company, wherever located, including all proceeds thereof, defined herein as the Amended DIP Financing Charge.
43. The Proposal Trustee understands that the Company is providing its sole secured creditor, RBC, with notice of the relief being sought, including the Amended DIP Financing Charge.
44. The Company is seeking approval of the Amended DIP Loan pursuant to which Aerocom, in its capacity as the lender under the Amended DIP Loan, has offered to make available to the Company, an additional \$165,000 under the debtor-in possession loan, for a total of \$525,000 in order provide sufficient liquidity for Company operations and for the Proposal Trustee to complete a Sale Process.
45. A copy of the Amended DIP Agreement is attached as Exhibit A in the Sabeshan Affidavit. The only material change to the terms and conditions of the Amended DIP Agreement is an increase to the principal amount from \$360,000 to \$525,000. All other terms and conditions are consistent with the original DIP financing agreement approved by the Court within the Initial Order on October 22, 2024 and attached to this Sixth Report as **Appendix “B”**.
46. The Proposal Trustee is of the view that the Company’s request for approval of the Amended DIP Agreement and the Amended DIP Financing Charge is required and reasonable in order to provide

the Company necessary financing to maintain ongoing operations and conclude the Sale Process. Absent approval of this financing, the Company would be unable to complete the Transaction, and would be deemed to have made an assignment in bankruptcy upon the expiry of the current Stay of Proceedings, resulting in a termination of the Company's employees and lost value for the Company's creditors and stakeholders.

PROPOSAL TRUSTEE RECOMMENDATIONS

47. In the Proposal Trustee's view, Motryx has acted and continues to act in good faith and with due diligence.
48. Based on the foregoing, the Proposal Trustee recommends the Court grant the Proposed Orders:
 - a. authorizing the Amended DIP Agreement executed by the Company and the DIP Lender;
 - b. granting an amendment to the associated Amended DIP Financing Charge against the Company's Assets;
 - c. approving the Stalking Horse Agreement as the Successful Bid in accordance with and subject to the terms of the Sale Process as approved by the Court on December 20, 2024;
 - d. approving the completion of the Transaction and authorizing the Company to execute such documents and take such additional steps as are necessary for that purpose; and
 - e. upon completion of the Transaction (as evidenced by the Proposal Trustee filing a Certificate certifying the same), vesting the Purchased Assets (as defined in the Stalking Horse Agreement) in the Purchaser free and clear of all liens, charges, security interests and other encumbrances.

All of which is submitted to this Court on this 6th day of March 2025.

BDO CANADA LIMITED
Acting in its capacity as
Licensed Insolvency Trustee under the
Notice of Intention to Make a Proposal of Motryx Inc.
and not in its personal capacity.

Per:



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



Telephone: (902) 425-3100
Fax: (902) 425-3777
www.bdo.ca

BDO Canada Limited
255 Lacewood Drive
Suite 201
Halifax NS B3M 4G2 Canada

Appendix A

District of Nova Scotia
Division No. 1 - Halifax
Court File No. 45907
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**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, C. B-3,
AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF MOTRYX INC.**

**FIRST REPORT OF THE PROPOSAL TRUSTEE
October 16, 2024**

TABLE OF CONTENTS

INTRODUCTION.....	4
PURPOSE	4
TERMS OF REFERENCE	5
OVERVIEW OF THE COMPANY	6
CIRCUMSTANCES LEADING UP TO THE PROPOSAL PROCEEDINGS	7
ACTIVITIES OF THE COMPANY	9
ACTIVITIES OF THE PROPOSAL TRUSTEE	9
CASH FLOW FORECAST AND PRELIMINARY RESULTS	10
PROPOSED STAY PERIOD EXTENSION.....	11
PROPOSED PRIORITY CHARGES.....	12
ADMINISTRATION CHARGE.....	12
DIP FINANCING CHARGE	12
PROPOSED PRE-FILING PAYMENTS.....	14
PROPOSAL TRUSTEE RECOMMENDATIONS.....	14

LIST OF APPENDICES

- Appendix A - Certificate of Filing of a Notice of Intention to Make a Proposal**
- Appendix B - PPRS Search Result Report dated August 19, 2024**
- Appendix C - Affidavit of Mailing and Creditor's Package**
- Appendix D - Company's Cash Flow Forecast for the period ended December 27, 2024**
- Appendix E - Proposal Trustee's Report on Cash Flow Statement**

INTRODUCTION

1. On September 27, 2024, (the **"Filing Date"**), Motryx Inc. (**"Motryx"** or the **"Company"**) filed a Notice of Intention to Make a Proposal (**"NOI"**) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the **"BIA"**). BDO Canada Limited (**"BDO"**), a Licensed Insolvency Trustee, was named proposal trustee (**"Proposal Trustee"**) in the Company's proposal proceedings (the **"Proposal Proceedings"**). A copy of the certificate of filing of a Notice of Intention to Make a Proposal (the **"Certificate of Filing"**) issued by the Office to the Superintendent of Bankruptcy (the **"OSB"**) is attached hereto as **Appendix "A"**.

PURPOSE

2. The purpose of this first report of the Proposal Trustee (the **"First Report"**) is to advise the Court with respect to:
 - a. an overview of the Company;
 - b. the background on the circumstances leading to the Company's decision to commence the Proposal Proceedings;
 - c. the Company's operations and communications with stakeholders since the commencement of these Proposal Proceedings;
 - d. the Proposal Trustee's activities since its appointment;
 - e. an overview of the Company's 13-week cash flow forecast (the **"Cash Flow Forecast"**), for the period September 28, 2024 to December 27, 2024 (the **"Cash Flow Period"**), variances arising to date, and the Proposal Trustee's comments regarding the reasonableness thereof;
 - f. the Company's motion to seek an order (the **"Proposed Order"**):
 - i. extending the time for the Company to file a proposal under section 50.4(9) of the BIA by 45 days up to and including December 11, 2024;
 - ii. granting the super-priority Administration Charge (herein defined) against the Company's property, business, assets, shares and/or undertakings (the **"Assets"**);
 - iii. authorizing the Company to enter into a financing term sheet dated September 17, 2024 (the **"DIP Agreement"**) with Aerocom GmbH & Co. (**"Aerocom"**), as lender (the **"DIP Lender"**), and granting the associated debtor-in-possession financing charge (the **"DIP Financing Charge"**) against the Company's Assets;

- iv. authorizing the Company, with the consent of the Proposal Trustee and the DIP Lender, to make certain payments to current employees for pre-filing payroll and related source deductions owing to the Canada Revenue Agency (“CRA”), an employee expense reimbursement for a Company expense incurred prior to the Filing Date, and to pay certain critical suppliers for pre-filing obligations which are necessary to facilitate the Company’s ongoing operations and preserve value during the Proposal Proceedings; and
 - v. approving such further and other relief as the Court may deem just and equitable.
 - g. The Proposal Trustee’s recommendations on the relief being sought by the Company.
- 3. The Proposal Trustee understands that the Company will be relying on the Affidavit of Ms. Niva Sabeshan, Chief Executive Officer (“CEO”) of Motryx, sworn October 15, 2024 (the “Sabeshan Affidavit”) in support of the relief sought in the Proposed Order.
 - 4. The Sabeshan Affidavit and all other material filed with the Court in these 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/motryx> (the “Proposal Trustee’s Website”).

TERMS OF REFERENCE

- 5. 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 and financial information prepared by the Company, discussions with the management and employees of the Company and other information from various sources (collectively the “Information”). Except as otherwise described in this First Report in respect of the Company’s 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 the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance 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 forecasts and projections, as outlined in the Chartered Professional Accounts Canada Handbook, has not been performed.

6. 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 variations could be significant.
7. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in this First Report concerning the Company and its business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
8. All references to monetary amounts in this First Report are in Canadian dollars unless otherwise noted.

OVERVIEW OF THE COMPANY

9. This First Report should be read in conjunction with the Sabeshan Affidavit for additional background and financial information with respect to the Company. Any terms not expressly defined herein are otherwise defined in the Sabeshan Affidavit.
10. Motryx is a privately held corporation, registered in Nova Scotia on January 12, 2015, as an extra-provincial corporation federal (Canada) company pursuant to the *Companies Act* of Nova Scotia. Originally incorporated as Maritime Biologgers Inc, the Company officially changed its business name to Motryx Inc. on April 1, 2019.
11. Founded and incorporated by Dr. Franziska Broell and Andre Bezanson as a tech startup, the Company entered the market as a disruptive technology providing an improved method to ensure the safety of blood samples transported in hospitals via pneumatic tube systems. The Company's patented technology, VitalQC, allows for blood sample transport in a manner that ensures quality diagnostics and accurate testing, and is supported by clinical research proving to be a unique solution to an existing problem in the pre-analytical stage of diagnostic laboratory testing.
12. By late 2021, Motryx's founders had decided to separate from the Company's day-to-day operations. Aerocom, a manufacturer of pneumatic tube systems based in Germany and with operations in 85 countries, purchased 49.9% of the outstanding shares of Motryx. The acquisition by Aerocom resulted in issues with the Company's capitalization table which still included Mortyx's founders and did not provide for the issuance of a meaningful number of shares to the Company's leadership team. The following is the ownership structure of Motryx as at the Filing Date:

Owner	Shares Outstanding	Ownership Percentage
Andre Bezanson	738,154	9.6%
Franziska Broell	3,094,496	40.5%
Aerocom GmbH & Co.	3,817,350	49.9%
	<hr/> 7,650,000	<hr/> 100.0%

13. The Company has one (1) secured lender being Royal Bank of Canada ("RBC") which provided the Company multiple credit card facilities. The Proposal Trustee has not completed a security opinion in respect of RBC's security as at the date of the First Report. Attached hereto as **Appendix "B"** is a PPRS Search Result Report identifying the specific registration by RBC of a general security agreement, being the sole security registration against the Company.
14. The Company's unsecured creditors primarily consist of privately held convertible debentures and notes payable, a term loan from the Atlantic Canada Opportunities Agency, and a refinanced Canada Emergency Business Account (CEBA) loan with RBC.

CIRCUMSTANCES LEADING UP TO THE PROPOSAL PROCEEDINGS

15. The Company attributes the causes of its financial difficulty to:
 - a. the Covid-19 pandemic's impact on the priorities, in terms of time and resources, of Motryx's potential customers, including hospitals and laboratory diagnostic providers, as regards to the importance of blood sample quality control within said facilities;
 - b. issues with the Company's capitalization table created a significant obstacle and along with issued convertible notes maturing, made it challenging to raise new capital as the Company grew. This ultimately led to cash flow issues as the Company was unable to meet supplier and payroll obligations as they became due; and
 - c. although the Company's patented technology entered the market, sales were slow to materialize due to:
 - i. the negative effect of the pneumatic tube systems on blood samples is largely unrecognized, unknown or understood by hospital laboratory clinicians;
 - ii. VitalQC is a new technology that is largely unknown in the Canadian and US markets and only recently is being referred by a limited number of early adopters in Europe; and
 - iii. a lack of urgency for hospitals to purchase VitalQC with globally recognized ISO certification requirements for blood sample transport stated in general terms, allowing only minimal efforts for validation.

16. As a result of the financial challenges faced by the Company, management started exploring options to restructure its operations, including a sale of the business or its assets.
17. Motryx does not own significant capital assets other than intellectual property (“IP”) and any interruption to the business is likely to impact supply and services to its customers and its partners. Preliminary discussions were held with parties thought to be potentially interested in Motryx’s assets prior to the Filing Date.
18. On September 27, 2024, the Company commenced the Proposal Proceedings under the BIA for the purpose of, among other things, creating stability for the Company’s operations and to permit the Proposal Trustee to conduct a sale and investment solicitation process (“Sale Process”) for the marketing and sale of the business as a going-concern, in whole or in part. The Proposal Proceedings were initiated to restructure the Company while maintaining the going concern operations to preserve employment, maximize recovery for creditors and stakeholders, and to avoid bankruptcy.
19. The Company’s draft financial statements for the year-ended December 31, 2023, report the following assets and liabilities at book values (the Company is in the process of updating its internal financials - noting limited operations in 2024):

Assets	
Cash	4,253
Accounts Receivable	73,847
Other Receivable	26,726
Inventory	23,382
Prepaid Expenses	6,574
Intangible Asset	500
Fixed Asset	14,097
	<hr/> 149,379
Liabilities	
Accounts Payable & Accrued Liabilities	33,844
Shareholder Loans	47,637
Convertible Debentures	999,433
Notes Payable	520,066
Long Term Debt	496,229
	<hr/> 2,097,209
Equity	
Capital Stock	17
Contributed Surplus	15,648
Retained Earnings	-1,963,495
	<hr/> -1,947,830
Liabilities and Equity	149,379

20. The Company's draft financial statements indicate limited operations as at the end of fiscal 2023 (approximately \$150,000 in assets) and a significantly undercapitalized balance sheet with debt and negative retained earnings of approximately \$2 million, respectively.

ACTIVITIES OF THE COMPANY

21. Since the Filing Date, the Company has been taking steps focusing on stabilizing operations. Management, with the assistance of the Proposal Trustee, has engaged in various discussions with stakeholders, suppliers, and customers. As of the date of this First Report, the Company has maintained its business operations without significant disruption or issues. Of note, the Company has:

- a. consulted with the Proposal Trustee in respect of operations, cash management, and vendor and supplier payments;
- b. engaged with RBC, with the assistance of the Proposal Trustee, to discuss and develop next steps contemplated in the Proposal Proceedings;
- c. engaged with employees to address any questions and concerns about the Proposal Proceedings;
- d. engaged with suppliers to ensure the supply of goods and services to Motryx are not interrupted;
- e. negotiated financing to fund Motryx's working capital needs during the restructuring process and to pay critical suppliers such as employees, IP service providers, and restructuring professionals;
- f. assisted the Proposal Trustee in the development of a Sale Process, including the development of materials required to conduct such a process, namely a prospective purchaser list, the population of a virtual data room and a teaser document; and
- g. held discussions with the Proposal Trustee and a potential purchaser regarding a potential purchase of the Assets of the Company.

ACTIVITIES OF THE PROPOSAL TRUSTEE

22. The Proposal Trustee's Website has been established for the Proposal Proceedings. All court documents and certain other relevant documents have and will continue to be posted as they are made available.
23. In accordance with its obligations under the BIA, the Proposal Trustee prepared and sent a notice on October 2, 2024, which includes information about the Proposal Proceedings, to all known creditors, based on the contact information of such known creditors who have a claim against the

Company of more than \$250, by prepaid ordinary mail. Attached hereto as **Appendix "C"** is an Affidavit of Mailing with respect to the mailing of the NOI notice along with the creditor package.

24. In accordance with subsection 50.4(2)(c) of the BIA, the Proposal Trustee assisted the Company in the preparation of its Cash Flow Forecast. The Cash Flow Forecast, together with the aforementioned reports, is attached hereto as **Appendix "D"**.
25. In accordance with subsection 50.4(2)(b) of the BIA, the Proposal Trustee reviewed the Cash Flow Forecast and assessed its reasonableness.
26. Furthermore, since the Filing Date, the Proposal Trustee, among other things, has:
 - a. completed statutory forms and e-filed such reports with the OSB;
 - b. participated in various meetings with the Company' CEO and Vice President ("VP") of Business Development to understand business operations, assets including IP, financials, payroll cycles, etc.;
 - c. assisted the Company with stakeholder communications;
 - d. responded to calls and e-mails received from creditors and other parties with respect to the Proposal Proceedings;
 - e. assisted in the formulation of a Sale Process, including related procedures and timelines;
 - f. participated in various meetings with the Company's CEO and VP Business Development to gather information requirements for a virtual data room, to develop a teaser document and other promotional information, and to develop a prospective purchaser list to market the sales opportunity;
 - g. participated in discussions with Company representatives and its counsel, and a potential purchaser regarding a potential purchase of the Company's Assets;
 - h. created a weekly monitoring protocol with the Company to allow the Proposal Trustee to review and report on the Company's weekly cash receipts and disbursements; and
 - i. reviewed the Company's actual receipts and disbursements.
27. Prepared this First Report, including reviewing the Company's assets and operations, various financial reports and other related analysis.

CASH FLOW FORECAST AND PRELIMINARY RESULTS

28. Based on the Proposal Trustee's review of the Cash Flow Forecast, there were no material assumptions which seem unreasonable in the present circumstances. The Proposal Trustee's report on the Cash Flow Forecast is attached hereto as **Appendix "E"**.

29. The Cash Flow Forecast was prepared based on the following assumptions:
- a. the restructuring process is intended to be funded primarily by the DIP Loan; and
 - b. disbursements consist of forecast expenses based on management estimates for on-going operations and for restructuring professional fees.
30. The Proposal Trustee has reviewed the Cash Flow Forecast, including its assumptions, through inquiries, analytical procedures and review of documents related to the information supplied by employees of the Company. Based on the Proposal Trustee's review, nothing has come to its attention that causes it to believe, as at the date of the First Report, the assumptions are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash Flow Forecast.
31. The Cash Flow Forecast illustrates that during the Cash Flow Period, the Company will be cash flow neutral with obligations for operations and restructuring professionals to be funded by the DIP Loan.
32. The Proposal Trustee has monitored the actual cash flows since the Filing Date, which have not differed materially from the Cash Flow Forecast primarily due to the Company not having access to financing as the DIP Loan, and the associated DIP Financing Charge, is subject to Court approval.

PROPOSED STAY PERIOD EXTENSION

33. Under the BIA, the initial stay of proceedings will expire on October 27, 2024 (the "Initial Stay Period").
34. The Company seeks an extension of time to file a proposal for an additional 45 days to and including December 11, 2024 (the "Proposed Stay Extension"). The Proposed Stay Extension should permit the Proposal Trustee to commence and advance a Sale Process. Without the Proposed Stay Extension, the Company will not be in a position to make a viable proposal to its creditors and will become bankrupt to the detriment of its stakeholders.
35. It is the Proposal Trustee's view, based on the Cash Flow Forecast, including the required funding of the DIP Loan, that the Company will have sufficient liquidity to commence and advance a Sale Process and to satisfy post filing obligations as they come due during the Proposed Stay Extension.
36. In the Proposal Trustee's view, Motryx has acted and continues to act in good faith and with due diligence. The Proposal Trustee respectfully submits that the Company will likely be able to make a viable proposal if the Proposed Stay Extension is granted.
37. Based on the information presently available, the Proposal Trustee believes that the Company's creditors will not be materially prejudiced by the Proposed Stay Extension. Furthermore, the

Proposal Trustee is not aware of any creditor who opposes the requested extension of the Stay Period.

PROPOSED PRIORITY CHARGES

38. The Company seeks approval of two (2) priority charges on all of the current and future assets, undertakings, and properties of the Company, wherever located, including all proceeds thereof, ranking in the following order:
- a. first, the Administration Charge; and
 - b. second, the DIP Financing Charge.
39. The Proposal Trustee understands that the Company is providing its sole secured creditor, RBC, with notice of the relief being sought, including the proposed priority charges.

ADMINISTRATION CHARGE

40. The Company seeks approval of an Administration Charge up to a maximum amount of \$125,000 in favour of counsel to the Company, and the Proposal Trustee and its independent counsel, as security for the professional fees and disbursements incurred prior to and after the commencement of the Proposal Proceedings. Professional fee obligations secured by the Administration Charge will be paid in the ordinary course from funding provided by the DIP Loan.
41. The Proposal Trustee is of the view that given the current liquidity constraints of the Company, the proposed Administration Charge is required and reasonable in the circumstances. The Proposal Trustee is of the view that the Administration Charge is necessary for the effective participation of the professionals in the Proposal Proceedings and believes the quantum of the Administration Charge is reasonable in the circumstances based upon a review and assessment of the anticipated professional costs to be incurred during this matter.

DIP FINANCING CHARGE

42. The Company is seeking approval of the DIP Loan pursuant to which Aerocom, in its capacity as the proposed lender under the DIP Loan, has offered to make available to the Company a debtor-in possession loan of \$360,000 in order provide sufficient liquidity for Company operations and for the Proposal Trustee to complete a Sale Process.
43. A copy of the DIP Loan is attached as Exhibit C in the Sabeshan Affidavit. The material items, terms and conditions of the DIP Loan include the following:
- a. principal amount: \$360,000 (the "Maximum Amount");
 - b. purpose of the loan: to fund the cash flow requirements of the Company on a going concern basis, unless otherwise approved by the DIP Lender and the Proposal Trustee,

in accordance with the Cash Flow Forecast, which primarily includes (i) the working capital requirements of the Company; (ii) professional fees and expenses incurred by the Company's counsel, the Proposal Trustee and its legal counsel, in respect to the Proposal Proceedings; and (iii) the costs associated with a Sale Process.

- c. interest rate: 10% per annum, payable on the Termination Date (defined herein);
- d. DIP Financing Charge and Court approval: the DIP Loan 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;
- e. payment of Pre-Filing obligations: the Borrower shall not make or permit to be made any payment on account of obligations owing as of the date of the filing of the NOI by the Borrower without the prior consent of the Proposal Trustee and the DIP Lender, or pursuant to an Order of the Court; and
- f. repayment: the DIP Loan is to be repaid on the termination date, which is defined as the earlier of:
 - i. six (6) months following the initial advance under the DIP Loan or such other date agreed to by the DIP Lender in its sole discretion;
 - ii. the date upon which a transaction for the sale of all or substantially all of the business and assets of the Company is complete;
 - iii. the date of which the stay of proceedings provided for in the Proposal Proceedings is dismissed or terminated; and
 - iv. the occurrence of an event of default;

(the "Termination Date").

- 44. The Proposal Trustee believes the terms offered by the DIP Lender are reasonable and competitive in the circumstances.
- 45. The Proposal Trustee is of the view that the Company's request for approval of the DIP Loan and the DIP Financing Charge is required and reasonable in order to provide the Company necessary financing to maintain ongoing operations and conduct a Sale Process. Absent approval of this financing, the Company would be unable to obtain alternative financing to finance the restructuring of its business and would thus be forced to shut down operations and commence a liquidation of its assets, resulting in a termination of the Company's employees and lost value for the Company's creditors and stakeholders.
- 46. The Proposal Trustee understands the Company will seek approval from the Court to utilize the DIP Loan to finance pay pre-filing payments related to current employee payroll, an employee

expense reimbursement and certain critical suppliers which are necessary to facilitate the Company's on-going operations and to preserve value during the Proposal Proceedings. More detail on the relief being sought is provided below.

PROPOSED PRE-FILING PAYMENTS

47. The Company is seeking authorization to pay the following pre-filing obligations:

- a. payroll to current employees, and related source deductions owing to CRA, to compensate for time worked prior to the Proposal Proceedings, in the aggregate amount of \$52,500. The Cash Flow Forecast contemplates payment of pre-filing payroll and related remittances in four (4) weekly instalments commencing on the week ending October 18, 2024, however it is anticipated the payments will be delayed due to the timing of the Company's motion;
- b. an employee expense reimbursement for a Company related expense incurred prior to the Filing Date in the amount of \$1,500; and
- c. general subscriptions and dues owing to critical suppliers, namely, internet service providers for key applications and related services required by the Company to maintain its software applications and adequately service its customers and channel partners. The Cash Flow Forecast contemplates payment of said critical suppliers, the aggregate amount of which is not expected to exceed \$2,500.

48. Payment of the above noted pre-filing obligations will be made with the consent of the Proposal Trustee and the DIP Lender, and in the Proposal Trustee's view, are necessary to facilitate the Company's ongoing operations and preserve value during the Proposal Proceedings.

PROPOSAL TRUSTEE RECOMMENDATIONS

49. In the Proposal Trustee's view, Motryx has acted and continues to act in good faith and with due diligence. The Proposal Trustee respectfully submits that the Company will likely be able to make a viable proposal if the Proposed Stay Extension is granted and that no creditor will be materially prejudiced by the granting of the extension.

50. Based on the foregoing, the Proposal Trustee recommends that this Court grant the Proposed Order:

- a. extending the Initial Stay Period from October 27, 2024 up to and including December 11, 2024;
- b. approving an Administration Charge in the amount of \$125,000, in favour of the Company's counsel, the Proposal Trustee and its counsel against the Company's Assets,

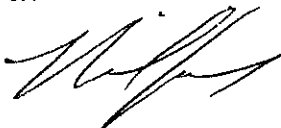
as security for their respective fees and disbursements incurred at the standard rates and charges of the professionals involved with the Company's restructuring;

- c. approving the DIP Loan to be provided by Aerocom and the associated DIP Financing Charge against the Company's Assets; and
- d. authorizing the Company to make certain payments to current employees for pre-filing payroll and related source deductions, an employee expense reimbursement, and to pay certain critical suppliers for pre-filing obligations, which are necessary to facilitate the Company's ongoing operations and preserve value during the Proposal Proceedings.

All of which is submitted to this Court on this 16th day of October 2024.

BDO CANADA LIMITED
Acting in its capacity as
Licensed Insolvency Trustee under the
Notice of Intention to Make a Proposal of Motryx Inc.
and not in its personal capacity.

Per:

A handwritten signature in black ink, appearing to read 'Neil Jones', written over a horizontal line.

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

Form 78.05

District of: Nova Scotia
Division of: 01-Halifax
Court No. 45907
Estate No. 51-3134197



**Supreme Court of Nova Scotia
In Bankruptcy and Insolvency**

**In the matter of the Notice of Intention to make a proposal of Motryx Inc. pursuant to the
Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended**

ORDER

Before the Registrar in Bankruptcy, Raffi A. Balmanoukian, in chambers

THIS APPLICATION made by Motryx Inc. (the "**Applicant**" or the "**Company**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended, (the "**BIA**") for an order (i) approving the interim financing facility term sheet; (ii) granting a charge in favour of Aerocom GBMH & Co.; (iii) granting an Administrative Charge (as defined herein); and (iv) extending the time to file a proposal pursuant to s. 50.4(9) of the BIA up to and including December 11, 2024,

ON READING the affidavit of Niva Sabeshan sworn on October 15, 2024, and the exhibits thereto, and the First Report of BDO Canada Limited dated October 16, 2024, in its capacity as Proposal Trustee of the Applicant (the "**Proposal Trustee**")

ON HEARING the submission of counsel for the Applicant and the Proposal Trustee, and such other counsel that were present, and no one else appearing for any party although duly served;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the notice of application and the materials filed as set out in the affidavit of service is hereby deemed adequate notice so that this application is properly returnable on October 22, 2024, and hereby dispenses with further service thereof.

STAY OF PROCEEDINGS

2. **THIS COURT ORDERS** that pursuant to s. 50.4(9) of the BIA, the time for the Company to file a proposal with the Official Receiver be and is hereby extended to December 6, 2024 (the "**Stay Period**")

ADMINISTRATION CHARGE

3. **THIS COURT ORDERS** that, pursuant to Section 64.2 of the BIA, the Proposal Trustee, counsel to the Proposal Trustee, and the Company's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on all the company's current and future assets, undertakings and properties of every nature and kind whatsoever including any principal, interest and fees arising under the DIP Agreement (as defined below), and wherever situate including all proceeds thereof (the "Property"), which charge shall not exceed an aggregate amount of \$125,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 9 and 11 hereof.

INTERIM FINANCING

4. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to execute, enter into and deliver an amended interim financing term sheet executed by the Company and Aerocom GBMH & Co. ("**DIP Lender**") dated as of September, 17, 2024 (the "**DIP Agreement**") and to borrow, in accordance with the terms and conditions of the DIP Agreement, interim financing in the principal amount of \$360,000.00 to, among other things, fund the Company's working capital, capital expenses and restructuring costs during the Stay Period.
5. **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, the "**Definitive Documents**"), as are contemplated by the DIP Agreement 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 their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.
6. **THIS COURT ORDERS** that pursuant to Section 50.6 of the BIA, the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before September 27, 2024. The DIP Lender's Charge shall have the priority set out in paragraphs 9 and 11 hereof.
7. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, or Section 69 of the BIA:
 - 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 Agreement, the DIP Lender may exercise any and all of its rights and remedies against the Company or the Property under or pursuant to the DIP Agreement,

Definitive Documents and the DIP Lender's Charge, including without limitation, to 4 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 DIP Agreement, 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.
8. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by the Company under the BIA or any plan of arrangement or compromise filed by the Company in any proceeding under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, with respect to any advances made under the Definitive Documents or the DIP Agreement.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

9. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge, as between them, shall be as follows:
- a) First — the Administration Charge (to the maximum amount of \$125,000); and
 - b) Second — the DIP Lender's Charge (to the maximum principal amount of \$360,000).
10. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge or the DIP Lender's Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
11. **THIS COURT ORDERS** that each of the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any individual, firm, corporation, governmental agency, or any other entities (each and any, a "**Person**").
12. **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 Administration Charge or the DIP Lender's Charge, unless the Company obtains the prior written consent of the

Proposal Trustee, the DIP Lender and the beneficiaries of the Administration Charge, or further Order of this Court.

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


- a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Agreement or 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) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Company entering into the DIP Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- c) the payments made by the Company pursuant to this Order, the DIP Agreement or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

14. **THIS COURT ORDERS** that any 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

15. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Atlantic Time on the date of this Order.

Issued at Halifax this 22 day of October 2024.


Deputy Prothonotary

SHYLA FURLONG
Deputy Registrar of
Bankruptcy

**IN THE SUPREME COURT
COUNTY OF HALIFAX, N.S.**

I hereby certify that the foregoing is a
true copy of the original order on file
herein.

Dated the 22 day of October
A.D., 20 24.

DEPUTY REGISTRAR

SHYLA FURLONG
Deputy Registrar of
Bankruptcy

Form 78.05

District of: Nova Scotia
 Division of: 01-Halifax
 Court No. 45907
 Estate No. 51-3134197

Bankruptcy Court

OCT 22 2024

Halifax, N.S.

**Supreme Court of Nova Scotia
 In Bankruptcy and Insolvency**



In the matter of the Notice of Intention to make a proposal of Motryx Inc. pursuant to the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended

ORDER

Before the Registrar in Bankruptcy, Raffi A. Balmanoukian, in chambers

THIS APPLICATION made by Motryx Inc. (the "**Applicant**" or the "**Company**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended, (the "**BIA**") seeking an Order granting leave to the Applicant to pay certain critical suppliers as identified in the First Report of BDO Canada Limited in its capacity as the Proposal Trustee for the Applicant (the "**Proposal Trustee**") in an amount not to exceed \$56,500.00;

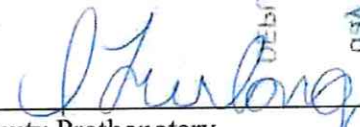
ON READING the affidavit of Niva Sabeshan sworn on October 15, 2024, and the exhibits thereto, and the First Report of the Proposal Trustee dated October 2024 (the "**First Report**");

ON HEARING the submission of counsel for the Applicant and the Proposal Trustee, and such other counsel that were present, and no one else appearing for any party although duly served;

THIS COURT ORDERS that leave is granted to the Applicant to pay those critical suppliers as identified in the First Report, in an amount not to exceed \$56,500.00.

THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:00 a.m. Atlantic Time on the date of this Order.

Issued at Halifax this 22 day of October 2024.


 Deputy Prothonotary

SHYLA FURLONG
 Deputy Registrar of
 Bankruptcy



Telephone: (902) 425-3100
Fax: (902) 425-3777
www.bdo.ca

BDO Canada Limited
255 Lacewood Drive
Suite 201
Halifax NS B3M 4G2 Canada

Appendix D

**District of Nova Scotia
Division No. 1 - Halifax
Court File No. 45907
Estate No. 51-3134197**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, C. B-3,
AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF MOTRYX INC.**

**SECOND REPORT OF THE PROPOSAL TRUSTEE
December 2, 2024**

TABLE OF CONTENTS

INTRODUCTION	4
PURPOSE	5
TERMS OF REFERENCE	5
ACTIVITIES OF THE COMPANY	6
ACTIVITIES OF THE PROPOSAL TRUSTEE	7
CASH FLOW FORECASTS AND ACTUAL RESULTS	8
PROPOSED STAY PERIOD EXTENSION.....	9
PROPOSAL TRUSTEE RECOMMENDATIONS.....	10

LIST OF APPENDICES

Appendix A - First Report of the Proposal Trustee dated October 16, 2024

Appendix B - Initial Order granted by the Court on October 22, 2024

Appendix C - Critical Supplier Order granted by the Court on October 22, 2024

Appendix D - Company's Cash Flow Variance Report for the period ended November 29, 2024

Appendix E - Company's Revised Cash Flow Forecast for the period ended February 28, 2025

Appendix F - Proposal Trustee's Report on Cash Flow Statement dated December 2, 2024

INTRODUCTION

1. On September 27, 2024, (the “**Filing Date**”), Motryx Inc. (“**Motryx**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). BDO Canada Limited, a Licensed Insolvency Trustee, was named proposal trustee (“**Proposal Trustee**”) in the Company’s proposal proceedings (the “**Proposal Proceedings**”).
2. On October 16, 2024, the Proposal Trustee prepared a report (the “**First Report**”) to the Supreme Court of Nova Scotia (the “**Court**”) in advance of the Company’s motion on October 22, 2024. A copy of the First Report with appendices is attached hereto as **Appendix “A”**. A high-level overview of the Company’s history, operations, its assets, the sole secured creditor involved in these proceedings, and the events giving rise to the Company’s decision to file an NOI pursuant to the provisions of the BIA are included within the First Report.
3. On October 22, 2024, the Court issued an order (the “**Initial Order**”) to grant the following material relief:
 - a. extending the initial stay period from October 27, 2024 up to and including December 6, 2024;
 - b. approving an administration charge (the “**Administration Charge**”) in the amount of \$125,000, in favour of the Company’s counsel, the Proposal Trustee and its counsel against the Company’s assets, as security for their respective fees and disbursements incurred at the standard rates and charges of the professionals involved with the Company’s restructuring; and
 - c. approving the debtor-in-possession financing (the “**DIP Financing**”) to be provided by Aerocom GmbH & Co. (“**Aerocom**” or the “**DIP Lender**”) and the associated DIP Financing charge (the “**DIP Financing Charge**”) against the Company’s assets.
4. Also on October 22, 2024, the Court issued an order (the “**Critical Supplier Order**”) authorizing the Company to make certain payments to current employees for pre-filing payroll and related source deductions, an employee expense reimbursement, and to pay certain critical suppliers for pre-filing obligations.
5. Copies of the Initial Order and the Critical Supplier Order granted by the Court are attached hereto as **Appendix “B”** and **Appendix “C”**, respectively.

PURPOSE

6. The purpose of this second report of the Proposal Trustee (the **"Second Report"**) is to:
 - a. provide the Court with updates on the activities of the Company and the Proposal Trustee in relation to the Proposal Proceedings;
 - b. discuss cash flow variances arising to date with respect to the Company's 13-week cash flow forecast (the **"Initial Cash Flow Forecast"**) covering the period September 30, 2024, to December 27, 2024 (the **"Initial Cash Flow Period"**), and the Proposal Trustee's comments regarding the reasonableness thereof;
 - c. provide the Court with information regarding the Company's motion to seek an order (the **"Proposed Order"**):
 - i. extending the time for the Company to file a proposal under section 50.4(9) of the BIA by 43 days up to and including January 17, 2025; and
 - ii. approving such further and other relief as the Court may deem just and equitable.
 - d. the Proposal Trustee's recommendations on the relief being sought by the Company.
7. The Proposal Trustee understands that the Company will be relying on the Affidavit of Ms. Niva Sabeshan, Chief Executive Officer (**"CEO"**) of Motryx, sworn November 28, 2024 (the **"Second Sabeshan Affidavit"**) in support of the relief sought in the Proposed Order.
8. Copies of Court materials filed in these proceedings may be obtained from the Proposal Trustee's website established in connection with the NOI administration
<https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/motryx>

TERMS OF REFERENCE

9. In preparing this Second Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon unaudited financial information, books and records and financial information prepared by the Company, discussions with the management and employees of the Company and other information from various sources (collectively the **"Information"**).
 - 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 the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants

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

- b. Some of the Information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accounts Canada Handbook, has not been performed.
10. Future-oriented financial information referred to in this 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 variations could be significant.
11. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in this Second Report concerning the Company and its business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
12. All references to monetary amounts in this Second Report are in Canadian dollars unless otherwise noted.

ACTIVITIES OF THE COMPANY

13. Since the first extension of the Proposal Proceedings was granted on October 22, 2024, the Company, among other things, has:
- a. successfully negotiated and arranged for the post filing support of its customers and channel partners as the Company continued to operate;
 - b. continued to service existing customer contracts, progress business leads to generate new sales, and monitor and collect accounts receivable;
 - c. consulted with the Proposal Trustee in respect of operations, cash management, and vendor and supplier payments;
 - d. engaged with the Royal Bank of Canada ("RBC"), with the assistance of the Proposal Trustee, to discuss and develop next steps contemplated in the restructuring proceeding;
 - e. prepared and populated a virtual the data room, and assisted the Proposal Trustee in the drafting of a comprehensive prospective purchaser's list, a confidential information memorandum and a teaser document, in contemplation of a Court approved sale and investment solicitation process (the "Sale Process");

- f. monitored and reported to the Proposal Trustee the actual weekly cash flows as compared to the Initial Cash Flow Forecast filed at the onset of the Proposal Proceedings;
- g. reported weekly to the DIP Lender on the Company's actual cash flow results and the variances as compared to the Initial Cash Flow Forecast to ensure the continued receipt of the DIP Financing that is to be paid in three (3) separate tranches;
- h. with the assistance of the Proposal Trustee, drafted a revised 13-week cash flow forecast for the period December 2, 2024, to February 28, 2025 (the "**Revised Cash Flow Forecast**");
- i. engaged with counsel for Aerocom and the Proposal Trustee to provide all information required with respect to the prospective purchaser's advance due diligence procedures and the preparation of a potential stalking-horse asset purchase agreement (the "**Proposed Stalking-Horse Agreement**"); and
- j. paid critical suppliers pursuant to the Critical Supplier Order.

ACTIVITIES OF THE PROPOSAL TRUSTEE

- 14. The Proposal Trustee's Website has been established for the Proposal Proceedings. All Court documents and certain other relevant documents have and will continue to be posted as they are made available.
- 15. Since the first extension to the Proposal Proceedings, the Proposal Trustee, among other things, has:
 - a. completed statutory forms and e-filed such reports with the Office of the Superintendent of Bankruptcy;
 - b. participated in various meetings with the Company's CEO and Vice President ("**VP**") of Business Development with respect to the Company's business operations, assets including intellectual property, cash management, and vendor and supplier management;
 - c. assisted the Company with stakeholder communications;
 - d. responded to calls and e-mails received from creditors, including Motryx's primary secured creditor RBC, and former employees, and other parties with respect to the Proposal Proceedings;
 - e. assisted in the formulation of the Sale Process, including related procedures and timelines;

- f. participated in various meetings with the Company's CEO and VP to gather information requirements to develop a virtual data room, to develop a confidential information memorandum, a teaser document and other promotional information, and to develop a prospective purchaser list to market the sales opportunity;
- g. assisted management in its engagement with Aerocom and its counsel to help facilitate the prospective purchasers advanced due diligence procedures, including providing access to the virtual data room with detailed information required with respect to the preparation of the Proposed Stalking-Horse Agreement;
- h. reviewed weekly Company reporting on actual cash flows as compared to the Initial Cash Flow Forecast,
- i. assisted management in reporting weekly to the DIP Lender on cash flow variances as compared to the 13-week cash flow forecast to ensure the receipt of DIP Financing paid in three (3) separate tranches;
- j. in accordance with subsection 50.4(2)(c) of the BIA, the Proposal Trustee assisted the Company in the preparation of a Revised Cash flow Forecast;
- k. in accordance with subsection 50.4(2)(b) of the BIA, the Proposal Trustee reviewed the Revised Cash Flow Forecast and assessed its reasonableness; and
- l. prepared this Second Report.

CASH FLOW FORECASTS AND ACTUAL RESULTS

16. The Proposal Trustee has reviewed the actual cash flow from operations for the nine-week period ending November 29, 2024, through monitoring the banking activities of the Company.
17. The Company's actual cash flow from operations for the nine-week period ending November 29, 2024, was lower than the corresponding Initial Cash Flow Forecast for that same period by approximately \$38,000. This negative variance is largely due to the late receipt of the third tranche of DIP Financing of \$120,000 which was received by the Company's counsel by week ending November 29, 2024. Due to the delay in collection of the third DIP Financing tranche, the Company delayed payment of certain direct and indirect operational expenses in order to manage cash flow. The variances in cash inflows and outflows are primarily timing differences that are expected to reverse in the coming weeks. A summary of the variance analysis regarding the same is attached hereto as **Appendix "D"**.
18. The Company, with the assistance of the Proposal Trustee, has prepared a Revised Cash Flow Forecast incorporating actual results for the Initial Cash Flow Period and projected results for the

13-week period ending February 28, 2025 (the “Revised Cash Flow Period”). A copy of the Revised Cash Flow Forecast with supporting notes is attached as **Appendix “E”**.

19. Based on the Proposal Trustee’s review of the Second Cash Flow Forecast, there were no material assumptions which seem unreasonable in the present circumstances. The Proposal Trustee’s report on the Revised Cash Flow Forecast is attached as **Appendix “F”**.
20. The Revised Cash Flow Forecast was prepared based on the following assumptions:
 - a. the restructuring process is intended to be funded primarily by the DIP Loan. The Revised Cash Flow Forecast projects the Company will receive additional financing through an amendment to the DIP Loan. In discussions held with the Company and the Proposal Trustee, the DIP Lender has expressed willingness to negotiate an amendment to the DIP Loan in order to allow additional time for the prospective purchaser’s due diligence procedures; and
 - b. disbursements consist of forecast expenses based on management estimates for on-going operations and for restructuring professional fees.
21. The Proposal Trustee has reviewed the Reviewed Cash Flow Forecast, including its assumptions, through inquiries, analytical procedures and review of documents related to the information supplied by employees of the Company. Based on the Proposal Trustee’s review, nothing has come to its attention that causes it to believe, as at the date of the Second Report, the assumptions are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Revised Cash Flow Forecast.
22. The Revised Cash Flow Forecast illustrates that during the Revised Cash Flow Period, the Company will be cash flow neutral with obligations for operations and restructuring professionals to be funded by the DIP Loan.

PROPOSED STAY PERIOD EXTENSION

23. Pursuant to Section 69(1) of the BIA, the effect of the filing of the NOI is an automatic stay of proceedings (the “Stay Period”) against the Company for an initial period of 30 days. The Stay Period was subsequently extended through December 6, 2024 by order of the Court dated October 22, 2024.
24. The Company now seeks an extension of time to file a proposal for an additional 43 days to and including January 17, 2025 (the “Proposed Stay Extension”). The Proposed Stay Extension should permit the Proposal Trustee to commence and advance a Sale Process. Without the Proposed Stay Extension, the Company will not be in a position to make a viable proposal to its creditors and will become bankrupt to the detriment of its stakeholders.

25. The Company is in advanced discussions with the prospective purchaser as regards to the execution of the Proposed Stalking-Horse Agreement. The Proposal Trustee understands the Company has made good progress with respect to the prospective purchaser's due diligence process, providing all the information requested to date and access to a virtual data room. A draft of the Proposed Stalking-Horse Agreement has been circulated to Aerocom and its legal counsel, who have responded with comments and suggested revisions that appear agreeable to the Company.
26. Pursuant to the Second Sabeshan Affidavit, the Company is expecting that the Proposed Stalking-Horse Agreement will be executed in the near future, following which the Company intends to apply to this Court seeking approval of a Sale Process with the Proposed Stalking-Horse Agreement being a stalking-horse bid.
27. It is the Proposal Trustee's view, based on the Second Cash Flow Forecast, including the additional funding anticipated under an amendment to the DIP Loan, the Company will have sufficient liquidity to commence and advance a Sale Process and to satisfy post filing obligations as they come due during the Proposed Stay Extension.
28. In the Proposal Trustee's view, Motryx has acted and continues to act in good faith and with due diligence. The Proposal Trustee respectfully submits that the Company will likely be able to make a viable proposal if the Proposed Stay Extension is granted.
29. Based on the information presently available, the Proposal Trustee believes that the Company's creditors will not be materially prejudiced by the Proposed Stay Extension. Furthermore, the Proposal Trustee is not aware of any creditor who opposes the requested extension of the Stay Period.

PROPOSAL TRUSTEE RECOMMENDATIONS

30. In the Proposal Trustee's view, Motryx has acted and continues to act in good faith and with due diligence. The Proposal Trustee respectfully submits that the Company will likely be able to make a viable proposal if the Proposed Stay Extension is granted and that no creditor will be materially prejudiced by the granting of the extension.
31. Based on the foregoing, the Proposal Trustee recommends that this Court grant the Proposed Order extending the Stay Period from December 6, 2024 up to and including January 17, 2025.

All of which is submitted to this Court on this 2nd day of December 2024.

BDO CANADA LIMITED

Acting in its capacity as

Licensed Insolvency Trustee under the

Notice of Intention to Make a Proposal of Motryx Inc.

and not in its personal capacity.

Per:

A handwritten signature in black ink, appearing to read 'Neil Jones', written over a horizontal line.

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

Form 78.05

District of: Nova Scotia
Division of: 01-Halifax
Court No. 45907
Estate No. 51-3134197

Bankruptcy Court

DEC 05 2024

Halifax, N.S.



**Supreme Court of Nova Scotia
In Bankruptcy and Insolvency**

**In the matter of the Notice of Intention to make a proposal of Motryx Inc. pursuant to the
Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended**

ORDER

Before the Registrar in Bankruptcy, Raffi A. Balmanoukian, in chambers

THIS MOTION made by Motryx Inc. (the “**Applicant**” or the “**Company**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended, (the “**BIA**”) for an order abridging the time to hear this motion, if required, and extending the time to file a proposal pursuant to s. 50.4(9) of the BIA up to an including January 17, 2025;

ON READING the affidavit of Niva Sabeshan sworn on November 28, 2024, and the exhibits thereto, and the Second Report of BDO Canada Limited, in its capacity as Proposal Trustee of the Applicant (the “**Proposal Trustee**”)

ON HEARING the submission of counsel for the Applicant and the Proposal Trustee, and such other counsel that were present, and no one else appearing for any party although duly served;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the notice of application and the materials filed as set out in the affidavit of service is hereby deemed adequate notice so that this application is properly returnable on December 5, 2024, and hereby dispenses with further service thereof.

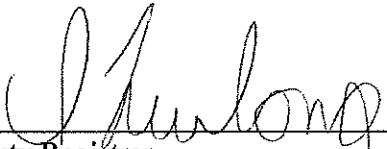
STAY OF PROCEEDINGS

2. **THIS COURT ORDERS** that pursuant to s. 50.4(9) of the BIA, the time for the Company to file a proposal with the Official Receiver be and is hereby extended to January 17, 2025 (the “**Stay Period**”)

GENERAL

3. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Atlantic Time on December 5, 2024.

Issued December 5, 2024


Deputy Registrar

SHYLA FURLONG
Deputy Registrar of
Bankruptcy

**IN THE SUPREME COURT
COUNTY OF HALIFAX, N.S.**

I hereby certify that the foregoing is a true copy of the original order on file herein.

Dated the 5 day of December
A.D., 2024


DEPUTY REGISTRAR

SHYLA FURLONG
Deputy Registrar of
Bankruptcy



Telephone: (902) 425-3100
Fax: (902) 425-3777
www.bdo.ca

BDO Canada Limited
255 Lacewood Drive
Suite 201
Halifax NS B3M 4G2 Canada

Appendix F

District of Nova Scotia
Division No. 1 - Halifax
Court File No. 45907
Estate No. 51-3134197

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, C. B-3,
AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF MOTRYX INC.**

**THIRD REPORT OF THE PROPOSAL TRUSTEE
December 16, 2024**

TABLE OF CONTENTS

INTRODUCTION	4
PURPOSE	5
TERMS OF REFERENCE	5
PROPOSED SALE PROCESS.....	6
APPROVAL OF STALKING HORSE AGREEMENT	11
PROPOSED ENHANCED POWERS OF THE PROPOSAL TRUSTEE.....	12
PROPOSAL TRUSTEE RECOMMENDATIONS.....	13

LIST OF APPENDICES

Appendix A - First Report of the Proposal Trustee dated October 16, 2024

Appendix B - Initial Order granted by the Court on October 22, 2024

Appendix C - Critical Supplier Order granted by the Court on October 22, 2024

Appendix D - Second Report of the Proposal Trustee dated December 2, 2024

Appendix E - Second Extension Order granted by the Court on December 5, 2024

INTRODUCTION

1. On September 27, 2024, (the **"Filing Date"**), Motryx Inc. (**"Motryx"** or the **"Company"**) filed a Notice of Intention to Make a Proposal (**"NOI"**) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the **"BIA"**). BDO Canada Limited, a Licensed Insolvency Trustee, was named proposal trustee (**"Proposal Trustee"**) in the Company's proposal proceedings (the **"Proposal Proceedings"**).
2. On October 16, 2024, the Proposal Trustee prepared a report (the **"First Report"**) to the Supreme Court of Nova Scotia (the **"Court"**) in advance of the Company's motion on October 22, 2024. A copy of the First Report with appendices is attached hereto as **Appendix "A"**. A high-level overview of the Company's history, operations, its assets, the sole secured creditor involved in these proceedings, and the events giving rise to the Company's decision to file an NOI pursuant to the provisions of the BIA are included within the First Report.
3. On October 22, 2024, the Court issued an order (the **"Initial Order"**) to grant the following material relief:
 - a. extending the initial stay period from October 27, 2024 up to and including December 6, 2024;
 - b. approving an administration charge (the **"Administration Charge"**) in the amount of \$125,000, in favour of the Company's counsel, the Proposal Trustee and its counsel against the Company's assets (the **"Assets"**), as security for their respective fees and disbursements incurred at the standard rates and charges of the professionals involved with the Company's restructuring; and
 - c. approving the debtor-in-possession financing (the **"DIP Financing"**) to be provided by Aerocom GmbH & Co. (**"Aerocom"** or the **"DIP Lender"**) and the associated DIP Financing charge (the **"DIP Financing Charge"**) against the Company's Assets.

A copy of the Initial Order granted by the Court is attached hereto as **Appendix "B"**.

4. Also on October 22, 2024, the Court issued an order (the **"Critical Supplier Order"**) authorizing the Company to make certain payments to current employees for pre-filing payroll and related source deductions, an employee expense reimbursement, and to pay certain critical suppliers for pre-filing obligations. A copy of the Critical Supplier Order granted by the Court is attached hereto as **Appendix "C"**.

5. On December 2, 2024, the Proposal Trustee prepared a report (the **"Second Report"**) to the Court in advance of the Company's motion on December 5, 2024. A copy of the Second Report with appendices is attached hereto as **Appendix "D"**.
6. On December 5, 2024, the Court issued an order (the **"Second Extension Order"**) extending the stay period from December 6, 2024 up to and including January 17, 2024. A copy of the Second Extension Order granted by the Court is attached hereto as **Appendix "E"**.

PURPOSE

7. The purpose of this third report of the Proposal Trustee (the **"Third Report"**) is to:
 - a. provide the Court with information regarding the Company's motion to seek an order (the **"Proposed Order"**):
 - i. approving the sale and investment solicitation process (**"Sale Process"**), and authorizing the Proposal Trustee to conduct the proposed Sale Process;
 - ii. approving the stalking horse asset purchase agreement dated December 13, 2024 (the **"Stalking Horse Agreement"**), between the Company (as the **"Vendor"**) and Aerocom, or its nominee (as the **"Stalking Horse Purchaser"**); and
 - iii. approving such further and other relief as the Court may deem just and equitable.
 - b. the Proposal Trustee's recommendations on the relief being sought by the Company.
8. Copies of Court materials filed in these proceedings may be obtained from the Proposal Trustee's website established in connection with the NOI administration

<https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/motryx>

TERMS OF REFERENCE

9. In preparing this Third Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon unaudited financial information, books and records and financial information prepared by the Company, discussions with the management and employees of the Company and other information from various sources (collectively the **"Information"**).
 - 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 the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the Information; and

- b. Some of the Information referred to in this Third Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accounts Canada Handbook, has not been performed.
10. Future-oriented financial information referred to in this Third 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 variations could be significant.
 11. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in this Third Report concerning the Company and its business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
 12. All references to monetary amounts in this Third Report are in Canadian dollars unless otherwise noted.

PROPOSED SALE PROCESS

13. Any terms not expressly defined in this section are otherwise defined in the Sale Process. A copy of the Sale Process is attached as Appendix A to the Proposed Order filed by the Company as part of its motion materials filed with the Court on December 13, 2024.
14. The Proposed Order confirms that the Company intends to seek Court approval of the Sale Process. The Company also seeks Court acceptance and approval of the Stalking Horse Agreement for the purpose of the Sale Process, a copy of which is attached as Schedule A to the Sale Process as filed by the Company with the Court. Additionally, the DIP Loan recognized that Aerocom, or its nominee, was in negotiations to become the Stalking Horse Purchaser.
15. To reassure Motryx's customer base and its employees that a going-concern company would emerge from the Proposal Proceeding, and that the critical funding would be secured throughout, the Company and the Stalking Horse Purchaser entered into the Stalking Horse Agreement on December 13, 2024. It is proposed that the Stalking Horse Agreement serve as the Stalking Horse Bid (as defined below) in the Sale Process.
16. The Company, in consultation with the Proposal Trustee, developed the Sale Process, which is intended to solicit interest in the Assets of the Company (the "Transaction").

17. The Proposal Trustee considers that it is qualified to administer the Sale Process, for the following reasons:
- a. it has experience conducting similar sales processes;
 - b. it is independent of the Company; and
 - c. it will ensure that the Sale Process is thorough and robust, fair, transparent, and efficient for the benefit of the Company's stakeholders.
18. The proposed Sale Process timeline is set out in the following table:

Milestone	Deadline
Deadline to publish notice of Sale Process and deliver Teaser Letter and NDA to Potential Bidders (as defined below)	Monday, December 23, 2024
Bid Deadline (as defined below)	Friday, February 7, 2025
Deadline to top-up Deposit (as defined below)	Wednesday, February 12, 2025
Auction (as defined below)	Friday, February 14, 2025
Hearing of the Approval and Vesting motion (as defined below)	No later than Friday, February 28, 2025, subject to the availability of the Court

19. The Sale Process serves to solicit and identify parties that wish to make a formal offer to purchase the Company's Assets (the "Opportunity").
20. The Proposal Trustee is of the view that the proposed Sale Process timeline is reasonable in the circumstances as it allows the Proposal Trustee and the Company adequate time to inform and work with Potential Bidders (as defined below) to ascertain if there is meaningful interest in the Opportunity.
21. The Opportunity may include one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Company, as a going concern or a sale of all, or substantially all, of the Company's Assets.
22. The Proposal Trustee, in conjunction with the Company, will develop a list of potential bidders (the "Potential Bidders"). This list will be comprised of those parties that have previously shown interest in transacting with the Company, as well as other potential strategic and financial parties who the Company and the Proposal Trustee believe may be interested in the Opportunity.

23. The Proposal Trustee will also prepare the teaser letter ("**Teaser**"), a process summary describing the Opportunity, and a non-disclosure agreement (the "**NDA**").
24. In addition, the Proposal Trustee will arrange for a notice of the Sale Process to be published in The Globe and Mail newspaper, on the Insolvency Insider website, on the Proposal Trustee's Website, as well as any other newspaper or journal as the Proposal Trustee considers appropriate.
25. Each party that wishes to participate in the Sale Process, other than the Stalking Horse Purchaser, will be required to submit an executed NDA. If it is determined by the Proposal Trustee, in its sole discretion, that a Potential Bidder has a bona fide interest in pursuing a Transaction; and has delivered an executed NDA, then such Potential Bidder will be deemed to be a "**Qualified Bidder**".
26. Once deemed a Qualified Bidder, access to the virtual data room ("**VDR**") will be granted to that party to conduct due diligence. Other due diligence requests by a Potential bidder may be agreed to by the Proposal Trustee in its reasonable professional judgment.
27. The deadline for a Qualified Bidder to submit a formal offer is 5:00 PM (Atlantic Standard Time) on **February 7, 2025** (the "**Bid Deadline**"). A Qualified Bidder that desires to make a bid shall deliver written copies of its bid, in the form of the template asset purchase agreement ("**APA**") located in the VDR, together with a blackline outlining all changes made to the APA (a "**Binding APA**"), to the Proposal Trustee. The Proposal Trustee may extend the Bid Deadline, once or successively, but is not obligated to do so. If the Bid Deadline is extended, the Proposal Trustee will promptly notify all Qualified Bidders.
28. A Binding APA must comply with all of the following:
 - a. the bid must be an offer to purchase all, or substantially all, of the Assets on terms and conditions acceptable to the Proposal Trustee;
 - b. it is duly authorized and executed, and includes a purchase price for the Assets expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits, schedules and all applicable ancillary agreements thereto;
 - c. includes a letter of acknowledgment stating that the Qualified Bidder's offer is irrevocable and open for acceptance until the Successful Bidder is selected by the Proposal Trustee;
 - d. it is accompanied by written evidence of a firm, irrevocable commitment for financing or other evidence satisfactory to the Proposal Trustee, in its sole discretion, of the ability of the Qualified Bidder to consummate the proposed Transaction, and that will allow the Proposal Trustee to make a determination as to the Qualified Bidder's

financial and other capabilities to consummate the proposed sale and pay the Purchase Price;

- e. it fully discloses the identity of each entity that will be bidding for the Assets or otherwise sponsoring, financing, participating or benefiting from such bid;
 - f. it includes an acknowledgement and representation of the Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Assets and the Company prior to making its bid, (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents in making its bid, and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Assets, the Company or the completeness of any information provided in connection therewith;
 - g. it includes evidence, in form and substance reasonably satisfactory to the Proposal Trustee, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution and delivery of the Binding APA submitted by the Qualified Bidder;
 - h. provides the Proposal Trustee a deposit in the amount of not less than 10% of the Purchase Price offered by the Qualified Bidder (the "Deposit");
 - i. it is received by the Proposal Trustee by the Bid Deadline; and
 - j. the bid contemplates closing the transaction set out therein within five (5) business days of the issuance of an Approval and Vesting Order ("AVO") by the Court (the "Closing Date").
29. The Proposal Trustee may, in its sole discretion, determine whether to entertain bids for the Assets that do not conform to one or more of the requirements specified herein.
30. For greater certainty, the Stalking Horse Agreement shall be deemed to be a Binding APA.
31. Following the Bid Deadline, the Proposal Trustee will assess the Binding APAs received and will designate the most competitive Binding APAs that comply with the foregoing requirements to be a "Qualified Binding APA". No Binding APA received shall be deemed not to be a Qualified Binding without the approval of the Trustee. Only Qualified Bidders whose Binding APAs have been designated as Qualified Binding APAs are eligible to become the Successful Bidder. The Stalking Horse Agreement shall automatically be considered as a Qualified Binding APA for the purposes of the Auction (as defined herein).
32. The Proposal Trustee may only designate a Binding APA as a qualified Binding APA ("Qualified Binding APA") where the proposed Purchase Price is equal to or greater than \$435,000, being the

purchase price as contained in the Stalking Horse Agreement plus \$35,000 to fund reimbursement of the Stalking Horse Purchaser's reasonable fees and disbursements relating to the preparation and execution of the Stalking Horse Agreement (the "**Expense Reimbursement**").

33. The Proposal Trustee may, in its discretion, waive strict compliance with any one or more of the requirements specified above and deem a non-compliant Binding APA to be a Qualified Binding APA.
34. The Proposal Trustee shall notify each Qualified Bidder in writing as to whether its Binding APA constituted a Qualified Binding APA within two (2) business days of the Bid Deadline, or at such later time as the Proposal Trustee deems appropriate.
35. If the Proposal Trustee receives at least one (1) additional Qualified Binding APA, in addition to the Court approved Stalking Horse Agreement, the Proposal Trustee will conduct and administer an auction in accordance with the terms of the Sale Process (the "**Auction**"). Instructions to participate in the Auction, which will take place via video conferencing, will be provided to Qualified Parties (as defined below) not less than 24 hours prior to the Auction.
36. Only parties that provided a Qualified Binding APA by the Bid Deadline, as confirmed by the Proposal Trustee, including the Stalking Horse Agreement (collectively, the "**Qualified Parties**" and each a "**Qualified Party**"), shall be eligible to participate in the Auction. By no later than 5:00 p.m. Atlantic Time on February 12, 2025:
 - a. each Qualified Party must inform the Proposal Trustee whether it intends to participate in the Auction; and
 - b. those Qualified Parties intending to participate in the Auction must provide to the Proposal Trustee, a deposit top-up to the Stalking Horse Purchaser's Purchase Price (herein defined), plus the Expense Reimbursement, which aggregate amount is expected to total \$435,000 (the "**Stalking Horse Payout Amount**").
37. The Proposal Trustee will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction. If no Qualified Party provides such expression of intent, the Stalking Horse Bid shall be the Successful Bid.
38. The Sale Process outlines procedures governing the Auction. The Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Proposal Trustee (the "**Initial Bid**"), and any bid made at the Auction by a Qualified Party subsequent to the Proposal Trustee's announcement of the Initial Bid, must proceed in minimum additional cash increments of \$25,000.

39. Before the conclusion of the Auction, the Proposal Trustee will, among other things, identify the highest or otherwise best bid received at the Auction (the **"Successful Bid"** and the Qualified Party making such bid, the **"Successful Party"**).
40. The closing of the transaction contemplated in any successful bid is conditional upon Court approval at a hearing to be scheduled, subject to Court availability, no later than February 28, 2025. This ensures no transaction will proceed without the Court's express authorization.

APPROVAL OF STALKING HORSE AGREEMENT

41. Any terms not expressly defined in this section are otherwise defined in the Stalking Horse Agreement.
42. As noted above, the DIP Loan recognized that the DIP Lender or its nominee would be negotiating a stalking horse bid with the Company.
43. The Stalking Horse Agreement will act as the minimum bid (the **"Stalking Horse Bid"**) against which all other Binding APA(s) will be evaluated in the Sale Process. Unless other superior Binding APAs are received, it is contemplated that the Stalking Horse Agreement will be selected by the Proposal Trustee as the successful bid in the Sale Process. A copy of the Stalking Horse Agreement is attached as Schedule A to the proposed Sale Process, which is attached as Appendix A to the Proposed Order filed within the Company's motion materials to the Court on December 13, 2024.
44. The Proposal Trustee provides a summary of certain material terms of the Stalking Horse Agreement below but directs the reader to the Stalking Horse Agreement for the full terms and conditions thereof:
 - a. the Stalking Horse Agreement is structured as an asset purchase transaction and is conditional upon the Court issuing an AVO, together with other customary conditions;
 - b. the Stalking Horse Purchaser is also the DIP Lender. The DIP Loan will enable the implementation of the proposed Sale Process by providing the Company sufficient financing to operate through the Stay Extension Period;
 - c. the purchase price of \$400,000 to be paid by the Stalking Horse Purchaser is \$40,000 cash and a further \$360,000 by way of a credit bid against the DIP Loan debt (together, the **"Stalking Horse Purchase Price"**);
 - d. as set forth in the Stalking Horse Agreement, the Stalking Horse Purchaser anticipates the go-forward retention of the Company's employees;
 - e. closing is scheduled for five (5) business days, or sooner, after receipt of the Court issuing an AVO;

- f. in the event the Stalking Horse Bid is unsuccessful, the Stalking Horse Purchaser is entitled to an Expense Reimbursement of up to \$35,000. The Stalking Horse Agreement does not include a customary break-fee; and
 - g. if the Stalking Horse Purchaser is the Successful Bidder under the Sale Process, the Expense Reimbursement is not payable, and the DIP Loan will be credited towards the Purchase Price.
- 45. The DIP Loan, executed between Aerocom and the Company, and approved by this Court within the Initial Order on October 22, 2024, was originally intended to be filed by the Company to the Court with the Stalking Horse Agreement. However, the DIP Lender required more time to perform due diligence procedures. Absent the DIP Loan, the Company would be unable to fund on-going operations during the Proposal Proceedings. In the Proposal Trustee's view, absent the Stalking Horse Bid, the Company would be unable to obtain alternative financing to finance the restructuring of its business or conduct the Sales Process.
- 46. The Proposal Trustee understands the Company's only secured creditor, Royal Bank of Canada ("RBC") is supportive of the Sale Process and Stalking Horse Agreement. The Company is indebted to RBC for approximately \$70,000 as of the Filing Date, of which RBC has perfected security in the form of a general security agreement for approximately \$30,000 in relation to the Company's credit card facilities (the "RBC Secured Debt"). Pursuant to the Stalking Horse Agreement, the cash component of the Purchase Price will be sufficient to settle the RBC Secured Debt. The remaining balance owing to RBC is related to a refinanced Canada Emergency Business Account (CEBA) loan which the Proposal Trustee understands is unsecured.
- 47. The Company has previously initiated efforts to refinance the business prior to the commencement of these Proposal Proceedings, but without success. The DIP Lender was the only party that showed credible and timely interest in acquiring the Company's Assets and funding the Sale Process to allow the Company to effectively market and solicit offers for the sale of the Assets for the benefit of the Company's stakeholders. Further, with the Company being insolvent, financing from the DIP Lender was required to avoid a halt in Company operations and a deterioration in Company asset value, and to reassure the customers and channel partners that the restructuring process would result in a transaction, the Stalking Horse Agreement was required to enable the Company's restructuring. For these reasons, the Expense Reimbursement is required to adequately compensate the Stalking Horse Purchaser.

PROPOSED ENHANCED POWERS OF THE PROPOSAL TRUSTEE

- 48. Within the proposed Sale Process, the Company is seeking to enhance the Trustee's powers so as to enable the Proposal Trustee to conduct the Sale Process without consultation with the

Company, and to take such steps as it deems necessary or advisable to carry out and perform its obligations under the Sale Process.

49. The Proposal Trustee is of the view that the proposed enhanced powers are appropriate given the following:

- a. the Stalking Horse Purchaser is a related party to the Vendor. Aerocom is a shareholder of the Company, and Roland Pfitzer, a Managing Director of Aerocom, is also a director of Motryx. Aerocom is also the DIP Lender; and
- b. It is anticipated that the two (2) remaining employees of Motryx, being the CEO and the VP of Business Development, will be offered employment or contract positions by the Successful Bidder following the close of a transaction. Therefore, the agency of the only remaining employees of Motryx is subject to change during the Proposal Proceedings.

PROPOSAL TRUSTEE RECOMMENDATIONS

50. In the Proposal Trustee's view, no creditor will be materially prejudiced by the Court's approval of the Sale Process, and the acceptance and approval of the Stalking Horse Agreement for the purposes of the Sale Process. The Proposal Trustee also considers that the proposed enhanced powers of the Proposal Trustee to effectively conduct the Sale Process independently of the Company will serve to protect the integrity of the process and the interests of all stakeholders.
51. Based on the foregoing, the Proposal Trustee recommends that this Court grant the Proposed Order in the form submitted, thereby approving the Sale Process, the Stalking Horse Agreement and the enhanced powers of the Proposal Trustee.

All of which is submitted to this Court on this 16th day of December 2024.

BDO CANADA LIMITED
Acting in its capacity as
Licensed Insolvency Trustee under the
Notice of Intention to Make a Proposal of Motryx Inc.
and not in its personal capacity.

Per:



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

Form 78.05

District of: Nova Scotia
 Division of: 01-Halifax
 Court No. 45907
 Estate No. 51-3134197

Bankruptcy Court

DEC 20 2024

Halifax, N.S.



**Supreme Court of Nova Scotia
 In Bankruptcy and Insolvency**

**In the matter of the Notice of Intention to make a proposal of Motryx Inc. pursuant to the
 Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended**

Sale and Investment Solicitation Process Order

Before the Registrar in Bankruptcy Raffi A. Balmanoukian in chambers

THIS MOTION made by Motryx Inc. (the "**Applicant**" or the "**Company**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended, (the "**BIA**") for an order abridging the time to hear this motion, if required, and approving the Sale and Investment Solicitation Process;

ON READING the Third Report of BDO Canada Limited, in its capacity as Proposal Trustee of the Applicant (the "**Proposal Trustee**")

ON HEARING the submission of counsel for the Applicant and the Proposal Trustee, and such other counsel that were present, and no one else appearing for any party although duly served;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the materials filed as set out in the affidavit of service is hereby deemed adequate notice so that this Motion is properly returnable on December 20, 2024, and hereby dispenses with further service thereof;
2. **THIS COURT ORDERS** that the proposed Sale and Investment Solicitation Process attached hereto as Schedule "A" (the "**SISP**") be and is hereby approved;
3. The Proposal Trustee is hereby authorized and directed to take such steps as it deems necessary or advisable to carry out and perform its obligations under the SISP;
4. The Stalking Horse Asset Purchase Agreement (the "**Agreement**") between the Company and Aerocom GMBH & Co. dated December 13, 2024, and attached as Appendix "A" to the SISP is approved and accepted for the purpose of the SISP. For greater certainty, approval of the Agreement at this time does not include approval for any sale arising from the SISP; and

5. **THIS COURT ORDERS** that this order and all its provisions are effective as of 12:01 a.m. December 20, 2024,

Issued December 20 2024


Deputy Registrar

SHYLA FURLONG
Deputy Registrar of
Bankruptcy

Schedule "A"

Court Administration

Halifax, N.S.

Sale and Investment Solicitation Process

Background

1. On September 27, 2024, (the "Company") filed a Notice of Intention to Make a Proposal pursuant to the terms of *Bankruptcy and Insolvency Act* ("BIA").
2. BDO Canada Limited, was appointed as proposal trustee during the BIA proceedings (the "Proposal Trustee").
3. The Company will apply to the Court seeking an Order approving the sale and investment solicitation process (the "Sale Process") described herein (the "Sale Process Approval Order"). The Sale Process Approval Order will also approve the Stalking Horse Asset Purchase Agreement (the "Stalking Horse Agreement") between the Company and AeroCom GMBH & Co. (the "Stalking Horse Purchaser") which appears as Appendix "A" to the Sales Process for the limited purpose of approving the Stalking Horse Purchaser as an approved bidder under the Sales Process.
4. The Proposal Trustee will conduct the Sale Process described herein. Under the Sale Process, all qualified interested parties will be provided with an opportunity to participate in the Sale Process. The Sale Process is intended to continue the pre-filing efforts of the Company in soliciting interest in the property, business, assets, shares, investments and/or undertakings (collectively, the "Assets") of the Company (the "Transaction").
5. The purpose of this Sale Process is to determine whether a more favourable Transaction than the Stalking Horse Agreement may be obtained through a formal marketing process conducted by the Proposal Trustee and approved by the Court. For the purposes of this Sale Process, a "Superior Offer" shall mean:
 - (a) a credible, reasonably certain and financially viable offer made by a Qualified Bidder (as defined herein) to be a counterparty to a Transaction, the terms of which offer are more favorable and no more burdensome or conditional than the terms contained in the Stalking Horse Agreement; and
 - (b) an offer that provides for cash consideration of the Purchase Price of \$400,000.00 (as defined herein) plus \$35,000.00 to fund reimbursement of the expenses incurred by the Stalking Horse Bidder.
6. The Sale Process Approval Order, and any other orders of the Court made in this proceeding relating to the Sale Process, shall exclusively govern the process for soliciting and selecting bids for the sale of the Assets or investment in the Company, free and clear of any and all liabilities and encumbrances.
7. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day (a "Business Day" is any day, other than a Saturday or Sunday, on which banks are ordinarily open for business in Halifax, Nova Scotia).

Timeline

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

Milestones	Deadline
Publish notice of Sales Process and deliver Teaser Letter and NDA to known potential bidders	December 30 , 2024 23
Bid Deadline	February 7, 2025
Deadline to top-up Deposit	February 12, 2025
Auction	February 14, 2025
Closing Date	No Later than February 28, 2025, subject to the availability of the Court

9. Subject to the terms contained herein and any order of the Court, the dates set out in the Sale Process may be extended by the Proposal Trustee, in its sole discretion, acting reasonably, all with a view to completing a fair and reasonable sale or investment in the Company.

Publication Notice

10. Within seven (7) calendar days of the Sale Process being approved by the Court, the Proposal Trustee shall publish notice of this Sale Process in any publications considered appropriate by the Proposal Trustee.

Solicitation of Interest

11. As soon as reasonably practicable, the Proposal Trustee will prepare an initial offering summary (the "Teaser Letter") notifying prospective purchasers of the existence of the Sale Process and inviting prospective purchasers to express their interest in making an offer in respect of the Assets pursuant to the terms of the Sale Process.

Free of Any and all Claims and Interests

12. All of the Assets of the Company can be transferred free and clear of all liens and claims, subject to any permitted encumbrances, pursuant to an approval and vesting Order issued by the Court approving the Transaction (the "Approval and Vesting Order"). For greater certainty, liens and claims will be discharged and any security interest will only attach to the net proceeds

of such Transaction following the granting of the Approval and Vesting Order.

"As Is, Where Is"

13. Any purchase of the Assets or an investment in the Company will be on an "as is, where is" basis without representations or warranties of any kind, nature or description by the Company, or any of their respective directors, officers, partners, employees, agents, advisors or estates, except to the extent as may be set forth in a Binding APA (as defined herein) and approved by the Court. By submitting a bid, each Potential Bidder (as defined herein) shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Company and its Assets prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and the Company's Assets in making its bid, and that it did not rely upon any written or oral statements, representations, warranties or guarantees, express, implied, statutory or otherwise, regarding the Company or its Assets or the completeness of any information provided in connection therewith, except as expressly stated in this Sale Process or as set forth in a Binding APA and approved by the Court.

Participation Requirements

14. Each person who wishes to participate in the Sale Process (a "Potential Bidder") must deliver an executed non-disclosure agreement ("NDA"), in the form attached herein as Schedule "B", to the Proposal Trustee prior to the distribution of any confidential information as follows: Attn: Neil Jones, nejones@bdo.ca.

15. If it is determined by the Proposal Trustee, in its sole discretion, that a Potential Bidder: (i) has a *bona fide* interest in pursuing a Transaction; and (ii) has delivered an executed NDA, then such Potential Bidder will be deemed to be a "Qualified Bidder".

16. The Proposal Trustee will prepare, with the assistance of the Company, and send to each Qualified Bidder, as soon as reasonably practicable, a confidential information memorandum, which will provide, among other things, information considered relevant to the Sale Process.

Due Diligence

17. The Proposal Trustee, with the assistance of the Company, subject to competitive and other business considerations, may give each Qualified Bidder such access to due diligence materials and information relating to the Company as the Proposal Trustee deems appropriate, in its sole discretion. Due diligence access may include access to an electronic data room (a "Data Room"), on-site inspections and other matters which a Qualified Bidder may reasonably request and as to which the Company may agree. Neither the Company, the Proposal Trustee nor any of their representatives will be obligated to furnish any information relating to the Company to any person, in their discretion. The Company and the Proposal Trustee make no representation or warranty, express or implied, as to the information provided through this due diligence process or otherwise, except as may be set forth in a Binding APA with the Successful Bidder (as defined herein).

Bid Deadline

18. A Qualified Bidder that desires to make a bid shall deliver written copies of its bid, in the form of the template APA located in the Data Room, together with a blackline outlining all changes made to the APA (a "Binding APA"), to the Proposal Trustee as follows: Attn: Neil Jones at nejones@bdo.com, so as to be received by no later than **February 7, 2025 at 5:00 p.m.** (Atlantic Standard Time) (as may be extended as set out below, the "Bid Deadline"). The Proposal Trustee may extend the Bid Deadline, once or successively, but is not obligated to do so. If the Bid Deadline is extended, the Proposal Trustee will promptly notify all Qualified Bidders.

Binding APA

19. A Binding APA must comply with all of the following:

- (a) the bid is an offer to purchase all, or substantially all, of the Assets on terms and conditions acceptable to the Proposal Trustee and delivered to the Proposal Trustee prior to the Bid Deadline;
- (b) it is duly authorized and executed, and includes a purchase price for the Assets expressed in Canadian dollars (the "Purchase Price"), together with all exhibits, schedules and all applicable ancillary agreements thereto;
- (c) includes a letter of acknowledgment stating that the Qualified Bidder's offer is irrevocable and open for acceptance until the Successful APA is selected by the Company;
- (d) it is accompanied by written evidence of a firm, irrevocable commitment for financing or other evidence satisfactory to the Proposal Trustee, in its sole discretion, of the ability of the Qualified Bidder to consummate the proposed Transaction, and that will allow the Proposal Trustee to make a determination as to the Qualified Bidder's financial and other capabilities to consummate the proposed sale and pay the Purchase Price;
- (e) it fully discloses the identity of each entity that will be bidding for the Assets or otherwise sponsoring, financing, participating or benefiting from such bid;
- (f) it includes an acknowledgement and representation of the Qualified Bidder that:
 - (i) it has had an opportunity to conduct any and all due diligence regarding the Assets and the Company prior to making its bid, (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents in making its bid, and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Assets, the Company or the completeness of any information provided in connection therewith;
- (g) it includes evidence, in form and substance reasonably satisfactory to the Company, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution and delivery of the Binding APA submitted by the Qualified Bidder;

- (h) provides a deposit in the amount of not less than 10% of the Purchase Price offered by the Qualified Bidder (the "**Deposit**");
- (i) it is received by the Proposal Trustee by the Bid Deadline; and,
- (j) the bid contemplates closing the transaction set out therein within 10 Business Days of the Approval and Vesting Order (the "**Closing Date**").

20. The Proposal Trustee may, in its sole discretion, determine whether to entertain bids for the Assets that do not conform to one or more of the requirements specified herein.

21. For greater certainty, the Stalking Horse Agreement shall be deemed to be a Binding APA.

Evaluation of Binding APA

22. Each submitted Binding APA will be considered by the Proposal Trustee based upon several factors including, without limitation, items such as the Purchase Price and the net value provided by such bid, the claims likely to be created by such bid in relation to other bids, the counterparties to such transactions, the proposed transaction documents, other factors affecting the speed and certainty of the closing of the transaction, the value of the transaction, the Assets included or excluded from the bid, the transition services required from the Company (if any), any related transaction costs, the likelihood and timing of consummating such transactions, whether the Transaction results in a Superior Offer, and such other matters as the Proposal Trustee determines in its sole discretion.

23. Each Qualified Bidder shall comply with all reasonable requests for additional information by the Proposal Trustee regarding the Qualified Bidder or the Binding APA. Failure of a Qualified Bidder to comply with such requests for additional information will be a basis for the Proposal Trustee to reject a Binding APA.

Auction

24. If the Proposal Trustee receives at least one additional Qualified Bid in addition to the Stalking Horse Bid, the Proposal Trustee will conduct and administer an Auction in accordance with the terms of this Sales Process (the "**Auction**"). Instructions to participate in the Auction, which will take place via video conferencing, will be provided to Qualified Parties (as defined below) not less than 24 hours prior to the Auction.

25. Only parties that provided a Qualified Bid by the Bid Deadline, as confirmed by the Proposal Trustee, including the Stalking Horse Bid (collectively, the "**Qualified Parties**"), shall be eligible to participate in the Auction. No later than 5:00 p.m. (Atlantic Standard Time) on the day prior to the Auction, each Qualified Party must inform the Proposal Trustee whether it intends to participate in the Auction. The Proposal Trustee will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction. If no Qualified Party provides such expression of intent, the Stalking Horse Bidder shall be the Successful Bid (as defined below).

Auction Procedure

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

a. **Participation at the Auction.** Only the Qualified Parties, including the Stalking Horse Bidder, the Proposal Trustee and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent Overbids (as defined below) at the Auction. The Proposal Trustee shall provide all Qualified Bidders with the details of the lead bid by 5:00 PM (Atlantic Standard Time) two (2) Business Days after the Bid Deadline. Each Qualified Bidder must inform the Proposal Trustee whether it intends to participate in the Auction no later than 5:00 PM (Atlantic Standard Time) on the Business Day prior to the Auction;

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

c. **Minimum Overbid.** The Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Proposal Trustee (the "Initial Bid"), and any bid made at the Auction by a Qualified Party subsequent to the Proposal Trustee's announcement of the Initial Bid (each, an "Overbid"), must proceed in minimum additional cash increments of \$25,000;

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

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

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

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

Selection of Successful APA

27. Before the conclusion of the Auction, the Proposal Trustee will review and evaluate each Binding APA and: (i) the Proposal Trustee may identify the highest or otherwise best offer for the Assets (the "Successful Bid"), or (ii) if no Binding APAs, other than the Stalking Horse Agreement, have been received by the Bid Deadline, then the Proposal Trustee shall declare the Stalking Horse Agreement as the Successful Bid.

28. Notwithstanding the foregoing, a Binding APA may not be withdrawn, modified or amended without the written consent of the Proposal Trustee prior to the Successful Bid being determined. Any such withdrawal, modification or amendment made without the written consent of the Proposal Trustee prior to the Successful Bid being determined shall result in the forfeiture of such Qualified Bidder's Deposit as liquidated damages and not as a penalty.

29. In the event a Binding APA is not selected as a Successful Bid, the Deposit (without interest) shall be returned to the Qualified Bidder as soon as reasonably practicable.

Sale Approval Motion Hearing

30. The motion for an Order of the Court approving any Successful Bid (the "Sale Approval Motion") shall be brought by the Proposal Trustee and shall be heard on a date determined by Proposal Trustee and subject to the Court's availability.

31. All of the Binding APAs other than the Successful Bid, if any, shall be deemed rejected by the Proposal Trustee on and as of the date of closing of the Transaction contemplated by the Successful Bid.

Deposits

32. All Deposits received pursuant to this Sales Process shall be held in trust by the Proposal Trustee (Attn: Neil Jones, nejones@bdo.com) in a noninterest bearing account. The Proposal Trustee shall hold Deposits paid by each of the Bidders in accordance with the terms outlined in this Sales Process. In the event that a Deposit is paid pursuant to this Sales Process, and the Proposal Trustee elects not to proceed to negotiate and settle the terms and conditions of a definitive agreement with the Person that paid such Deposit, the Proposal Trustee shall return the Deposit to that Person. In the event that the Successful Bidder defaults in the payment or performance of any obligations owed to the Proposal Trustee pursuant to any Final Agreement, the Deposit paid by the Successful Bidder, as applicable, shall be forfeited as liquidated damages and not as a penalty.

Reservation of Rights

33. The Proposal Trustee, may: (a) determine which Binding APA, if any, is the highest or otherwise best offer; (b) notwithstanding anything contained herein, reject any bid that is (i) inadequate or insufficient as determined by the Proposal Trustee, in its sole discretion, (ii) not in conformity with the requirements of the Sale Process or any order of the Court, or (iii) contrary to the best interests of the Company as determined by the Proposal Trustee in its sole discretion, and (c) may modify the Sale Process or impose additional terms and conditions on the sale of the Assets at any time in its sole discretion.

Miscellaneous

34. This Sale Process is solely for the benefit of the Company and nothing this Sale Process shall create any rights in any other person or bidder (including without limitation rights as third party beneficiaries or otherwise).

35. The Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of this Sale Process.

Schedule "A"

Stalking Horse Agreement

AEROCOM GMBH & Co. and/or its permitted assignee

the Purchaser

and

MOTRYX INC.

the Vendor

STALKING HORSE ASSET PURCHASE AGREEMENT

December 13, 2024

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION	5
Section 1.1 Defined Terms	5
Section 1.2 References and Usage	10
Section 1.3 Headings, etc.	10
Section 1.4 Schedules	10
ARTICLE 2 PURCHASE AND SALE	11
Section 2.1 Purchased Assets	11
Section 2.2 Excluded Assets	13
Section 2.3 Assignment and Assumption of Consent Required Contracts	13
ARTICLE 3 PURCHASE PRICE	14
Section 3.1 Purchase Price	14
Section 3.2 Payment of the Purchase Price	14
Section 3.3 Purchase Price Allocation	14
Section 3.4 No Effect on Other Rights	14
ARTICLE 4 TAX MATTERS	14
Section 4.1 Transfer Taxes	14
Section 4.2 Tax Elections	14

Ch.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES	15
Section 5.1 Representations and Warranties of the Vendor	15
Section 5.2 Representations and Warranties of the Purchaser	16
Section 5.3 No Other Representations or Warranties	16
Section 5.4 As Is; Where Is	17
ARTICLE 6	17
Section 6.1 Access by Purchaser	17
Section 6.2 Access by Proposal Trustee	18
Section 6.3 Title and Risk	18
Section 6.4 Employees	19
Section 6.5 Notices and Requests for Consents	19
Section 6.6 Transfer of the Purchased Assets	19
Section 6.7 Actions to Satisfy Closing Conditions	19
ARTICLE 7 SALES PROCESS	19
Section 7.1 Compliance with Sale Process	19
Section 7.2 Expense Reimbursement	19
ARTICLE 8 CONDITIONS OF CLOSING	21
Section 8.1 Conditions for the Benefit of the Purchaser	21
Section 8.2 Conditions for the Benefit of the Vendor	22
Section 8.3 Conditions for the Benefit of the Purchaser and the Vendor	23
ARTICLE 9 CLOSING	23
Section 9.1 Date, Time and Place of Closing	23
Section 9.2 Closing Procedures	23
Section 9.3 Proposal Trustee's Certificate	23
ARTICLE 10 TERMINATION	24
Section 10.1 Termination Rights	24
Section 10.2 Effect of Termination	24
ARTICLE 11 MISCELLANEOUS	25
Section 11.1 Notices	25
Section 11.2 Time of the Essence	26
Section 11.3 Third Party Beneficiaries	26
Section 11.4 Expenses	26
Section 11.5 Amendments	26
Section 11.6 Waiver	27
Section 11.7 Entire Agreement	27
Section 11.8 Successors and Assigns	27
Section 11.9 Severability	27
Section 11.10 Governing Law and Jurisdiction	27
Section 11.11 Counterparts	27
SCHEDULES	29
Schedule 1.1(a) - Assumed Contracts	30
Schedule 1.1(b) - Consent Required Contracts	33
Schedule 1.1(c) - Excluded Assets	34
Schedule 1.1(d) - Excluded Contracts	35

Schedule 1.1(e) – Assumed Liabilities.....	36
Schedule 1.1(f) – Intellectual Property.....	37
Schedule 1.1(g) – Licenses.....	44
Schedule 1.1(h) – Sale Process.....	45
Schedule 2.1(a.1) – Personal and moveable property.....	46
Schedule 2.1(a.2) – Accessories.....	50
Schedule 2.1(h) – Claims.....	53

STALKING HORSE ASSET PURCHASE AGREEMENT

This stalking horse asset purchase agreement is dated December 13, 2024, between Motryx, as vendor (the "Vendor") and Aerocom GMBH & Co. and/or its permitted assignee, as purchaser (the "Purchaser", together with the Vendor, the "Parties" and each a "Party").

RECITALS:

- (1) The Vendor's business consists of the marketing and distribution of a unique technology it has developed to help ensure the safe transport of blood samples, urine samples or other biological samples in pneumatic transport systems (PTS) to hospitals and laboratories, to facilitate the assessment by the recipients of such samples for potential damage during transportation and to help adjust the transport systems to reduce the rejection of samples in the future. This unique technology is known as "VitalQC" and consists of two components, being the VitalVial and the VitalApp. The VitalVial is a container with a similar configuration to the samples subject to transportation (generally it is vial-shaped). This contains a hardened substrate component in which at least one reusable sensing device that detects the transport parameters of the samples is embedded. The transport parameters determine the ability to use the sample. The VitalVial can be coupled, either directly or via a network such as the Internet, to a peripheral device such as a laptop, smart phone, tablet, flash drive, database or a server, onto which the data collected is transmitted, computerized and saved. The Vendor has applied for and obtained patents for the VitalVial and the method to make it. The Vendor has also developed the VitalApp, a cloud based application which allows for the automatic analysis and interpretation of the data collected by the VitalVials by using web-based data analytics. The VitalQC technology is supported by clinical research proving it to be a unique solution to an existing problem in the pre-analytical stage of diagnostic laboratory testing. The Vendor's products enable hospitals and laboratories that are planning to use blood and other biological samples to determine whether they are suitable for patient care. The Vendor markets and distributes its technology to hospitals and laboratories (the "Business").
- (2) On September 27, 2024, the Vendor filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (the "Proposal Proceedings") and BDO Canada Limited was appointed as proposal trustee (the "Proposal Trustee").
- (3) The Vendor intends to bring an application for an Order by the Supreme Court of Nova Scotia (the "Court"), among other things approving a Court-supervised "stalking horse" Sale Process (as defined below).
- (4) In connection with the proposed Sale Process to be carried out by the Proposal Trustee, the Purchaser, as a "stalking horse bidder", has agreed to purchase, and the Vendor has agreed to sell, the Purchased Assets pursuant to and in accordance with the terms of the Sale Process and subject to and in accordance with the conditions of this Agreement.
- (5) The transactions contemplated by this Agreement are subject to the approval of the Court and will be consummated only pursuant to the Approval and Vesting Order to be obtained in the Proposal Proceedings.

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 acknowledged), the Parties agree as follows:

- 5 -
ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement (including the recitals above), the capitalized terms listed below shall have the corresponding meanings.

"Agreement" means this Asset Purchase Agreement and all attached Schedules, in each case as the same may be supplemented, amended, restated or replaced from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and all attached Schedules and unless otherwise indicated, references to Articles, Sections and Schedules are to Articles, Sections and Schedules in this Agreement.

"Ancillary Agreements" means all agreements, certificates and other instruments delivered or given pursuant to this Agreement.

"Approval and Vesting Order" means an approval and vesting order of the Court in form and in substance satisfactory to the Vendor and the Purchaser, each acting reasonably, approving this Agreement and vesting in and to the Purchaser the Purchased Assets, free and clear of and from any and all Encumbrances to the extent and as provided for in such approval and vesting order.

"Assignment Order" means an order or orders of the Court, in form and substance satisfactory to the Purchaser, acting reasonably, authorizing and approving the assignment of one or more Consent Required Contracts for which the consent, approval or waiver of the party or parties thereto (other than the Vendor) required to assign such Consent Required Contracts has not been obtained by Closing.

"Assumed Contracts" means the supply contracts, the subscription agreements, the customer contracts, the lease for storage space, the licenses, the purchase orders, the order forms and the confidentiality agreements relating to the Business, all of which are listed in Schedule 1.1 (a) and shall not include the Excluded Contracts.

"BIA" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

"Books and Records" means all information in any form relating to the Purchased Assets and the Business, including books of account, financial information, operations, sales books, tax, business, marketing, personnel and research information and records, technical information, customer onboarding materials, drill logs, equipment logs, technical reports, training manuals and materials, customer support levels and response times, operating guides and manuals, assembly and shipment procedures, information on the hardware, firmware, design and safety measures and all other documents, files, correspondence and other information, including all data, information and databases stored on computer-related or other electronic media, but excluding the minute books and corporate records of the Vendor.

"Business" has the meaning specified in the preamble to this Agreement.

"Business Day" means any day of the year, other than a Saturday, Sunday or any day on which major Canadian chartered banks are closed for business in the Province of Nova Scotia or the federal laws of Canada applicable in the Province of Nova Scotia.

"Canada's Anti-Spam Law" or "CASL" has the meaning specified in Section 1.1(k).

"Claims" has the meaning specified in Section 2.1(h).

"Closing" means the completion of the transaction of purchase and sale contemplated in this Agreement.

"Closing Date" means the date on which the Closing occurs, which date shall be no later than five (5) business days from the issuance of the Approval and Vesting Order or such other date as mutually agreed between the Parties and the Proposal Trustee.

"Consent Required Contract" means any Assumed Contract or License that is material to the Business, which is not assignable in whole or in part without the consent, approval or waiver of the party or parties thereto (other than the Vendor). All of the Consent Required Contracts are listed in Schedule 1.1 (b).

"Contract" means all contracts, letters of intent, licenses, leases, agreements, obligations, promises, undertakings, arrangements, documents, commitments, entitlements or engagements, NDA and confidentiality agreements, invoices, order forms, purchase orders, memberships, trial memberships, and the "validation only", the "advanced reporting", and other periodic subscription agreements including but not limited to courier/research, contracts with channel partners, EQA providers, courier companies, and research companies to which the Vendor is a party or by which the Vendor is bound relating to the Purchased Assets and/or the Business, all as may be amended and/or restated, and including any and all related quotations, orders, proposals or tenders which remain open for acceptance, warranties and guarantees and documents ancillary thereto.

"Cure Costs" means, in respect of any Consent Required Contract for which an Assignment Order is required, all amounts owing as at the Closing Date by the Vendor pursuant to such Consent Required Contract and all amounts required to be paid to cure any monetary defaults thereunder, if any, required to effect an assignment thereof from the Vendor to the Purchaser, together with any fee or other monetary concession approved by the Purchaser and granted in connection with obtaining any Assignment Order for such Consent Required Contract, including all administrative fees and counsel fees of the counterparties required to be paid to obtain such Assignment Order.

"DIP Lender" means AEROCOM GMBH & Co.

"DIP Loan" means the debtor in possession loan made by Aerocom GMBH & Co., to the Vendor in the amount of \$360,000.00, plus any accrued interest and fees pursuant to the DIP Loan Agreement and any amendments thereto, together with any additional debtor in possession financing agreed to by the Vendor and the DIP Lender and approved by the Court.

"DIP Loan Agreement" means the DIP Term Sheet as approved by the Court in the Proposal Proceedings and as may be amended and restated or modified from time to time.

"Employee Plan" means all:

- (a) contracts, agreements, plans, arrangements or policies (written or oral) providing for incentive compensation, deferred compensation, bonuses, profit-sharing, severance or termination pay, share appreciation, share option, share

purchase or other stock related rights relating to the Business; and

- (b) health or other medical benefits (other than the Canadian Pension Plan, the Nova Scotia Health Insurance Program and other similar health plans established and administered by any other province and workers' compensation insurance provided pursuant to applicable Law), life or other insurance (including any self-insured arrangements), dental, disability, salary continuation, vacation, automobile, supplemental unemployment benefits, post-employment, retirement or supplemental retirement benefits (including compensation, health, medical or life insurance benefits);

which are maintained, administered or contributed to by or on behalf of the Vendor and which covers any employee or former employee of the Vendor.

"Employees" means any and all (i) employees who are actively at work (including full-time, part-time or temporary employees) of the Vendor; and (ii) employees of the Vendor who are on leaves of absence (including maternity leave, parental leave, disability leave, sickness leave and other statutory leaves) as at the Closing Date.

"Encumbrance" means any mortgage, charge, pledge, hypothec, security interest, deemed trust (statutory or otherwise), assignment, lien (statutory or otherwise), leases, rights of way, title defects, options, claim, adverse claims, encumbrances, easement, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant or other encumbrance of any nature which, in substance, secures payment or performance of an obligation.

"Excluded Assets" has the meaning specified in Section 2.2. The Excluded Assets are listed in Schedule 1.1 (c).

"Excluded Contracts" means all of the Contracts listed in Schedule 1.1(d).

"Excluded Liabilities" means any and all liabilities and obligations of the Vendor of whatever kind including, without limitation, liabilities in respect to the Business and the Non-Transferred Employee Liabilities except for those liabilities listed in Schedule 1.1(e) - which the Purchaser has specifically agreed to assume.

"Expense Reimbursement" has the meaning specified in Section 7.2(a).

"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: (i) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

"HST" means all goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada) or any other statute in any jurisdiction of Canada.

"Intellectual Property" means all intellectual property of the Vendor used by or currently being developed for use in the Business listed in Schedule 1.1 (f), and all rights, interests and benefits of the Vendor, through ownership, licensing or otherwise to such Intellectual Property, including without limitation:

- (a) all patents, patent applications and other patent rights, including provisional and continuation patents;
- (b) all registered and unregistered trademarks, service marks, logos, slogans, corporate names, business names and other indicia of origin, and all applications and registrations therefor;
- (c) registered and unregistered copyrights and mask works, including all copyright in and to computer software programs and applications and registrations of such copyright;
- (d) internet domain names, applications and reservations for internet domain names, uniform resource locators and the corresponding internet sites;
- (e) industrial designs;
- (f) trade secrets and proprietary information not otherwise listed in (a) through (e) above, including, without limitation, all inventions (whether or not patentable), invention disclosures, moral and economic rights of authors and inventors (however denominated), confidential information, technical data, in-house assembly manuals and work descriptions, customer lists, sales strategies, pricing schemes, corporate and business names, trade names, trade dress, brand names, know-how, mask works, circuit topography, formulae, methods (whether or not patentable), designs, processes, procedures, technology, business methods, source codes, object codes, computer software programs (in either source code or object code form), databases, data collections and other proprietary information or material of any type, and all derivatives, improvements and refinements thereof, howsoever recorded or unrecorded;
- (g) any applications or registrations of the foregoing, issued patents, continuations in part, divisional applications or analogous rights therefor, in each case whether registered or not; and
- (h) all Licenses in respect to any intellectual property.

"Laws" means any principle of common law and all applicable (i) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and by-laws; (ii) judgments, orders, writs, injunctions, decisions, awards and directives of any governmental entity; and (iii) to the extent that they have the force of law, standards, policies, guidelines, notices and protocols of any governmental entity.

"Licenses" means all licenses, sub-licenses, subscriptions and other agreements by or through which other Persons grant the Vendor exclusive or non-exclusive rights or interests in or to any Intellectual Property that is used in connection with the Business, all of which are listed in Schedule 1.1 (g).

"Non-Transferred Employee Liabilities" means all liabilities relating to the Non-Transferred Employees, including Wages, vacation pay, termination costs, notice or pay in lieu of notice, severance, wrongful and constructive dismissal damages, human rights claims, all liabilities pursuant to any Employee Plan.

"Non-Transferred Employees" means all Employees who are not Transferred Employees.

"Notice" has the meaning specified in Section 11.1.

"Offerees" has the meaning specified in Section 6.4(a).

"Parties" has the meaning specified in the recitals above.

"Person" means an individual, partnership, limited partnership, limited liability partnership, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity and pronouns have a similarly extended meaning.

"Proposal Trustee" has the meaning specified in the recitals above.

"Proposal Trustee's Certificate" has the meaning specified in Section 9.3.

"Purchase Price" has the meaning specified in Section 3.1.

"Purchased Assets" has the meaning specified in Section 2.1.

"Purchaser" has the meaning specified in the preamble above.

"Sale Process" means the sale solicitation process set forth in Schedule 1.1(h) – as approved by the Court on October 22, 2024, as may be amended or otherwise modified from time to time in accordance with the terms therein.

"Successful Bid" has the meaning specified in the Sale Process.

"Successful Bidder" has the meaning specified in the Sale Process.

"Tax Act" means the *Income Tax Act* (Canada), as amended and any relevant legislation of a province imposing tax similar to the *Income Tax Act* (Canada).

"Tax Returns" means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and other documents filed or required to be filed in respect of Taxes.

"Taxes" means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies, rates, withholdings, dues, contributions and other charges, collections or assessments of any kind whatsoever; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed on or in respect of amounts of the type described in clause (i) or (ii) above; and (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) above as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

"Transferred Employees" means Offerees who accept offers of employment given in accordance with this Agreement from the Purchaser.

"Vendor" has the meaning specified in the recitals above.

"Wages" has the meaning specified in Section 6.4(d).

Section 1.2 References and Usage.

Unless expressly stated otherwise, in this Agreement:

- (a) reference to a gender includes all genders;
- (b) the singular includes the plural and vice versa;
- (c) "or" is used in the inclusive sense of "and/or";
- (d) "any" means "any and all";
- (e) the words "including", "includes" and "include" mean "including (or includes or include) without limitation";
- (f) the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of";
- (g) \$ or dollars refers to the Canadian currency unless otherwise specifically indicated;
- (h) a statute includes all rules and regulations made under it, if and as amended, re-enacted or replaced from time to time;
- (i) a Person includes its predecessors, successors and permitted assigns;
- (j) the term "notice" refers to written notices except as otherwise specified;
- (k) the term "Agreement" and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be amended, restated, replaced, supplemented or novated and all schedules to it, except as otherwise provided in this Agreement; and
- (l) whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment will be required to be made or such action will be required to be taken on or not later than the next succeeding Business Day and in the computation of periods of time, unless otherwise stated, the word "from" means "from and excluding" and the words "to" and "until" each mean "to and including".

Section 1.3 Headings, etc.

The use of headings (e.g. Article, Section, etc.) in this Agreement is reference only and is not to affect the interpretation of this Agreement. References in the Agreement to Article, Section etc., unless otherwise specified, shall mean the applicable Article, Section, etc. of this Agreement.

Section 1.4 Schedules.

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it:

Schedule 1.1(a)	Assumed Contracts
Schedule 1.1(b)	Consent Required Contracts
Schedule 1.1(c)	Excluded Assets
Schedule 1.1 (d)	Excluded Contracts
Schedule 1.1 (e)	Assumed Liabilities
Schedule 1.1 (f)	Intellectual Property
Schedule 1.1 (g)	Licenses
Schedule 1.1 (h)	Sale Process
Schedule 2.1(a.1)	Personal and moveable property
Schedule 2.1(a.2)	Required Accessories
Schedule 2.2(h)	Claims

ARTICLE 2 PURCHASE AND SALE

Section 2.1 Purchased Assets.

Subject to the terms and conditions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor on the Closing Date, on an "as is, where is" basis, all of the Vendor's right, title and interest in the Vendor's property, assets and undertakings of every kind and description and wheresoever situate, of the Business, other than the Excluded Assets (collectively, the "Purchased Assets"), free and clear of all Encumbrances. Without limiting the foregoing, the Purchased Assets shall include:

- (a) **Equipment and Supplies.** All computer hardware, supplies, accessories, and other tangible personal and moveable property including suppliers' lists, computers and equipment provided to and used by the Employees, all inventory in the storage unit or elsewhere, the 280 VitalVials owned by the Vendor and used in connection with the Business, as well as all further VitalVials provided to customers, former customers, and research partners of the Business, all of which are listed in Schedule 2.1(a.1), the magnet switches, VitalVial cases, USB cables, USB hubs, and Notebooks which consist of the accessories required for the VitalQC system and any materials or components which may have been bought in advance for the purpose of building new vials, all of which are listed in Schedule 2.1 (a.2);
- (b) **Contracts and Customer Lists.** All Assumed Contracts and all rights, title, interests and obligations thereunder;
- (c) **Computer Software.** All software and documentation used in the Business, including, all electronic data processing systems, program specifications, input data, report layouts, formats, the VitalMetric and VitalApp algorithms and source code together with all administrator rights, the algorithm for the VitalVial Tracker and source code together with all administrator rights, the clinical research and all other data gathered in connection with the Business, including record file layouts, diagrams, functional specifications, narrative descriptions, flow charts, operating manuals and all other rights, licenses and information necessary to transfer the know-how in connection with the

Business, including access to the cloud applications with all of the providers to the Business, including but not limited to AWS, Go Daddy, GitLab and SSL, as well as all usernames and access codes, workarounds and methods to fix the code used in connection with the Business as well as the data collected through the VitalMetric and VitalApp;

- (d) **Cash and Accounts Receivable.** All cash in the bank accounts of the Vendor and all accounts receivable (including unbilled revenue from work in progress), bills receivable, contractual hold-backs, trade accounts, trade debts and book debts due or accruing due in connection with the Business, including any refunds and rebates receivable relating to the Business or the Purchased Assets and the full benefit of all security (including cash deposits), guarantees and other collateral held by the Vendor relating to the Business, and amounts receivable (or which may become receivable) by the Vendor under royalty agreements or other agreements or documents related thereto and all bank accounts;
- (e) **Prepaid Expenses.** All prepaid expenses of the Business;
- (f) **Intellectual Property.** All right, title and interest of the Vendor in and to the Intellectual Property owned by or licensed to the Vendor for use in connection with the Business or the Purchased Assets, including domain names and telephone numbers and as otherwise described in the foregoing;
- (g) **Books and Records.** The Books and Records of the Vendor related to the Business and the Purchased Assets;
- (h) **Claims.** All claims of the Vendor relating to the Business or the Purchased Assets whether choate or inchoate, known or unknown, contingent or otherwise, as listed in Schedule 2.1(h);
- (i) **Tax Refunds.** The proceeds of any and all refundable Taxes payable or paid by the Vendor net of any amounts withheld by any taxing authority, and any claim or right of the Vendor to any refund, rebate, or credit of Taxes;
- (j) **Goodwill.** The goodwill of the Business, including the exclusive right of the Purchaser to represent itself as carrying on the Business in continuation of and in succession to the Vendor (including all business names related thereto);
- (k) **CASL.** All consents, whether express or implied, granted in favour of the Vendor in accordance with *An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act* (Canada) (commonly known as "Canada's Anti-Spam Law" or "CASL");
- (l) **Insurance.** The interest of the Vendor in: (i) all contracts of insurance, insurance policies and insurance plans which are assets of or maintained in connection with the Purchased Assets; (ii) any insurance proceeds net of any deductibles recovered by the Vendor under all other contracts of insurance, insurance policies (excluding D&O policies) and insurance plans between the date of this Agreement and the Closing Date; and (iii) the full benefit of the

Vendor's rights to insurance claims relating to the Business and amounts recoverable in respect thereof net of any deductible to the extent any of the foregoing are transferable;

- (m) **Warranty Rights.** All warranty rights against manufacturers or suppliers relating to any of the Purchased Assets; and
- (n) **Other Property.** All other property, assets and undertakings of the Vendor of whatever nature or kind used in connection with the Business and/or the Purchased Assets, other than the Excluded Assets.

Section 2.2 Excluded Assets.

The Purchased Assets shall not include any of the following assets (collectively, the "Excluded Assets"):

- (a) the Excluded Contracts listed in Schedule 1.1 (d); and
- (b) the Excluded Assets listed on Schedule 1.1 (c).

Section 2.3 Assignment and Assumption of Consent Required Contracts.

- (a) Notwithstanding anything in this Agreement, the Purchaser shall not assume and has no obligation to discharge any liability or obligation under or in respect of any Consent Required Contract unless: (a) the consent, approval or waiver of the party or parties to such Consent Required Contract (other than the Vendor) required to assign such Consent Required Contract has been obtained on terms satisfactory to the Purchaser, acting reasonably and the value of such Consent Required Contract has enured to the Purchaser; or (b) such Consent Required Contract is subject to an Assignment Order.
- (b) The Vendor and the Purchaser shall use reasonable commercial efforts to obtain the consent, approval or waiver of the party or parties to each Consent Required Contract (other than the Vendor) to the assignment of such Consent Required Contract prior to the filing of the motion materials for the Approval and Vesting Order. For greater certainty, neither the Vendor nor the Purchaser is under any obligation to pay any money, incur any obligations, commence any legal proceedings (other than as set forth below with respect to Assignment Orders), or offer or grant any accommodation (financial or otherwise) to any third party in order to obtain any such consent, approval or waiver.
- (c) In the event that the consent, approval or waiver required to assign any Consent Required Contract is not obtained before the date the motion materials are filed for the Approval and Vesting Order, the Vendor shall, at the request of the Purchaser and prior to Closing, seek the Assignment Order for such Consent Required Contract in form and substance satisfactory to the Vendor and the Purchaser, each acting reasonably.
- (d) Subject to Closing, in the event that the consent to assign any Consent Required Contract is not obtained and the Vendor is required to obtain the Assignment Order for one or all of the Consent Required Contracts, the Purchaser shall pay the applicable Cure Costs related to such Consent Required Contracts on Closing.

ARTICLE 3 PURCHASE PRICE

Section 3.1 Purchase Price.

The purchase price payable by the Purchaser to the Vendor for the Purchased Assets (the "Purchase Price") shall be the total of:

- (a) a payment in cash of \$40,000.00 which shall be provided to Royal Bank of Canada, the secured creditor, to satisfy the debt related to the secured interest; and
- (b) a credit for the balance owing on the DIP Agreement (currently \$360,000.00 plus interest), together with any additional debtor in possession financing as provided by the DIP Lender and approved by the Court;

Section 3.2 Payment of the Purchase Price.

The Purchaser shall pay and satisfy the Purchase Price:

- (a) at Closing, by the payment in cash; and
- (b) at Closing, by the payment of the amount of the DIP Loan owing by the Vendor to the DIP Lender.

Section 3.3 Purchase Price Allocation.

The Purchase Price shall be allocated among the Purchased Assets in the manner and form advised by the Purchaser on the Closing Date. Such allocation shall be binding and the Purchaser and Vendor shall report the purchase and sale of the Purchased Assets and file all filings which are necessary or desirable under the Tax Act to give effect to such allocations and shall not take any position or action inconsistent with such allocation.

Section 3.4 No Effect on Other Rights.

The determination of the Purchase Price in accordance with the provisions of this Article will not limit or affect any other rights or causes of action either the Purchaser or the Vendor may have with respect to the representations, warranties or covenants in its favour contained in this Agreement.

ARTICLE 4 TAX MATTERS

Section 4.1 Transfer Taxes.

The Purchaser shall be liable for and shall pay all sales Taxes and all other similar Taxes properly payable upon and in connection with the sale, assignment and transfer of the Purchased Assets from the Vendor to the Purchaser, other than any taxes payable on the Vendor's net income, profits or gains for all fiscal years for which the Vendor is required to make tax filings prior to Closing.

Section 4.2 Tax Elections.

The Parties shall use their commercially reasonable efforts in good faith to minimize (or eliminate) any taxes payable under the *Excise Tax Act* (Canada) in respect of the Closing by, among other things, making such elections and taking such steps as may be provided for under that Act, including, for greater certainty, making a joint election in a timely manner under Section 167 of that Act, under Section 22 of the Tax Act and under Subsections 20(24) and 20(25) of the Tax Act (and the corresponding sections of any provincial legislation) as may reasonably be requested by the Purchaser in connection with the Closing.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of the Vendor.

The Vendor represents and warrants as follows to the Purchaser and acknowledges and agrees that the Purchaser is relying upon the representations and warranties in connection with its purchase of the Purchased Assets.

- (a) **Incorporation and Qualification.** The Vendor is a corporation incorporated and existing under the laws of jurisdiction of its formation. The Vendor has the corporate power and authority to own and operate its property, carry on its business and, subject to Court approval, enter into and perform its obligations under this Agreement and each of the Ancillary Agreements to which it is a party.
- (b) **Corporate Authorization.** Subject to the issuance of the Approval and Vesting Order, the execution and delivery of and performance by the Vendor of this Agreement and each of the Ancillary Agreements to which it is a party and the consummation of the transactions contemplated by them have been duly authorized by all necessary and corporate action on the part of each of them.
- (c) **Execution and Binding Obligation.** Subject to the issuance of the Approval and Vesting Order, this Agreement and each of the Ancillary Agreements to which the Vendor is a party have been duly executed and delivered by the Vendor and constitute legal, valid and binding agreements of it, enforceable against it in accordance with their respective terms.
- (d) **Residence of the Vendor.** The Vendor is not a non-resident of Canada within the meaning of the *Tax Act*. The Vendor is not a non-Canadian within the meaning of the *Investment Canada Act*.
- (e) **HST Registrant.** The Vendor is a registrant for the purposes of the tax imposed under Part IX of the *Excise Tax Act* (Canada) and its registration number is 815034574.
- (f) **Taxes.** The Vendor has, in accordance with applicable Laws, invoiced, collected, withheld, reported and remitted to the appropriate tax authority all

Taxes which are due and payable by the Vendor. There are no liens for Taxes against the Purchased Assets. None of the Purchased Assets is the subject of any trust arising under any Law relating to Taxes.

- (g) **Disclosure of all Purchased Assets.** The Vendor has fully disclosed to the Purchaser all Purchased Assets. The Schedules to this Agreement are complete in all respects.

Section 5.2 Representations and Warranties of the Purchaser.

The Purchaser represents and warrants as follows to the Vendor and acknowledges and agrees that the Vendor is relying on such representations and warranties in connection with its sale of the Purchased Assets:

- (a) **Incorporation and Corporate Power.** The Purchaser is an entity that is duly formed and validly existing under the laws of the jurisdiction of its formation, has full power and capacity to own the Purchased Assets and to carry on the Business as now conducted has the power and authority to enter into and perform its obligations under this Agreement and each of the Ancillary Agreements to which it is a party.
- (b) **Corporate Authorization.** The execution and delivery of and performance by the Purchaser of this Agreement and each of the Ancillary Agreements to which it is a party and the consummation of the transactions contemplated by them have been duly authorized by all necessary action on the part of the Purchaser.
- (c) **Execution and Binding Obligation.** This Agreement and each of the Ancillary Agreements to which the Purchaser is a party have been duly executed and delivered by the Purchaser and constitute legal, valid and binding agreements of the Purchaser, enforceable against it in accordance with their respective terms subject only to any limitation under applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (d) **HST Registrant.** The Purchaser will be as at Closing, a registrant for the purposes of the tax imposed under Part IX of the *Excise Tax Act* (Canada).

Section 5.3 No Other Representations or Warranties.

The representations and warranties given by the Vendor in Section 5.1 are the only representations and warranties of the Vendor in connection with this Agreement and the transactions contemplated by it. Except for the representations and warranties given by the Vendor in Section 5.1, the Purchaser is purchasing the Purchased Assets on an "as is, where is" basis and does not rely upon any statements, representations, promises, warranties, conditions or guarantees whatsoever by the Vendor or the Proposal Trustee, whether express or implied (by operation of law or otherwise), oral or written, legal, equitable, conventional, collateral or otherwise, regarding any of the assets to be acquired or any of the liabilities to be assumed or the completeness of any information provided in connection therewith. 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 and the Business.

Section 5.4 AS IS, WHERE IS.

THE PURCHASER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN, THE PURCHASED ASSETS AND THE BUSINESS ARE PURCHASED ARE ASSUMED BY THE PURCHASER "AS IS, WHERE IS" AS THEY SHALL EXIST AT THE CLOSING DATE WITH ALL FAULTS AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, IN FACT OR BY LAW WITH RESPECT TO THE PURCHASED ASSETS AND THE BUSINESS, AND WITHOUT ANY RECOURSE TO ANY OF THE VENDOR, THE PROPOSAL TRUSTEE OR ANY OF THEIR DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES, AGENTS, REPRESENTATIVES OR ADVISORS, OTHER THAN FOR FRAUD, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE PURCHASER AGREES TO ACCEPT THE PURCHASED ASSETS AND THE BUSINESS IN THE CONDITION, STATE AND LOCATION THEY ARE IN ON THE CLOSING DATE BASED ON THE PURCHASER'S OWN INSPECTION, EXAMINATION AND DETERMINATION WITH RESPECT TO ALL MATTERS AND WITHOUT RELIANCE UPON ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE MADE BY OR ON BEHALF OF OR IMPUTED TO ANY OF THE VENDOR OR THE PROPOSAL TRUSTEE, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT. Unless specifically stated in this Agreement, the Purchaser acknowledges and agrees that no representation, warranty, term or condition, understanding or collateral agreement, whether statutory, express or implied, oral or written, legal, equitable, conventional, collateral or otherwise, is being given by the Vendor or Proposal Trustee in this Agreement or in any instrument furnished in connection with this Agreement, as to description, fitness for purpose, sufficiency to carry on any business, operate, merchantability, quantity, condition, ownership, quality, value, suitability, durability, environmental condition, assignability or marketability thereof, or in respect of any other matter or thing whatsoever, and all of the same are hereby expressly excluded.

**ARTICLE 6
PRE-CLOSING COVENANTS OF THE PARTIES**

Section 6.1 Access by Purchaser:

Subject to applicable Law, from the date that this Agreement is selected, or deemed to be selected as, the Successful Bid in accordance with the Sale Process until the Closing, the Vendor shall upon reasonable notice, permit the Purchaser and its partners, its and their respective employees, agents, counsel, accountants or other representatives, lenders, potential lenders and potential investors to have reasonable access during normal business hours to (i) the premises of the Vendor; (ii) the Purchased Assets, including all Books and Records and all minute books and corporate records of the Vendor using commercially reasonable efforts; (iii) the Assumed Contracts; and (iv) furnish to the Purchaser or its partners, employees, agents, counsel, accountants or other representatives, lenders, potential lenders and

potential investors such financial and operating data and other information with respect to the Purchased Assets and the Vendor (to the extent such data or information is in the Vendor's possession or, using commercially reasonable efforts, can be obtained by the Vendor or the Proposal Trustee) as the Purchaser from time to time reasonably requests.

Section 6.2 Access by Proposal Trustee.

From the Closing Date, the Purchaser shall, upon reasonable notice, permit representatives of the Proposal Trustee to have reasonable access during normal business hours to the Books and Records for the purpose of completing its mandate as the Proposal Trustee from time-to-time reasonably requests.

Section 6.3 Title and Risk.

The Purchased Assets shall remain at the risk of the Vendor until Closing and at the risk of the Purchaser from and after Closing. The Vendor covenants to the Purchaser that, during the period from and including the date hereof through and including the Closing Date or the earlier termination of this Agreement, the Vendor shall use commercially reasonable efforts to conduct the Business in substantially the same manner as conducted as of the date hereof.

Section 6.4 Employees.

- (a) The Purchaser shall, prior to the Closing Date, offer employment conditional on Closing and effective as of the Closing Date to all of the Employees whom the Purchaser wishes, in its sole discretion (subject to the requirements of applicable Law, if any), to employ after the Closing (collectively, the "Offerees") on such employment terms and conditions as the Purchaser considers appropriate or as may be required in accordance with applicable Law.
- (b) At least two (2) Business Days prior to the Closing Date, the Purchaser shall provide the Vendor and the Proposal Trustee with a schedule setting forth a list of the names of all Offerees.
- (c) The Vendor shall terminate the employment of all Employees no later than the Closing.
- (d) Prior to the Closing Date, the Vendor shall process, or cause to be processed, the payroll for, and pay (or cause to be paid), all compensation, including the base wages, base salary, bonuses, vacation pay and ordinary course sales commissions for all Employees (collectively, "Wages") as and when due for the period prior to Closing. The Vendor shall withhold and remit all applicable payroll taxes and deductions from Wages at source as required by Law.
- (e) Following the Closing, the Purchaser shall process the payroll for, and pay (or cause to be paid), as and when due, (i) all unpaid Wages accrued but which did not become due prior to the Closing Date with respect to each Transferred

Employee; and (ii) all Wages accrued on and after the Closing Date with respect to each Transferred Employee.

- (f) All Non-Transferred Employee Liabilities shall be dealt with in the Proposal Proceedings or any subsequent bankruptcy of the Vendor in accordance with the entitlement and priority afforded to such claims under applicable Law. The Purchaser shall not assume or be liable for any Non-Transferred Employee Liabilities.

Section 6.5 Notices and Requests for Consents.

- (a) Subject to the selection or deeming of this Agreement as the Successful Bid in accordance with the Sale Process, the Vendor shall use its commercially reasonable efforts to obtain or cause to be obtained prior to Closing, at its expense, all consents, approvals and waivers that are required by the terms of the Consent Required Contracts, or an Assignment Order in order to complete the transactions contemplated by this Agreement.
- (b) The Vendor and the Proposal Trustee shall provide notices (in form and substance acceptable to the Purchaser, acting reasonably) that are required by the terms of the Assumed Contracts in connection with the transaction contemplated pursuant to the Approval and Vesting Order and this Agreement.

Section 6.6 Transfer of the Purchased Assets.

The Vendor shall take all necessary steps and proceedings to permit title to the Purchased Assets to be duly and validly transferred and assigned to the Purchaser at the Closing pursuant to the Approval and Vesting Order and this Agreement, free from all Encumbrances.

Section 6.7 Actions to Satisfy Closing Conditions.

- (a) The Vendor shall use its commercially reasonable efforts to take or cause to be taken all such actions so as to ensure compliance with all of the conditions set forth in Section 8.1.
- (b) The Purchaser shall use its commercially reasonable efforts to take or cause to be taken all such actions so as to ensure compliance with all of the conditions set forth in Section 8.2.

**ARTICLE 7
SALES PROCESS**

Section 7.1 Compliance with Sale Process.

The Parties each agree to comply with the Sale Process.

Section 7.2 Expense Reimbursement.

- (a) In consideration for the Purchaser's expenditure in the preparation of this Agreement, and in performing due diligence with respect to the Vendor and the

Purchased Assets, if this Agreement is terminated pursuant to Section 10.1(1) or Section 10.1(2)(b), then the Vendor shall reimburse the Purchaser for its expenses reasonably incurred in connection with this Agreement up to a maximum amount of \$35,000.00 (the "Expense Reimbursement").

- (b) The Purchaser agrees that the Expense Reimbursement will be the sole and exclusive remedy of the Purchaser against the Vendor in the event that this Agreement is terminated pursuant to Section 10.1(1) or Section 10.1(2)(b).
- (c) If the Purchaser is not selected as, or deemed to be, the Successful Bidder, the Vendor shall request that the order of the Court approving the sale of the assets of the Vendor to the Successful Bidder to include a provision requiring that the Expense Reimbursement be paid to the Purchaser in accordance with the Sale Process and that the payment of the Expense Reimbursement be approved as part of such sale and not be voidable as a matter of bankruptcy law or otherwise.
- (d) The Vendor shall seek the approval of the Court to the transactions contemplated by this Agreement in accordance with the following:
 - (i) Promptly upon execution of this Agreement, the Vendor shall seek approval of the (i) Sale Process; (ii) filing of this Agreement as a "Stalking Horse Bid"; and (iii) the Expense Reimbursement.
 - (ii) The Vendor and the Purchaser acknowledge that: (i) this Agreement and the transactions contemplated herein are subject to Court approval; and (ii) Closing the transactions contemplated herein is subject to this Agreement being determined to be the Successful Bid in accordance with the Sale Process and to the issuance of the Approval and Vesting Order.
 - (iii) As soon as practicable if the Purchaser is selected as, or deemed to be, the Successful Bidder, the Vendor shall file motion materials seeking the issuance of the Approval and Vesting Order.
 - (iv) If the Purchaser is selected, or deemed to be selected as the Successful Bidder, as soon as practicable, the Purchaser shall advise the Vendor and the Proposal Trustee in writing of the Consent Required Contracts for which the Purchaser requires the Vendor to seek an Assignment Order.
 - (v) The Vendor and the Purchaser shall cooperate with filing and serving the motion for issuance and entry of the Approval and Vesting Order and any Assignment Orders required pursuant to Section 2.3(c).
 - (vi) The Vendor, in consultation with the Purchaser, shall determine all Persons required to receive notice of the motions for the Approval and Vesting Order and Assignment Order, as applicable under applicable Laws and the requirements of the BIA, the Court and any other Person determined necessary by the Vendor or the Purchaser.

**ARTICLE 8
CONDITIONS OF CLOSING**

Section 8.1 Conditions for the Benefit of the Purchaser.

The purchase and sale of the Purchased Assets is subject to the following conditions being satisfied on or prior to the Closing Date, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:

- (a) **Successful Bid.** The Purchaser shall have been selected as, or deemed to be, the Successful Bidder, following the completion of the Sale Process.
- (b) **Truth of Representations and Warranties.** The representations and warranties of the Vendor contained in this Agreement were true and correct, in all material respects, as of the date of this Agreement and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date and the Vendor shall have executed and delivered a certificate of a senior officer to that effect. Upon the delivery of such certificate, the representations and warranties of the Vendor in Section 5.1 will be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.
- (c) **Performance of Covenants.** The Vendor shall have fulfilled or complied, in all material respects, with all covenants contained in this Agreement required to be fulfilled or complied with by it at or prior to the Closing, and the Vendor shall have executed and delivered a certificate of an authorized representative to that effect.
- (d) **Consents for Consent Required Contracts.** All consents, approvals or waivers for each Consent Required Contract shall have been obtained on terms acceptable to the Purchaser, acting reasonably, or an Assignment Order will have been obtained in respect thereof. All such consents, approvals, waivers or Assignment Orders will be in force and will not have been modified, rescinded, appealed or stayed.
- (e) **No Bankruptcy.** The Vendor shall not be and shall not have become a bankrupt under the BIA.
- (f) **Legal Action.** There shall be no order issued by any Governmental Authority delaying, restricting or preventing consummation of the transactions contemplated herein.
- (g) **Deliveries.** The Vendor shall have delivered or caused to be delivered to the Purchaser the following in form and substance satisfactory to the Purchaser acting reasonably:
 - (i) consents to the assignment of the Consent Required Contracts to the extent that an Assignment Order was not obtained;
 - (ii) the certificates referred to in Section 8.1(b) and Section 8.1(c);
 - (iii) the issued and entered Approval and Vesting Order, which order shall not have been modified, rescinded, appealed or stayed;

- (iv) a copy of the Proposal Trustee's Certificate (such certificate shall be filed with the Court by the Proposal Trustee following Closing and a copy of such filed Proposal Trustee's Certificate shall be delivered to the Purchaser promptly thereafter);
- (v) the originals of the Books and Records, excluding those Excluded Assets but including all Tax Returns pertaining to corporate income Taxes of the Vendor for the previous 5 years from the Closing Date, that are available to the Vendor using commercially reasonable efforts;
- (vi) the Purchased Assets, which shall be delivered *in situ*, other than the cash held in the Vendor's bank accounts on the Closing Date, which shall be transferred to the Purchaser; and
- (vii) an assignment and assumption agreement, bill of sale or such other conveyances, assignments, documents and instruments of transfer as may be reasonably required by the Purchaser to complete the transaction contemplated herein.

Section 8.2 Conditions for the Benefit of the Vendor.

The purchase and sale of the Purchased Assets is subject to the following conditions being satisfied on or prior to the Closing Date, which conditions are for the exclusive benefit of the Vendor and may be waived, in whole or in part, by the Vendor in its sole discretion.

- (a) **Truth of Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement were true and correct, in all material respects, as of the date of this Agreement as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect. Upon delivery of such certificate, the representations and warranties of the Purchaser in Section 5.2 will be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.
- (b) **Performance of Covenants.** The Purchaser shall have fulfilled or complied, in all material respects, with all covenants contained in this Agreement required to be fulfilled or complied with by it at or prior to Closing and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect.
- (c) **Deliveries.** The Purchaser shall have delivered or caused to be delivered to the Vendor the following in form and substance satisfactory to the Vendor, acting reasonably:
 - (i) all resolutions of the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement and the Ancillary Agreements;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by appropriate government official of the jurisdiction of its incorporation; and
 - (iii) the certificates referred to in Section 8.2(a) and Section 8.2(b).

- (d) **Proceedings.** All proceedings to be taken in connection with the transactions contemplated in this Agreement and any Ancillary Agreement are reasonably satisfactory in form and substance to the Vendor, acting reasonably, and the Vendor shall have received copies of all the instruments and other evidence as it may reasonably request in order to establish the consummation of such transactions and the taking of all proceedings in connection therewith.
- (e) **Legal Action.** There shall be no order issued by any Governmental Authority delaying, restricting or preventing consummation of the transactions contemplated herein.

Section 8.3 Conditions for the Benefit of the Purchaser and the Vendor.

The purchase and sale of the Purchased Assets is subject to the following conditions being satisfied on or prior to the Closing Date, which conditions are for the benefit of both the Vendor and the Purchaser and may be jointly waived, in whole or in part, by the Vendor and the Purchaser.

- (a) **Approval and Vesting Order.** The Approval and Vesting Order shall have been obtained and shall not have been appealed, set aside, varied or stayed or, if appealed or stayed, all appeals shall have been dismissed and all stays shall have been lifted, respectively.
- (b) **Proposal Trustee's Certificate.** The Proposal Trustee shall have delivered the Proposal Trustee's Certificate confirming the satisfaction of all conditions under this Agreement, payment of the Purchase Price and the vesting of the Purchased Assets pursuant to the Approval and Vesting Order.

ARTICLE 9 CLOSING

Section 9.1 Date, Time and Place of Closing.

Closing will take place on the Closing Date by exchanging signature pages of the Parties electronically or at the offices of counsel to the Vendor in Toronto, Ontario, or at such other place, on such other date and at such other time as may be consented to by the Proposal Trustee and agreed upon in writing between the Vendor and the Purchaser, including remotely.

Section 9.2 Closing Procedures.

Subject to satisfaction or waiver by the relevant Party of the conditions of closing, on the Closing Date, the Closing shall be deemed completed upon the delivery of the Proposal Trustee's Certificate.

Section 9.3 Proposal Trustee's Certificate.

The Parties hereby acknowledge and agree that the Proposal Trustee shall be entitled to file a certificate, substantially in the form attached to the Approval and Vesting Order (the "Proposal Trustee's Certificate"), with the Court upon receiving written confirmation from the Purchaser and the Vendor that all conditions of Closing have been satisfied or waived.

- 24 -
ARTICLE 10
TERMINATION

Section 10.1 Termination Rights.

- (1) This Agreement will be terminated automatically, without any action by either Party, if:
 - (a) this Agreement is not selected as the Successful Bid pursuant to and in accordance with the terms of the Sale Process; or
 - (b) if the Approval and Vesting Order, is not granted by December 20, 2024, or such later date as may be agreed to be the Parties.
- (2) This Agreement may, by Notice in writing given on or prior to the Closing Date, be terminated:
 - (a) by mutual consent of the Vendor and the Purchaser;
 - (b) by the Purchaser, if:
 - (i) there has been a material breach of this Agreement by the Vendor and where such breach is capable of being cured, such breach has not been waived by the Purchaser in writing or cured within 15 days following written Notice of such breach by the Purchaser; or
 - (ii) any of the conditions in Section 8.1 have not been satisfied and it becomes reasonably apparent that any of such conditions will never be satisfied (other than as result of the failure of the Purchaser to perform any of its material obligations) and the Purchaser has not waived such condition in writing at or prior to Closing;
 - (c) by the Vendor, if:
 - (i) there has been a material breach of this Agreement by Purchaser and where such breach is capable of being cured, such breach has not been waived by the Vendor in writing or cured within 15 days following written Notice of such breach by the Vendor; or
 - (ii) any of the conditions in Section 8.2 have not been satisfied and it becomes reasonably apparent that any of such conditions will never be satisfied (other than as result of the failure of the Vendor to perform any of its material obligations) and the Vendor has not waived such condition in writing at or prior to Closing.

Section 10.2 Effect of Termination.

The rights of termination under this Article 10 are, subject to Section 7.2(b), in addition to any other rights the respective Party may have under this Agreement or otherwise, and the exercise of a right of termination by a Party will not constitute an election of remedies. If this Agreement is terminated pursuant to Section 10.1, this Agreement will be of no further force or effect; provided, however, that Section 7.2(b) (*Expense Reimbursement*), this Section 10.2 (*Effect of Termination*), and Article 11 (*Miscellaneous*) and provisions that by their nature should survive, will survive the termination of this Agreement.

- 25 -
ARTICLE 11
MISCELLANEOUS

Section 11.1 Notices.

Any notice, direction or other communication given regarding the matters contemplated by this Agreement (each a "Notice") must be in writing, sent by personal delivery, courier or email addressed:

- (a) to the Purchaser at:
AEROCOM GMBH & CO.
Adam-Riesse-Strasse 26
D-73529
Schabisch Gmund, Germany
Attn: Roland Pfitzer
roland.pfitzer@aerocom.de

With a copy by email to:

JacobLaw
Hohenzollernstrasse 84, 80801 Munich
Att'n: Sylvia A. Jacob
Email: sj@jacoblaw.com

- (b) to the Vendor at:
MOTRYX INC.
1505 Barrington St. Suite 101
Halifax, NS
B3J 3K5

Attn: Niva Sabeshan
Email: n.sabeshan@motryx.com

with copies by email to:

BOYNECLARKE LLP
99 Wyse Road - Suite 600
Dartmouth, NS
B4A 2S5

Attn: Joshua J. Santimaw
Email: jsantimaw@boyneclarke.ca

- (c) to the Proposal Trustee at:
BDO CANADA LIMITED
Clayton Professional Centre
255 Lacewood Dr.
Halifax, NS
B3M 4G2

Attn: Neil Jones, CPA, CA, CIRP, LIT

Email: nejones@bdo.ca

with a copy by email to:

Stephen.kingston@mcinnescooper.com

A Notice is deemed to be given and received (i) if sent by personal delivery or courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in the place of receipt) and otherwise on the next Business Day; or (ii) if sent email, on the next Business Day. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party.

Section 11.2 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.

Section 11.3 Third Party Beneficiaries.

Except as otherwise provided in this Agreement, (i) the Vendor and the Purchaser intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties; and (ii) no Person, other than the Parties, is entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. The Parties reserve their right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person.

Section 11.4 Expenses.

Except as otherwise expressly provided in this Agreement, each Party will pay for its own costs and expenses (including the fees and expenses of legal counsel, accountants and other advisors) incurred in connection with this Agreement or any Ancillary Agreements and the transactions contemplated by them.

Section 11.5 Amendments.

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Vendor and the Purchaser.

Section 11.6 Waiver.

No waiver of any of the provisions of this Agreement or any Ancillary Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's acceptance of any certificate delivered on Closing or failure or delay in exercising any right under this Agreement will not operate as a waiver of that. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 11.7 Entire Agreement.

This Agreement and the other documents executed in connection herewith constitutes the entire agreement between the Parties with respect to the transactions contemplated in this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to such transactions. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 11.8 Successors and Assigns.

- (1) Upon execution of the Agreement by the Parties, it will be binding upon and enure to the benefit of the Vendor, the Purchaser and their respective successors and permitted assigns.
- (2) Except as provided in this Section 11.8, neither this Agreement nor any of the rights or obligations under this Agreement may be assigned or transferred, in whole or in part, by any Party without the prior written consent of the other Party. Upon giving Notice to the Vendor at any time on or prior to the Closing Date, the Purchaser may assign this Agreement or any of its rights and/or obligations under this Agreement to any of its Affiliates, provided that such Affiliate and the Purchaser shall be jointly and severally liable with respect to all of the obligations of the Purchaser, including the representations, warranties, covenants, indemnities and agreements of the Purchaser.

Section 11.9 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 11.10 Governing Law and Jurisdiction.

- (1) This Agreement is governed by and will be interpreted and construed in accordance with the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein.
- (2) Each Party irrevocably attorns and submits to the exclusive jurisdiction of the Court (and appellate courts therefrom) and waives objection to the venue of any proceeding in such court or that such court provides an inappropriate forum.

Section 11.11 Counterparts.

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Agreement.

[Remainder of page intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF the Parties have executed this Asset Purchase Agreement.

MOTRYX INC.

By: 

Authorized Signing Officer

AEROCOM GMBH & CO.

By: 

Authorized Signing Officer

Aerocom GmbH & Co.
Kommunikationssysteme
Helm-Klee-Straße 19
35295 Schwetzingen (Germany)
Telefon (0 71 71) 10 73-0
Telefax (0 71 71) 10 45-299

SCHEDULES

Schedule 1.1(a) – Assumed Contracts

1. The following subscription agreements:

- a. Monthly subscription with Plooto for the accounts payable software;
- b. Monthly subscription with Microsoft for the Microsoft Office Suite;
- c. Subscription with Xero for the accounts receivable and invoicing software;
- d. Monthly and annual subscriptions with Slack for team and internal communication system;
- e. Subscription with Dext for the accounting software;
- f. Monthly subscription with Wagepoint for payroll software;
- g. Subscription with FedEx for shipping services;
- h. Yearly subscription with Adobe Acrobat for the document management system;
- i. Monthly subscription with Pipedrive for the customer relationship management system;
- j. Monthly subscription with AWS for hosting the software infrastructure;
- k. Annual subscriptions with GoDaddy for the application domain, motryx.app, motryx.com, motryx.info and Motryx.io;
- l. Annual subscription with SSL.com for frontend and backend communication encryption services;
- m. Subscription with Gitlab for the IT version control of the source code;

2. The following customer agreements and relationships:

- a. Order Form addressed to Aarhus Universitetshospital, effective October 9, 2023, in connection with order number 0026, to the extent any work in connection with this order is still outstanding, and generally any ongoing subscription with Aarhus Universitetshospital;
- b. Work related to the invoices number INV-0046 from April 3, 2024, addressed to Aerocom UK, and INV-0051 from June 10, 2024, addressed to Aerocom UK Ltd, to the extent any work in connection with those invoices is still outstanding, and generally any ongoing subscription from Aerocom UK or Aerocom UK Ltd;
- c. Reseller Agreement with Aerocom GmbH & Co effective November 2, 2020, and generally any ongoing subscription from Aerocom GmbH & Co.;
- d. Purchase orders SYX5206998 from April 15, 2024, and SYC5388888 from August 21, 2024, both issued by Alberta Health Services, to the extent any work in connection with those orders is still outstanding, and generally any ongoing subscription from Alberta Health Services or Alberta Precision Labs - Arthur Child Cancer Centre;
- e. Order Form addressed to Dept. Clinical Biomchemistry, effective November 5, 2019, in connection with order number 4529191, the work related in the invoice number INV-0022 from May 31, 2023, addressed to Bispebjerg Hospital, as well as the Amendment #1 addressed to Bispebjerg Hospital, effective January 6, 2024; in connection with order

number 0050, to the extent any work in connection with these documents is still outstanding, and generally any ongoing subscription from Dept. Clinical Biochemistry or Bispebjerg Hospital;

- f. Order Form addressed to Region Skåne Medicinsk Service, effective November 5, 2020, in connection with order number 4619111, as well as the work related in the invoice number INV-0038 from December 1, 2023, addressed to Lund Region Skåne, to the extent any work in connection with these documents is still outstanding, and generally any ongoing subscription from Region Skåne Medicinsk Service or Lund Region Skåne;
 - g. Purchase order P000980195 from October 24, 2024, issued by Roche Diagnostics International Ltd, as well as the work related to invoice number INV-0045 from February 2, 2024, addressed to Roche Diagnostics International AG, to the extent any work in connection with those documents is still outstanding, and generally any ongoing subscription from Roche Diagnostics International Ltd or Roche Diagnostics International AG;
 - h. Generally any ongoing subscription from Telecom;
 - i. Purchase orders 47448640 from June 28, 2021 and 100511719 from April 20, 2024, issued by PennMedicine – University of Pennsylvania Health System, as well as invoice number INV-0048 from April 9, 2024, addressed to University of Penn Health System – UPenn Health, to the extent any work in connection with those documents is still outstanding, and generally any ongoing subscription from PennMedicine – University of Pennsylvania Health System;
3. The Use Agreement with Metro Self-Storage - Joseph Zatzman Dr dated November 8, 2024, pertaining to Account No.L0062145, for a storage unit located at 201 Joseph Zatzman Dr Dartmouth, NS B3B 1R5, Canada
4. The following confidentiality and non-disclosure agreements:
- a. Aerocom UK Ltd., including the agreement effective February 22, 2024;
 - b. F. Jon Geske, PhD, including the agreement effective August 19, 2019;
 - c. Alexander Lujt Man. BV, including the agreement executed on February 17, 2020;
 - d. Odense University Hospital;
 - e. Benjamin Otto, including the agreement effective August 19, 2019;
 - f. Liz Maria Arcila Osejo, including the agreement effective January 1, 2019;
 - g. Alan Archibald, including the agreement effective January 1, 2019;
 - h. Shad Bay Solutions Inc, including the agreement effective January 21, 2020;
 - i. Aerocom GmbH & Co., including the agreement executed on June 8 and August 9, 2020;
 - j. David MacKinnon, including the agreement effective December 14, 2018;
 - k. Michael Dowd, including the agreement effective January 1, 2019;
 - l. Andrew Lynch, including the agreement effective August 29, 2019;

- m. Corum Group Intl. S.à.r.l, including the agreement executed on August 22, 2019
- n. Dale Robertson, including the agreement effective January 1, 2019;
- o. Washington University, including the agreement effective April 9, 2019;
- p. SmartSkin;
- q. Greiner Bio-One GmbH, including the agreement executed on October 16, 2019;
- r. Abbott Laboratories, including the agreement executed on September 5 and 9, 2019;
- s. DynaLife, including the agreement executed on November 28, 2019;
- t. SmartSkin Technologies, including the agreement effective April 23, 2019;
- u. Sygehus Lillebælt, Afdeling for Biokemi og Immunologi, including the agreement executed August 20, 2020;
- v. Lamson Concepts, including the agreement effective August 4, 2020;
- w. Razzberry Inc., including the agreement effective April 22, 2021;
- x. Bio-Rad Laboratories, Inc., including the agreement effective September 5, 2019;
- y. Laboratory Corporation of America Holdings, including the agreement executed May 15 and 17, 2019;
- z. Atelier Palais Inc.;
- aa. Piet Meijer, including the agreement effective March 23, 2021;
- bb. Reeldata Inc., including the agreement effective April 2, 2019;
- cc. Becton, Dickinson and Company, including the agreement effective March 13, 2019.

Schedule 1.1(b) – Consent Required Contracts

NIL.

Schedule 1.1(c) – Excluded Assets

NIL.

Schedule 1.1(d) – Excluded Contracts

Any contractual relationship between Motryx Inc. and Labquality Oy, including but not limited to:

1. Order Form effective May 1, 2021, in connection with order number 3512121, executed on April 12, 2021, by Mr. Juha-Pekka Nuutinen, CEO of Labquality Oy at the time, and Ms. Franziska Broell, CEO of Motryx Inc. at the time;
2. Any contractual relationship referenced in the invoices number INV-0041 from January 9, 2024 and December 12, 2023, issued by Motryx Inc. to Labquality Oy;
3. Generally any other form of subscription already purchased by Labquality Oy from Motryx Inc.

Schedule 1.1(e) – Assumed Liabilities

NIL

Schedule 1.1(f) – Intellectual Property

All intellectual property of the Vendor used by or currently being developed for use in the Business relating to the VitalQC technology, and all rights, interests and benefits of the Vendor, through ownership, licensing or otherwise to such Intellectual Property, including without limitation:

- all patents, patent applications and other patent rights, including provisional and continuation patents, including but not limited to:

Country/Region	CatchWord	Inventors	Current Owners	Application No.	Priority No.	Priority Date
International	SENSOR DEVICE FOR DETECTING TRANSPORT PARAMETERS AND METHOD OF MAKING THE SAME	Andre Bezanon Franciska Broell	Unknown	WO 2020/181315 A9	62/818050 3036791 3037423 63/111,169 63/949,695	
Canada	DEVICE WITH ENCAPSULATED SENSOR AND METHOD OF MAKING THE SAME	Andre Bezanon Franciska Broell	Motyx Inc.	3036791		
Canada	DEVICE WITH ENCAPSULATED SENSOR AND METHOD OF MAKING THE SAME	Andre Bezanon Franciska Broell	Andre Bezanon Franciska Broell	3037423	62/818050	Mar. 13, 2019
Europe	DEVICE WITH ENCAPSULATED SENSOR AND METHOD OF MAKING THE SAME	Andre Bezanon Franciska Broell Sungu Park Christopher Dall	Motyx Inc.	20170352.1	62/818050	Mar. 13, 2019
United States	SENSOR DEVICE FOR DETECTING TRANSPORT PARAMETERS AND METHOD OF MAKING THE SAME	Andre Bezanon Franciska Broell Sungu Park Christopher Dall	Motyx Inc.	17/438012	62/818050	Mar. 13, 2019
Canada	SYSTEM, COMPUTER-READABLE MEDIUM, AND METHOD FOR VALIDATING A BLOOD VIAL TRANSIT ROUTE	Andre Bezanon Franciska Broell Benjamin Scheffke	Andre Bezanon Franciska Broell Benjamin Scheffke	3173462	63/243415	

- all registered and unregistered trademarks, service marks, logos, slogans, corporate names, business names and other indicia of origin, and all applications and registrations therefor, including but not limited to:

Country/Region	Trademark	Class	Registration No.	Registration Date	Affidavit of Continued Use	Renewal Deadline
United States	MOTRYX	009	6207153	November 24, 2020	November 24, 2026	November 24, 2020, and each 10 year anniversary thereafter
United States	MOTRYX	041	6349168	May 11, 2021	May 11, 2027	May 11, 2021, and each 10 year anniversary thereafter

United States	VITALVIAL	009	6207154	November 24, 2020	November 24, 2026	November 24, 2030, and each 10 year anniversary thereafter
United States	VITALVIAL	042	6356886	May 18, 2021	May 18, 2027	May 18, 2031, and each 10 year anniversary thereafter
United Kingdom	MOTRYX	009, 042	UK00918143524	October 28, 2019	February 27, 2020	October 28, 2029, and each 10 year anniversary thereafter
United Kingdom	VITALVIAL	009, 042	UK00918143541	October 28, 2019	February 27, 2020	October 28, 2029, and each 10 year anniversary thereafter
EUTM	MOTRYX	009, 042	018143528	October 28, 2019	February 27, 2020	October 28, 2029, and each 10 year anniversary thereafter
EUTM	VITALVIAL	009, 042	018143541	October 28, 2019	February 27, 2020	October 28, 2029, and each 10 year anniversary thereafter

3. registered and unregistered copyrights and mask works, including all copyright in and to computer software programs and applications and registrations of such copyright;
4. internet domain names, applications and reservations for internet domain names, uniform resource locators and the corresponding internet sites, including but not limited to motryx.app, motryx.com, motryx.info and Motryx.io;
5. industrial designs;
6. trade secrets and proprietary information not otherwise listed in (a) through (e) above, including, without limitation, all inventions (whether or not patentable), invention disclosures, moral and economic rights of authors and inventors (however denominated), confidential information, technical data, in-house assembly manuals and work descriptions, customer lists, sales strategies, pricing schemes, corporate and business names, trade names, trade dress, brand names, know-how, mask works, circuit topography, formulae, methods (whether or not patentable), designs, processes, procedures, technology, business methods, source codes, object codes, computer software programs (in either source code or object code form), databases, data collections and other proprietary information or material of any type, and all derivatives, improvements and refinements thereof, howsoever recorded or unrecorded, including but not limited to the following documents:
 - a. The following lists and summaries:
 - i. VitalQC Inventory 11_2024.xlsx
 - ii. VitalQC Inventory 12_2024.xlsx
 - iii. Motryx Client List_Active and Non Active_11/27/24.xlsx
 - iv. MOTRYX Open Contracts Nov 2024.pdf

v. Motryx_Supplier_Client 112024_DR.xlsx

b. The following case studies and posters:

- i. ARUP moves towards replacing blood for PTS monitoring with VitalQC.pdf
- ii. Bispebjerg Hospital Streamlining Clinical Validation with VitalQC.pdf
- iii. Copenhagen Study.pdf
- iv. Differences in pneumatic tube system impact on blood samples emphasizes need for quality control.pdf
- v. Motryx - Sheffield's Northern General Hospital Cast Study v20.pdf
- vi. Odense University Hospital.pdf
- vii. Poster_EuroMedLab 2023_PTS_1080x1920_Final[11].pdf
- viii. Telecom Case Study.pdf
- ix. Vital QC helps determine Best Carrier Inserts For Three European Laboratories.pdf;

c. The following presentation materials, reports and publications:

- i. Vitalqc_Intro_DR.pdf
- ii. VitalQC_How it Works_DR.pdf
- iii. VitalQC_Cost Opportunity_Customer Support.pdf
- iv. ISO_WG_Liaison_Report_29_Oct_20.pdf
- v. ISO_WG_Guidance_Update_Slides_15_Sep_20.pdf
- vi. ISO_WG_LTD_Project_Presentation_28_Oct_20.pdf
- vii. ISO_WG_Convenors_Report_28_Oct_20.pdf
- viii. Gils et al. 2019 Use of clinical data and acceleration profiles to validate pneumatic transportation systems.pdf

d. The following sales and strategy materials:

- i. Sales Strategy 2024-2025_DR .pdf
- ii. Motryx Regulatory Strategy.pptx

e. The following brand and logo materials:

- i. 190923 Motryx user experience Courier.pdf

- ii. 190923 Motryx user experience PTS.pdf
- iii. 170628 Social Headers_LinkedIn 1.png
- iv. 170628 Social Headers_LinkedIn 2.png
- v. 190718 Motryx Illustrations-04.png
- vi. Levey-Jennings.jpg
- vii. Motryx Illustration Diagram updated-06.png
- viii. Pitch Slides.pdf
- ix. twitter background 1.jpg
- x. 190925 Motryx VitalFlyer.pdf
- xi. 190609 Motryx Brand guidelines.pdf

f. The following promotional items:

- i. Vitalqc_Intro_DR.pdf
- ii. VitalQC_vs_Competitor.pdf
- iii. 190827 Motryx Whitepaper (1).pdf
- iv. 200617 Case Study_Motryx (1).pdf

g. The following white papers:

- i. Gils et al. 2019 Use of clinical data and acceleration profiles to validate pneumatic transportation systems.pdf
- ii. 190827 Motryx Whitepaper (1).pdf

h. The following methods, procedures, guidelines and designs:

- i. Client Onboarding Template_VitalApp.pdf
- ii. Shipping Procedure.pdf
- iii. Approved_AABB Guide to Pneumatic Tube Delivery Systems_Validation and Use to Transport Blood Components.pdf
- iv. PRE06_Validation_of_External_Transport_Systems_Project_proposal.docx
- v. PRE06_Call_for_Volunteers.docx
- vi. ISO15189_Draft_CD2_October26.pdf

- vii. Collated_comments_ISIRI.doc
- viii. Collated_Comments_Batch_2_May_2020.docx
- ix. Collated_Comments_Batch_1_April_2020.docx
- x. N829_ISO_15189_CD2.docx
- xi. SABS_comments_with_responses.doc
- xii. ISO_commenting_Outcome.docx
- xiii. ISO_commenting_template - FB.docx
- xiv. ISO-TC212_WG1_N0597_Comments.pdf
- xv. ISO_commenting_template - ERIN and FRAN COMMENTS.doc
- xvi. ISO_commenting_Outcome.docx
- xvii. ISO_commenting_template - Lee.doc
- xviii. ISO_commenting_template - FB.docx
- xix. ISO_CD_15189.docx
- xx. Guiding_principles_for_the_revision_of_ISO_15189.docx
- xxi. Code Reviews.docx
- xxii. Hardware Assembly Process.docx
- xxiii. Information Security Standards - v2.docx
- xxiv. P62679US00 - DRAFT Drawings (PDF).pdf
- xxv. P62679US00 - DRAFT Specification.docx
- xxvi. Shipment Process.docx
- xxvii. Support Process.docx
- xxviii. VitalVial Assembly.pages
- xxix. vitalvial_repair.pages
- xxx. 20191216_hardware_engineering_requirement.docx
- xxxi. 20191218_hardware_system_design_document.docx
- xxxii. Motryx VitalVial - New Process Review - 20.May.2020.pdf
- xxxiii. 20200214_power_budget.docx

- xxxiv. 20200214_sensors.docx
- xxxv. 20200226_system_architecture_design.docx
- xxxvi. Design files
- xxxvii. Project Logs for VT1_4
- xxxviii. Project Outputs for VT1_4
- xxxix. VT1_4_Sheets
 - xl. VT1_4_OutJob
 - xli. VT1_4.PrjPcb
 - xlii. VT1_4.PrjPcbStructure
 - xliii. EEMB files
 - xliv. 20200416_PO_sunsel.pdf
 - xlvi. ICOD Payment and Processing_ UPS - United States.pdf
 - xlvi. INV 15897 MOTRYX .pdf
 - xlvi. Motryx AUTH# 086646 (Paid by Visa).pdf
 - xlvi. Q-5956 - Motryx - Encapsulation assembly using vials x 12 - 02-07-20.pdf
 - xlvi. r7pr3cg_p2vUn.pdf
 - li. PKCELL files
 - li. 20200522_VT1.3_Data_Validation_Protocol.docx
 - lii. 20200522_VT1.3_Impact_Validation_Protocol.docx
 - liii. Controlled Firmware.pptx
 - liv. Data Transfer Mechanism.docx
 - lv. Data Transfer Mechanism.pdf
 - lvi. Dataformat.docx
 - lvii. Dataformat.pdf
 - lviii. Document.docx
 - lix. Firmware Design.docx

ix. Firmware Updates.docx

lxi. Interaction between VitalVial and VitalApp through commands and response.docx

lxii. Sensor Control.docx

lxiii. Task Management.docx

lxiv. Hardware Team Expense Proposal.pdf

lxv. Hardware Transactions and Vendors.xlsx

lxvi. Patent Application Supporting Documents

lxvii. Safety Data Sheets

7. any applications or registrations of the foregoing, issued patents, continuations in part, divisional applications or analogous rights therefor, in each case whether registered or not; and
8. all Licenses in respect to any intellectual property;
9. any software or other proprietary information or document embedded in a laptop currently held by the Vendor or by one of its former or current employees.

Schedule 1.1(g) – Licenses

The following subscription agreements:

1. Monthly subscription with Plooto for the accounts payable software;
2. Monthly subscription with Microsoft for the Microsoft Office Suite;
3. Subscription with Xero for the accounts receivable and invoicing software;
4. Monthly and annual subscriptions with Slack for team and internal communication system;
5. Subscription with Dext for the accounting software;
6. Monthly subscription with Wagepoint for payroll software;
7. Yearly subscription with Adobe Acrobat for the document management system;
8. Monthly subscription with Pipedrive for the customer relationship management system;
9. Monthly subscription with AWS for hosting the software infrastructure;
10. Annual subscriptions with GoDaddy for the application domain, motryx.app, motryx.com, motryx.info and Motryx.io;
11. Annual subscription with SSL.com for frontend and backend communication encryption services;
12. Subscription with Gitlab for the IT version control of the source code;

Schedule 1.1(h) – Sale Process

Schedule 2.1(a.1) – Personal and moveable property

All computer hardware, supplies, accessories, and other tangible personal and moveable property including suppliers' lists, computers and equipment provided to and used by the Employees, all inventory in the storage unit or elsewhere, the 280 VitalVials owned by the Vendor and used in connection with the Business, as well as all further VitalVials provided to customers, former customers, and research partners of the Business, including but not limited to:

1. The laptop, monitor, keyboard and mice provided to Ms. Nivashini Sabeshan and Ms. Wendy Casson;
2. The inventory in the storage unit located at 201 Joseph Zatzman Dr Dartmouth, NS B3B 1R5, Canada
3. The following vials in circulation:

Label	Manufacture	Version	Model	Firmware	Institute	# of Vials
VT123134	17.08.2022	VT1.2.1	PTS	v1.2-237.1096ed	Aarhus Universitetshospital	1
VT123135	17.08.2022	VT1.2.1	PTS	v1.2-237.1096ed	Aarhus Universitetshospital	1
VT123136	17.08.2022	VT1.2.1	PTS	v1.2-237.1096ed	Aarhus Universitetshospital	1
VT123138	17.08.2022	VT1.2.1	PTS	v1.2-237.1096ed	Aarhus Universitetshospital	1
VT123178	28.01.2020	VT1.2	PTS	v1.2-237.1096ed	Acreoom	1
VT123169	28.04.2020	VT1.2.1	PTS	v1.2-237.1096ed	Acreoom	1
VT123111	28.04.2020	VT1.2.1	PTS	v1.2-237.1096ed	Acreoom	1
VT123111	31.07.2020	VT1.2.2	PTS	v1.2-237.1096ed	Acreoom	1
VT123127	23.07.2020	VT1.2.2	PTS	v1.2-237.1096ed	Acreoom	1
VT12313	23.07.2020	VT1.2.2	PTS	v1.2-237.1096ed	Acreoom	1
VT12311	23.07.2020	VT1.2.2	PTS	v1.2-237.1096ed	Acreoom	1
VT12315	23.07.2020	VT1.2.2	PTS	v1.2-237.1096ed	Acreoom	1
VT12318	23.07.2020	VT1.2.2	PTS	v1.2-237.1096ed	Acreoom	1
VT12310	23.07.2020	VT1.2.2	PTS	v1.2-237.1096ed	Acreoom	1
VT12322	23.07.2020	VT1.2.2	PTS	v1.2-237.1096ed	Acreoom	1
VT12223	23.07.2020	VT1.2.2	PTS	v1.2-237.1096ed	Acreoom	1
VT12323	23.07.2020	VT1.2.2	PTS	v1.2-237.1096ed	Acreoom	1
VT12325	23.07.2020	VT1.2.2	PTS	v1.2-237.1096ed	Acreoom	1
VT12309	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	Acreoom	1
VT12319	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	Acreoom	1
VT12339	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	Acreoom	1
VT12349	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	Acreoom	1
VT12113	28.04.2020	VT1.2.1	PTS	v1.2-237.1096ed	Acreoom UK	1
VT12330	23.07.2020	VT1.2.2	PTS	v1.2-237.1096ed	Acreoom UK	1
VT12224	23.07.2020	VT1.2.1	PTS	v1.2-237.1096ed	Acreoom UK	1
VT1244	28.01.2020	VT1.2	PTS	v1.2-237.1096ed	Acreoom UK	1
VT1242	10.08.2020	VT1.2	PTS	v1.2-237.1096ed	Acreoom UK	1
VT12100	28.04.2020	VT1.2.1	PTS	v1.2-237.1096ed	Acreoom UK	1
VT12104	28.04.2020	VT1.2.1	PTS	v1.2-237.1096ed	Acreoom UK	1
VT12309	23.07.2020	VT1.2.2	PTS	v1.2-237.1096ed	Acreoom UK	1
VT123113	17.08.2022	VT1.2.3	PTS	v1.2-237.1096ed	Alberta Precision Labs (Arthur Child Cancer Centre)	1
VT123118	17.08.2022	VT1.2.3	PTS	v1.2-237.1096ed	Alberta Precision Labs (Arthur Child Cancer Centre)	1
VT123127	17.08.2022	VT1.2.3	PTS	v1.2-237.1096ed	Alberta Precision Labs (Arthur Child Cancer Centre)	1
VT12397	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Alberta Precision Labs (Arthur Child Cancer Centre)	1
VT123124	17.08.2022	VT1.2.3	PTS	v1.2-237.1096ed	Alberta Precision Labs (Arthur Child Cancer Centre)	1
VT12330	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Blisbjerg Hospital	1
VT12334	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Blisbjerg Hospital	1
VT12356	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Blisbjerg Hospital	1
VT12337	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Blisbjerg Hospital	1
VT12365	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Blisbjerg Hospital	1
VT12375	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Blisbjerg Hospital	1
VT12381	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Blisbjerg Hospital	1
VT12395	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Blisbjerg Hospital	1
VT12367	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Cambridge	1
VT12146	17.08.2022	VT1.2.3	PTS	v1.2-237.1096ed	Cambridge	1
VT12353	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Cambridge	1
VT12378	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Cambridge	1
VT123101	17.08.2022	VT1.2.3	PTS	v1.2-237.1096ed	Carsco	1
VT123102	17.08.2022	VT1.2.3	PTS	v1.2-237.1096ed	Carsco	1
VT12308	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	Carsco/Acreoom	1

VT1201	31.10.2019	VT1.2	PTS	v1.2-237.1096ed	R&D/Couleur/Produit Development - Not for sale
VT1205	03.09.2019	VT1.2	PTS	v1.2-237.1096ed	R&D/Couleur/Produit Development - Not for sale
VT1208	21.08.2019	VT1.2	PTS	v1.2-237.1096ed	R&D/Couleur/Produit Development - Not for sale
VT1213	01.06.2019	VT1.2	PTS	v1.2-237.1096ed	R&D/Couleur/Produit Development - Not for sale
VT0013	05.07.2019	VT1.0	PTS	v1.0-177.41ec23f	Felix Lamiere
VT1230	28.01.2020	VT1.2	PTS	v1.2-237.1096ed	Genetec Bejafat
VT1243	28.01.2020	VT1.2	PTS	v1.2-237.1096ed	Genetec Bejafat
VT1274	16.03.2020	VT1.2	PTS	v1.2-237.1096ed	R&D/Couleur/Produit Development - Not for sale
VT1218	09.09.2019	VT1.2	COURIER	v1.2-237.1096ed	LabCorp - courier model
VT1221	09.09.2019	VT1.2	COURIER	v1.2-237.1096ed	LabCorp - courier model
VT1224	09.09.2019	VT1.2	COURIER	v1.2-237.1096ed	LabCorp - courier model
VT1225	09.09.2019	VT1.2	COURIER	v1.2-237.1096ed	LabCorp - courier model
VT1228	09.09.2019	VT1.2	COURIER	v1.2-237.1096ed	LabCorp - courier model
VT1232	09.09.2019	VT1.2	COURIER	v1.2-237.1096ed	LabCorp - courier model
VT1234	09.09.2019	VT1.2	COURIER	v1.2-237.1096ed	LabCorp - courier model
VT1239	09.09.2019	VT1.2	COURIER	v1.2-237.1096ed	LabCorp - courier model
VT1247	09.09.2019	VT1.2	COURIER	v1.2-237.1096ed	LabCorp - courier model
VT1248	09.09.2019	VT1.2	COURIER	v1.2-237.1096ed	LabCorp - courier model
VT12300	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12301	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12304	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12306	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12311	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12313	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12314	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12316	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12321	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12324	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12325	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12333	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12334	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12335	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12336	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12341	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12342	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12343	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12377	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12380	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT123137	17.08.2021	VT1.2.3	PTS	v1.2-237.1096ed	labquality
VT12331	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	Lund
VT12332	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Lund
VT12339	17.08.2021	VT1.2.3	PTS	v1.2-237.1096ed	Lund
VT12347	17.08.2021	VT1.2.3	PTS	v1.2-237.1096ed	Lund
VT12348	27.11.2020	VT1.2.3	PTS	v1.2-237.1096ed	Motryx available inventory
VT12349	27.11.2020	VT1.2.3	PTS	v1.2-237.1096ed	Motryx available inventory
VT12344	27.11.2020	VT1.2.3	PTS	v1.2-237.1096ed	Motryx available inventory
VT12345	27.11.2020	VT1.2.3	PTS	v1.2-237.1096ed	Motryx available inventory
VT1235	10.03.2020	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT12346	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	Motryx available inventory
VT12372	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Motryx available inventory
VT12312	17.08.2021	VT1.2.3	PTS	v1.2-237.1096ed	Motryx available inventory
VT1012	04.08.2019	VT1.0	PTS	v1.0-177.41ec23f	Motryx available inventory
VT1217	09.11.2019	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT1200	21.08.2019	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT1201	21.08.2019	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT1203	24.09.2019	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT1210	24.09.2019	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT1223	05.09.2019	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT1226	11.10.2019	VT1.2	COURIER	v1.2-237.1096ed	Motryx available inventory
VT1232	11.10.2019	VT1.2	COURIER	v1.2-237.1096ed	Motryx available inventory
VT1236	11.10.2019	VT1.2	COURIER	v1.2-237.1096ed	Motryx available inventory
VT1241	09.09.2019	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT1243	11.10.2019	VT1.2	COURIER	v1.2-237.1096ed	Motryx available inventory
VT1252	30.01.2020	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT1260	10.09.2019	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT1271	10.03.2020	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT1284	07.10.2019	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT1291	25.11.2019	VT1.2	COURIER	v1.2-237.1096ed	Motryx available inventory
VT1292	07.10.2019	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT1296	07.10.2019	VT1.2	PTS	v1.2-237.1096ed	Motryx available inventory
VT1298	11.10.2019	VT1.2	COURIER	v1.2-237.1096ed	Motryx available inventory
VT12315	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	Motryx available inventory
VT12317	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	Motryx available inventory
VT12319	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Motryx available inventory
VT123110	17.08.2021	VT1.2.3	PTS	v1.2-237.1096ed	Motryx available inventory

[illegible]

VT1249	24.01.2020	VT1.2	PTS	v1.2-237.1096ed	Roche	1
VT1254	10.01.2020	VT1.2	PTS	v1.2-237.1096ed	Roche	1
VT1263	10.01.2020	VT1.2	PTS	v1.2-237.1096ed	Roche	1
VT12210	23.01.2020	VT1.2	PTS	v1.2-237.1096ed	Roche	1
VT12313	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Sheffield Hospital	1
VT123109	17.04.2022	VT1.2.3	PTS	v1.2-237.1096ed	Sheffield Hospital	1
VT123119	17.04.2022	VT1.2.3	PTS	v1.2-237.1096ed	Sheffield Hospital	1
VT123129	17.04.2022	VT1.2.3	PTS	v1.2-237.1096ed	Sheffield Hospital	1
VT12309	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Sunnybrook	1
VT123122	17.04.2022	VT1.2.3	PTS	v1.2-237.1096ed	Sunnybrook	1
VT123125	17.04.2022	VT1.2.3	PTS	v1.2-237.1096ed	Sunnybrook	1
VT123131	17.04.2022	VT1.2.3	PTS	v1.2-237.1096ed	Sunnybrook	1
VT1268	10.03.2020	VT1.2	PTS	v1.2-237.1096ed	Uniklinikum Salzburg	1
VT1273	10.03.2020	VT1.2	PTS	v1.2-237.1096ed	Uniklinikum Salzburg	1
VT1245	28.01.2020	VT1.2	PTS	v1.2-237.1096ed	Universität Gießen	1
VT1254	28.01.2020	VT1.2	PTS	v1.2-237.1096ed	Universität Gießen	1
VT1279	07.10.2019	VT1.2	PTS	v1.2-237.1096ed	Universität Leipzig	1
VT1280	07.10.2019	VT1.2	PTS	v1.2-237.1096ed	Universität Leipzig	1
VT12301	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Universität Leipzig	1
VT12385	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Universität Leipzig	1
VT12386	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Universität Leipzig	1
VT12390	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Universität Leipzig	1
VT1219	07.10.2019	VT1.2	PTS	v1.2-237.1096ed	R&D/CounterProduct Development - Not for sale	1
VT1223	04.11.2019	VT1.2	PTS	v1.2-237.1096ed	R&D/CounterProduct Development - Not for sale	1
VT12326	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	UPenn	1
VT12328	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	UPenn	1
VT12339	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	UPenn	1
VT12330	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	UPenn	1
VT12331	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	UPenn	1
VT12332	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	UPenn	1
VT12323	07.12.2020	VT1.2.3	PTS	v1.2-237.1096ed	Wendy	1
VT12398	14.10.2021	VT1.2.3	PTS	v1.2-237.1096ed	Wendy	1
Totals						233

Schedule 2.1(a.2) – Accessories

The magnet switches, VitalVial cases, USB cables, USB hubs, and Notebooks which consist of the accessories required for the VitalQC system, and any materials or components which may have been bought in advance for the purpose of building new vials, including but not limited to:

[illegible]

[illegible]

[illegible]

Schedule 2.1(h) – Claims

All claims of the Vendor relating to the Business or the Purchased Assets whether choate or inchoate, known or unknown, contingent or otherwise, including but not limited to claims for outstanding payments from Roche Diagnostics International Ltd, Roche Diagnostics International AG and Labquality Oy in connection with subscriptions from those companies existing at the Closing Date,

Schedule "B"

Form of Non-Disclosure Agreement

RECIPROCAL CONFIDENTIALITY & NON-DISCLOSURE AGREEMENT

THIS AGREEMENT DATED as of the ____ day of _____, 202__

BETWEEN:

MOTRYX INC

-and-

XXXXX

WHEREAS Motryx Inc. and XXXXX have entered into or are considering entering into a business transaction;

AND WHEREAS it may be necessary for one party (the "Disclosing Party") to disclose to the other party (the "Recipient") from time-to-time certain Confidential Information (as hereinafter defined);

AND WHEREAS Motryx Inc. and XXXXX, respectively, desire to maintain the confidentiality of any Confidential Information disclosed to it by the other party, and to induce each party to disclose its Confidential Information, each party is willing to agree to accept the disclosure of Confidential Information on a confidential basis under the terms and conditions of this Agreement;

THEREFORE in consideration of the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, Motryx Inc. and XXXX agree as follows:

1. Definition of Confidential Information

- 1.01 Subject to Section 1.02 below, "Confidential Information" shall mean any information disclosed or provided by either party to the other party, consisting of information relating to the business, financial condition, operations or affairs of Motryx Inc., any other of its affiliates, subsidiaries and related entities, or the business, financial condition, operations or affairs of XXXX. By way of example but not by way of limitation, Confidential Information includes corporate records, financial data, technical data, research and development projects and results, marketing approaches, marketing plans and materials, products, processes, operations, any proprietary documentation, formulas, codes, flow charts, software, computer instructions, techniques, models, information, diagrams, know-how, trade secrets, data, designs, formats, analyses, strategies, forecasts and names, addresses, employee information and any customer information. Confidential Information includes not only written information, but information transferred orally, visually, electronically or by any other means. All information will be Confidential Information if it is so marked or otherwise identified as such, or when by its very nature, it deals with matters that if generally known to competitors, would be damaging to the party who provided the information.

1.02 Confidential Information shall not include the following:

- (a) Information which was already in the Recipient's possession before disclosure by the Disclosing Party, and said information was received by the Recipient without the obligation of confidence;
- (b) Information which is developed independently by the Recipient without use of or reference to the Disclosing Party's Confidential Information;
- (c) Information which is or becomes publicly available without breach of this Agreement by the Recipient; and
- (d) Information which is rightfully received by the Recipient from a third party that had no obligation of confidence with respect to such information.

2. Use of Confidential Information

2.01 Neither party shall, either directly or indirectly, use the Confidential Information for the design or creation of any product or service, or use the Confidential Information in any other manner or for any purpose other than to evaluate a proposed business relationship between the parties or as reasonably required for the purposes of an existing business relationship between the parties.

2.02 Neither party shall, during the term of this Agreement, or at any time following termination of this Agreement for any reason whatsoever, use any Confidential Information to solicit any business from the customers of the other party or any of its affiliates, subsidiaries and related entities.

3. Disclosure of Confidential Information

3.01 The Recipient shall keep the Confidential Information of the Disclosing Party in strict confidence. The Recipient party shall not directly or indirectly disclose, allow access to, transmit, or transfer the Confidential Information of the Disclosing Party to a third party except; (i) to those of its employees, directors or agents who have an actual need to know the Confidential Information for the purposes of the business relationship, or (ii) where prior written consent is provided by the Disclosing Party. The Recipient shall ensure that anyone who it discloses the Disclosing Party's Confidential Information to has agreed to receive and use the Confidential Information on substantially similar conditions as contained in this Agreement.

3.02 In the event that the Recipient is legally compelled to disclose any of the Disclosing Party's Confidential Information, it shall cooperate with the Disclosing Party by providing it with prompt written notice of such requirement so that the Disclosing Party may seek a protective order or other appropriate remedy. In the event that such protective order or other remedy is not obtained, the Recipient agrees to furnish only that portion of the Confidential Information, which is legally required, and such disclosure will not result in any liability hereunder.

4. Rights in Confidential Information

- 4.01 All rights, title and interest in and to the Confidential Information shall remain the exclusive property of the Disclosing Party, and nothing contained in this Agreement shall be construed as granting any rights, by license or otherwise, to any Confidential Information disclosed pursuant to this Agreement.

5. Breach of Agreement, Liabilities and Remedies

- 5.01 Each party shall promptly report to the other party any actual or suspected breach of this Agreement and will take all reasonable measures requested by the other party to prevent, control or remedy any such breach.
- 5.02 The Recipient will be liable for all costs, expenses and damages arising from any intentional disclosure of the Disclosing Party's Confidential Information and any unintentional disclosure of such Confidential Information where the Recipient did not exercise a reasonable and prudent standard of care.
- 5.03 Each party agrees that money damages may not be a sufficient remedy for any breach of this Agreement by either party and that the other party may be entitled, in addition to any other rights or remedies that it may have, to equitable relief, including injunction and specific performance, in the event of any breach of this Agreement. Such remedy shall not be deemed to be the exclusive remedy for a breach of this Agreement but shall be in addition to all other remedies available at law or in equity.

6. Return of Confidential Information

- 6.01 Upon the earlier to occur of: (i) the expiration or termination of this Agreement, or (ii) written request by the Disclosing Party, the Recipient will make no further use of the Disclosing Party's Confidential Information and shall immediately return or destroy all such Confidential Information in its possession, custody or control, including any and all copies or duplicates of the Confidential Information.

7. Term of Agreement

- 7.01 This Agreement and each party's obligations under this Agreement shall survive until three (3) years from the date of this Agreement, or one (1) year from the date of termination of the business transaction or relationship, whichever is later.

8. Governing Law

- 8.01 This Agreement shall be governed by, subject to, interpreted and enforced in all respects in accordance with the laws which apply in the province of Nova Scotia, and the parties shall submit to the jurisdiction of the courts of the province of Nova Scotia for any litigation arising under this Agreement.

9. **Miscellaneous**

- 9.01 This Agreement shall not constitute any guarantee, representation or warranty, express or implied to either party with respect to the value, completeness or accuracy of the Confidential Information.
- 9.02 The entering into of this Agreement shall not constitute any obligation on the part of either party to enter into any further agreement with the other party.
- 9.03 This Agreement shall not be construed as a teaming, joint venture, agency, partnership or such arrangement. Nothing in this Agreement shall grant to either party the right to make commitments of any kind for or on behalf of the other party without the prior written consent of that other party.
- 9.04 If it is held by a court or other lawful authority of competent jurisdiction that any provision of this Agreement or part thereof is void, illegal, invalid or unenforceable then such provision or part shall be deemed stricken, and the remaining provisions shall be severable and remain valid, in full force and effect.
- 9.05 Neither party to this Agreement shall assign this Agreement or any rights or obligations under this Agreement without the prior written consent of the other party, and any attempt to do so without consent shall be null, void and of no effect.
- 9.06 This Agreement shall be binding upon and enure to the benefit of the respective successors and permitted assigns of each party.
- 9.07 No provision of this Agreement shall be deemed waived, and no breach excused, unless such waiver or consent excusing the breach shall be in writing and signed by the party to be charged with such waiver or consent. The failure of either party to demand strict performance by the other party of any of the provisions of the Agreement will not be a waiver or relinquishment of any rights under this Agreement. Either party may at any later time demand strict and complete performance by the other party of the Agreement.
- 9.08 This Agreement shall be constructed in accordance with the plain meaning of its language and neither for nor against the drafting party.
- 9.09 For any notice under this Agreement to be effective it must be made in writing and sent to the address of the appropriate party set out above, unless such party has notified the other party, in accordance with the provisions of this section, of a new mailing address.
- 9.10 This Agreement may not be amended or modified except in writing signed by both parties hereto.
- 9.11 This Agreement may be executed in several electronic counterparts, each of which when so executed shall constitute an original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

MOTRYX INC.

By: _____

Name: Niva Sabeshan

Title: President

XXXXXXX

**IN THE SUPREME COURT
COUNTY OF HALIFAX, N.S.**

I hereby certify that the foregoing is a true copy of the original order on file herein.

Dated the 20 day of December
A.D., 20 24


DEPUTY REGISTRAR

SHYLA FURLONG
Deputy Registrar of
Bankruptcy



Telephone: (902) 425-3100
Fax: (902) 425-3777
www.bdo.ca

BDO Canada Limited
255 Lacewood Drive
Suite 201
Halifax NS B3M 4G2 Canada

Appendix H

District of Nova Scotia
Division No. 1 - Halifax
Court File No. 45907
Estate No. 51-3134197

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, C. B-3,
AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF MOTRYX INC.**

**FOURTH REPORT OF THE PROPOSAL TRUSTEE
January 13, 2025**

TABLE OF CONTENTS

INTRODUCTION.....	4
PURPOSE	5
TERMS OF REFERENCE	6
ACTIVITIES OF THE COMPANY	7
ACTIVITIES OF THE PROPOSAL TRUSTEE	7
CASH FLOW FORECAST AND ACTUAL RESULTS.....	9
SALE PROCESS.....	10
PROPOSED STAY PERIOD EXTENSION.....	11
PROPOSAL TRUSTEE RECOMMENDATIONS.....	11

LIST OF APPENDICES

Appendix A - First Report of the Proposal Trustee dated October 16, 2024

Appendix B - Initial Order granted by the Court on October 22, 2024

Appendix C - Critical Supplier Order granted by the Court on October 22, 2024

Appendix D - Second Report of the Proposal Trustee dated December 2, 2024

Appendix E - Second Extension Order granted by the Court on December 5, 2024

Appendix F - Third Report of the Proposal Trustee dated December 16, 2024

Appendix G - Sale and Investment Solicitation Process Order granted on December 20, 2024

Appendix H - Company's Cash Flow Variance Report for the period ended January 10, 2025

INTRODUCTION

1. On September 27, 2024, (the “**Filing Date**”), Motryx Inc. (“**Motryx**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). BDO Canada Limited, a Licensed Insolvency Trustee, was named proposal trustee (“**Proposal Trustee**”) in the Company’s proposal proceedings (the “**Proposal Proceedings**”).
2. On October 16, 2024, the Proposal Trustee prepared a report (the “**First Report**”) to the Supreme Court of Nova Scotia (the “**Court**”) in advance of the Company’s motion on October 22, 2024. A copy of the First Report (without appendices) is attached hereto as **Appendix “A”**. A high-level overview of the Company’s history, operations, its assets, the sole secured creditor involved in these proceedings, and the events giving rise to the Company’s decision to file an NOI pursuant to the provisions of the BIA are included within the First Report.
3. On October 22, 2024, the Court issued an order (the “**Initial Order**”) to grant the following material relief:
 - a. extending the initial stay period from October 27, 2024 up to and including December 6, 2024;
 - b. approving an administration charge (the “**Administration Charge**”) in the amount of \$125,000, in favour of the Company’s counsel, the Proposal Trustee and its counsel against the Company’s assets (the “**Assets**”), as security for their respective fees and disbursements incurred at the standard rates and charges of the professionals involved with the Company’s restructuring; and
 - c. approving the debtor-in-possession financing (the “**DIP Financing**”) to be provided by Aerocom GmbH & Co. (“**Aerocom**” or the “**DIP Lender**”) and the associated DIP Financing charge (the “**DIP Financing Charge**”) against the Company’s Assets.

A copy of the Initial Order granted by the Court is attached hereto as **Appendix “B”**.

4. Also on October 22, 2024, the Court issued an order (the “**Critical Supplier Order**”) authorizing the Company to make certain payments to current employees for pre-filing payroll and related source deductions, an employee expense reimbursement, and to pay certain critical suppliers for pre-filing obligations. A copy of the Critical Supplier Order granted by the Court is attached hereto as **Appendix “C”**.

5. On December 2, 2024, the Proposal Trustee prepared a report (the **"Second Report"**) to the Court in advance of the Company's motion on December 5, 2024. A copy of the Second Report (without appendices) is attached hereto as **Appendix "D"**.
6. On December 5, 2024, the Court issued an order (the **"Second Extension Order"**) extending the stay period from December 6, 2024 up to and including January 17, 2024. A copy of the Second Extension Order granted by the Court is attached hereto as **Appendix "E"**.
7. On December 16, 2024, the Proposal Trustee prepared a report (the **"Third Report"**) to the Court in advance of the Company's motion on December 20, 2024. A copy of the Third Report (without appendices) is attached hereto as **Appendix "F"**.
8. On December 20, 2024, the Court issued an order (the **"Sale and Investment Solicitation Process Order"**) to grant the following material relief:
 - a. approving the sale and investment solicitation process (the **"Sale Process"**), and authorizing the Proposal Trustee to conduct the Sale Process; and
 - b. approving the stalking horse asset purchase agreement dated December 13, 2024 (the **"Stalking Horse Agreement"**), between the Company (as the **"Vendor"**) and Aerocom, or its nominee (as the **"Stalking Horse Purchaser"**).

A copy of the SISP and Stalking Horse Agreement Order granted by the Court is attached hereto as **Appendix "G"**.

PURPOSE

9. The purpose of this fourth report of the Proposal Trustee (the **"Fourth Report"**) is to:
 - a. provide the Court with updates on the activities of the Company and the Proposal Trustee in relation to the Proposal Proceedings;
 - b. discuss cash flow variances arising to date with respect to the Company's 13-week cash flow forecast and the Proposal Trustee's comments regarding the reasonableness thereof;
 - c. provide the Court with an update on the Sale Process;
 - d. provide the Court with information regarding the Company's motion to seek an order (the **"Proposed Order"**):
 - i. extending the time for the Company to file a proposal under section 50.4(9) of the BIA by 45 days up to and including March 3, 2025; and

- ii. approving such further and other relief as the Court may deem just and equitable.
 - e. the Proposal Trustee's recommendations on the relief being sought by the Company.
- 10. Copies of Court materials filed in these proceedings may be obtained from the Proposal Trustee's website established in connection with the NOI administration
<https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/motryx>.

TERMS OF REFERENCE

- 11. In preparing this Fourth Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon unaudited financial information, books and records and financial information prepared by the Company, discussions with the management and employees of the Company and other information from various sources (collectively the "Information").
 - 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 the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the Information; and
 - b. Some of the Information referred to in this Fourth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accounts Canada Handbook, has not been performed.
- 12. Future-oriented financial information referred to in this Fourth 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 variations could be significant.
- 13. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in this Fourth Report concerning the Company and its business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
- 14. All references to monetary amounts in this Fourth Report are in Canadian dollars unless otherwise noted.

ACTIVITIES OF THE COMPANY

15. Since the second extension of the Proposal Proceedings was granted on December 5, 2024, the Company, among other things, has:
- a. continued to negotiate and arrange for the post filing support of its customers and channel partners as the Company continued to operate;
 - b. continued to service existing customer contracts, progress business leads to generate new sales, and monitor and collect accounts receivable;
 - c. consulted with the Proposal Trustee in respect of operations, cash management, and vendor and supplier payments;
 - d. continued to engage with the Royal Bank of Canada ("RBC"), with the assistance of the Proposal Trustee, with respect to the restructuring proceeding;
 - e. continued to assist the Proposal Trustee in the finalizing of a comprehensive prospective purchaser's list, a teaser document (the "Teaser Letter"), and the population of a virtual data room ("VDR") with respect to the Sale Process;
 - f. monitored and reported to the Proposal Trustee the actual weekly cash flows as compared to the Second Cash Flow Forecast filed by the Company on December 2, 2024 and reported on by the Proposal Trustee within the Second Report also dated December 2, 2024;
 - g. reported periodically to the DIP Lender on the Company's actual cash flow results and the variances as compared to the Second Cash Flow Forecast to ensure the continued receipt of the DIP Financing;
 - h. engaged with counsel for Aerocom and the Proposal Trustee to provide all information required with respect to Aerocom's advanced due diligence procedures and the execution of the Stalking-Horse Agreement;
 - i. engaged with the DIP Lender with respect to the negotiation of an amended DIP Loan Agreement; and
 - j. responded to requests from the Proposal Trustee as regards the Sale Process.

ACTIVITIES OF THE PROPOSAL TRUSTEE

16. The Proposal Trustee's website has been updated to include all Court documents and certain other relevant documents that have and continue to be made available with respect to the Proposal Proceedings.

17. Since the second extension to the Proposal Proceedings, the Proposal Trustee, among other things, has:

- a. completed statutory forms and e-filed such reports with the Office of the Superintendent of Bankruptcy;
- b. participated in various meetings with the Company' CEO and Vice President ("VP") of Business Development with respect to the Company's business operations, assets including intellectual property, cash management, and vendor and supplier management;
- c. assisted the Company with stakeholder communications;
- d. responded to calls and e-mails received from creditors, including Motryx's primary secured creditor RBC, and former employees, and other parties with respect to the Proposal Proceedings;
- e. assisted in the formulation of the Sale Process, including related procedures and timelines;
- f. participated in various meetings with the Company's CEO and VP to gather information requirements to develop and finalize the VDR, the Teaser Letter and other promotional information, and to develop a prospective purchaser list to market the acquisition opportunity;
- g. assisted management in its engagement with Aerocom and its counsel to help facilitate the Aerocom's advanced due diligence procedures, including providing access to the VDR and providing additional detailed information requested, with respect to the execution of the Stalking-Horse Agreement;
- h. reviewed weekly Company reporting on actual cash flows as compared to the Second Cash Flow Forecast;
- i. assisted management in reporting periodically to the DIP Lender on cash flow variances as compared to the Second Cash Flow Forecast to ensure the receipt of DIP Financing;
- j. prepared the Third Report to the Court in advance of the Company's motion on December 20, 2024 seeking approval of the Sale Process and the Stalking Horse Agreement;
- k. commenced the Sale Process by issuing notification emails to parties on the prospective purchaser list and providing access to the virtual data room where executed non-disclosure agreements were obtained. More details on specific activities of the Proposal Trustee with respect to the Sale Process are provided herein;

- l. engaged with Motryx management and its counsel with respect to the execution of an Amended DIP Agreement with the DIP Lender; and
- m. prepared this Fourth Report.

CASH FLOW FORECAST AND ACTUAL RESULTS

18. Attached as Appendix D to the Second Report was the Company's 13-week cash flow forecast (the "Second Cash Flow Forecast"), covering the period December 2, 2024, to February 28, 2025 (the "Second Cash Flow Period").
19. Attached as Appendix "H" to this Fourth Report is a variance analysis comparing the Company's actual cash flows to the Second Cash Flow Forecast during the period December 2, 2024, to January 10, 2025 (the "Cash Flow Period").
20. The Company's actual cash flow from operations during the Cash Flow Period was approximately \$78,000 favourable to forecast. The variance is primarily attributable to the following:
 - a. accounts receivable collections were approximately \$39,000 favourable to forecast primarily due to management closing new sales contracts with two new hospital clients in recent weeks;
 - b. DIP Financing collections were \$40,000 unfavourable to forecast. The Second Cash Flow Forecast included an amendment to the DIP Loan Agreement to increase the DIP Financing by \$40,000. The DIP Lender has indicated willingness to increase the DIP Financing, subject to Court approval, and terms of an amendment to the DIP Loan Agreement are being finalized;
 - c. professional and restructuring fees were approximately \$25,000 favourable to forecast which is primarily timing in nature as various professional and restructuring fee invoices remain to be processed; and
 - d. legal fees were approximately \$9,000 favourable to forecast which is primarily timing in nature as various legal fee invoices related to Company patents remain to be processed.
21. Based on the Proposal Trustee's review of actual cash flow from operations during the Cash Flow Period, and the Second Cash Flow Forecast during the remainder of the Second Cash Flow Period (the seven-week period from January 13, 2025, to February 28, 2025), the Second Cash Flow Forecast continues to illustrate that the Company is projecting to be cash flow neutral with obligations for operations and restructuring professionals to be funded by the DIP Loan. Further, the Company anticipates executing an amendment to the DIP Loan Agreement in the

near-term which, subject to Court approval, would provide an additional \$40,000 in DIP Financing to fund operations during the Proposal Proceedings.

SALE PROCESS

22. Pursuant to the Sale and Investment Solicitation Process Order, the Proposal Trustee commenced the Sale Process on December 23, 2024. The Proposal Trustee sent email notifications to 103 known potential bidders (88 strategic bidders and 15 financial bidders) on December 23, 2024, to inform of the acquisition opportunity while delivering the Teaser Letter and the non-disclosure agreement (“NDA”).
23. The Proposal Trustee also arranged notices of the Sale Process to be placed in the following publications:
 - a. the Insolvency Insider website commencing on December 23, 2024;
 - b. the Globe and Mail on December 24, 2024; and
 - c. the Chronicle Herald on December 24, 2024.
24. On January 6, 2025, the Proposal Trustee sent email notifications, along with the Teaser Letter and the NDA, to two (2) additional potential bidders (1 strategic bidder and 1 financial bidder) that requested more information in response to the above noted publications.
25. On January 8, 2025, the Proposal Trustee sent email notifications to all known potential bidders who had yet to respond to the email sent on December 23, 2024, as a reminder of the acquisition opportunity.
26. As of the date of this Fourth Report, the Proposal Trustee has been in contact with 105 potential bidders (89 strategic bidders and 16 financial bidders) to inform of the acquisition opportunity, of which three (3) potential bidders have signed NDAs and have been granted access to the VDR, and 19 potential bidders have expressed no interest. Two (2) of the parties that have been granted access to the VDR have scheduled meetings with Motryx management and the Proposal Trustee to discuss the acquisition opportunity during the week ending January 17, 2025. The VDR includes details with respect to the Sale Process including the Sale and Investment Solicitation Process Order and the Stalking Horse Agreement. A summary of Sale Process activity to date is provided in the table below:

	Strategic	Financial	Total
Potential Bidders	89	16	105
Expressed no interest	15	4	19
No response to date	71	12	83
Signed NDAs and granted VDR access	3	0	3

PROPOSED STAY PERIOD EXTENSION

27. Pursuant to Section 69(1) of the BIA, the effect of the filing of the NOI is an automatic stay of proceedings (the “**Stay Period**”) against the Company for an initial period of 30 days. The Stay Period was subsequently extended through December 6, 2024 by order of the Court dated October 22, 2024, and again through January 17, 2025 by Order of the Court dated December 5, 2024.
28. The Company now seeks an extension of time to file a proposal for an additional 45 days to and including March 3, 2025 (the “**Proposed Stay Extension**”). The Proposed Stay Extension should permit the Proposal Trustee to advance and conclude the Sale Process. Without the Proposed Stay Extension, the Company will not be in a position to make a viable proposal to its creditors and will become bankrupt to the detriment of its stakeholders.
29. It is the Proposal Trustee’s view, based on the Second Cash Flow Forecast, including the additional funding anticipated under the Amended DIP Loan, the Company will have sufficient liquidity to advance and conclude the Sale Process and to satisfy post filing obligations as they come due during the Proposed Stay Extension.
30. In the Proposal Trustee’s view, Motryx has acted and continues to act in good faith and with due diligence. The Proposal Trustee respectfully submits that the Company will likely be able to make a viable proposal if the Proposed Stay Extension is granted.
31. Based on the information presently available, the Proposal Trustee believes that the Company’s creditors will not be materially prejudiced by the Proposed Stay Extension. Furthermore, the Proposal Trustee is not aware of any creditor who opposes the requested extension of the Stay Period.

PROPOSAL TRUSTEE RECOMMENDATIONS

32. In the Proposal Trustee’s view, Motryx has acted and continues to act in good faith and with due diligence. The Proposal Trustee respectfully submits that the Company will likely be able to make a viable proposal if the Proposed Stay Extension is granted and that no creditor will be materially prejudiced by the granting of the extension.
33. Based on the foregoing, the Proposal Trustee recommends that this Court grant the Proposed Order extending the Initial Stay Period from January 17, 2025 up to and including March 3, 2025.

All of which is submitted to this Court on this 13th day of January 2025.

BDO CANADA LIMITED

Acting in its capacity as

Licensed Insolvency Trustee under the

Notice of Intention to Make a Proposal of Motryx Inc.

and not in its personal capacity.

Per:



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

Form 78.05

District of: Nova Scotia
Division of: 01-Halifax
Court No. 45907
Estate No. 51-3134197

Bankruptcy Court

JAN 16 2025

Halifax, N.S.

**Supreme Court of Nova Scotia
In Bankruptcy and Insolvency**

**In the matter of the Notice of Intention to make a proposal of Motryx Inc. pursuant to the
Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended**



ORDER

Before the Registrar in Bankruptcy, Raffi A. Balmanoukian, in chambers

THIS MOTION made by Motryx Inc. (the "**Applicant**" or the "**Company**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended, (the "**BIA**") for an order abridging the time to hear this motion, if required, and extending the time to file a proposal pursuant to s. 50.4(9) of the BIA up to and including February 28, 2025;

ON READING the Fourth Report of BDO Canada Limited, in its capacity as Proposal Trustee of the Applicant (the "**Proposal Trustee**")

ON HEARING the submission of counsel for the Applicant and the Proposal Trustee, and such other counsel that were present, and no one else appearing for any party although duly served;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the notice of application and the materials filed as set out in the affidavit of service is hereby deemed adequate notice so that this application is properly returnable on January 16, 2025, and hereby dispenses with further service thereof.

STAY OF PROCEEDINGS

2. **THIS COURT ORDERS** that pursuant to s. 50.4(9) of the BIA, the time for the Company to file a proposal with the Official Receiver be and is hereby extended to February 28, 2025 (the "**Stay Period**")

GENERAL

3. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Atlantic Time on January 16, 2025.

Issued January 16, 2025


Deputy Registrar

SHYLA FURLONG
Deputy Registrar of
Bankruptcy

**IN THE SUPREME COURT
COUNTY OF HALIFAX, N.S.**

I hereby certify that the foregoing is a true copy of the original order on file herein.

Dated the 16 day of January
A.D., 2025.


DEPUTY REGISTRAR

SHYLA FURLONG
Deputy Registrar of
Bankruptcy



Telephone: (902) 425-3100
Fax: (902) 425-3777
www.bdo.ca

BDO Canada Limited
255 Lacewood Drive
Suite 201
Halifax NS B3M 4G2 Canada

District of Nova Scotia
Division No. 1 - Halifax
Court File No. 45907
Estate No. 51-3134197

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C., 1985, C. B-3,
AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF MOTRYX INC.**

**FIFTH REPORT OF THE PROPOSAL TRUSTEE
February 19, 2025**

TABLE OF CONTENTS

INTRODUCTION.....	4
PURPOSE	5
TERMS OF REFERENCE	6
ACTIVITIES OF THE COMPANY	7
ACTIVITIES OF THE PROPOSAL TRUSTEE	8
CASH FLOW FORECAST AND ACTUAL RESULTS.....	9
SALE PROCESS.....	10
PROPOSED STAY PERIOD EXTENSION.....	11
PROPOSED AMENDMENT TO DIP FINANCING CHARGE	11
DEEMED TRUST CLAIM	12
PROPOSAL TRUSTEE RECOMMENDATIONS.....	12

LIST OF APPENDICES

- Appendix A - First Report of the Proposal Trustee dated October 16, 2024
- Appendix B - Initial Order granted by the Court on October 22, 2024
- Appendix C - Critical Supplier Order granted by the Court on October 22, 2024
- Appendix D - Second Report of the Proposal Trustee dated December 2, 2024
- Appendix E - Second Extension Order granted by the Court on December 5, 2024
- Appendix F - Third Report of the Proposal Trustee dated December 16, 2024
- Appendix G - Sale and Investment Solicitation Process Order granted on December 20, 2024
- Appendix H - Fourth Report of the Proposal Trustee dated January 13, 2024
- Appendix I - Third Extension Order granted by the Court on January 16, 2025
- Appendix J - Company's Cash Flow Variance Report for the period ended February 14, 2025
- Appendix K - Company's Third Cash Flow Forecast dated February 19, 2025
- Appendix L - Proposal Trustee's Report on Cash Flow Statement dated February 19, 2025

INTRODUCTION

1. On September 27, 2024, (the “**Filing Date**”), Motryx Inc. (“**Motryx**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). BDO Canada Limited, a Licensed Insolvency Trustee, was named proposal trustee (“**Proposal Trustee**”) in the Company’s proposal proceedings (the “**Proposal Proceedings**”).
2. On October 16, 2024, the Proposal Trustee prepared a report (the “**First Report**”) to the Supreme Court of Nova Scotia (the “**Court**”) in advance of the Company’s motion on October 22, 2024. A copy of the First Report (without appendices) is attached hereto as **Appendix “A”**. A high-level overview of the Company’s history, operations, its assets, the sole secured creditor involved in these proceedings, and the events giving rise to the Company’s decision to file an NOI pursuant to the provisions of the BIA are included within the First Report.
3. On October 22, 2024, the Court issued an order (the “**Initial Order**”) to grant the following material relief:
 - a. extending the initial stay period from October 27, 2024 up to and including December 6, 2024;
 - b. approving an administration charge (the “**Administration Charge**”) in the amount of \$125,000, in favour of the Company’s counsel, the Proposal Trustee and its counsel against the Company’s assets (the “**Assets**”), as security for their respective fees and disbursements incurred at the standard rates and charges of the professionals involved with the Company’s restructuring; and
 - c. approving the debtor-in-possession financing (the “**DIP Financing**”) to be provided by Aerocom GmbH & Co. (“**Aerocom**” or the “**DIP Lender**”) and the associated DIP Financing charge (the “**DIP Financing Charge**”) against the Company’s Assets.

A copy of the Initial Order granted by the Court is attached hereto as **Appendix “B”**.

4. Also on October 22, 2024, the Court issued an order (the “**Critical Supplier Order**”) authorizing the Company to make certain payments to current employees for pre-filing payroll and related source deductions, an employee expense reimbursement, and to pay certain critical suppliers for pre-filing obligations. A copy of the Critical Supplier Order granted by the Court is attached hereto as **Appendix “C”**.

5. On December 2, 2024, the Proposal Trustee prepared a report (the **"Second Report"**) to the Court in advance of the Company's motion on December 5, 2024. A copy of the Second Report (without appendices) is attached hereto as **Appendix "D"**.
6. On December 5, 2024, the Court issued an order (the **"Second Extension Order"**) extending the stay period from December 6, 2024 up to and including January 17, 2024. A copy of the Second Extension Order granted by the Court is attached hereto as **Appendix "E"**.
7. On December 16, 2024, the Proposal Trustee prepared a report (the **"Third Report"**) to the Court in advance of the Company's motion on December 20, 2024. A copy of the Third Report (without appendices) is attached hereto as **Appendix "F"**.
8. On December 20, 2024, the Court issued an order (the **"Sale and Investment Solicitation Process Order"**) to grant the following material relief:
 - a. approving the sale and investment solicitation process (the **"Sale Process"**), and authorizing the Proposal Trustee to conduct the Sale Process; and
 - b. approving the stalking horse asset purchase agreement dated December 13, 2024 (the **"Stalking Horse Agreement"**), between the Company (as the **"Vendor"**) and Aerocom, or its nominee (as the **"Stalking Horse Purchaser"**).

A copy of the **Sale and Investment Solicitation Process Order** granted by the Court is attached hereto as **Appendix "G"**.

9. On January 13, 2025, the Proposal Trustee prepared a report (the **"Fourth Report"**) to the Court in advance of the Company's motion on January 16, 2025. A copy of the Fourth Report (without appendices) is attached hereto as **Appendix "H"**.
10. On January 16, 2025, the Court issued an order (the **"Third Extension Order"**) extending the stay period from January 17, 2025 up to and including February 28, 2025. A copy of the Third Extension Order granted by the Court is attached hereto as **Appendix "I"**.

PURPOSE

11. The purpose of this fifth report of the Proposal Trustee (the **"Fifth Report"**) is to:
 - a. provide the Court with updates on the activities of the Company and the Proposal Trustee in relation to the Proposal Proceedings;

- b. discuss cash flow variances arising to date with respect to the Company's 13-week cash flow forecast and the Proposal Trustee's comments regarding the reasonableness thereof;
 - c. provide the Court with an update on the Sale Process;
 - d. provide the Court with information regarding the Company's motion to seek an order (the "Proposed Order"):
 - i. extending the time for the Company to file a proposal under section 50.4(9) of the BIA by 26 days up to and including March 26, 2025, the maximum extension allowable under the BIA;
 - ii. authorizing the Company to enter into an amended financing term sheet dated February 12, 2025 (the "Amended DIP Agreement") with Aerocom GmbH & Co. ("Aerocom"), as lender (the "DIP Lender"), and granting an amendment to the associated debtor-in-possession financing charge (the "Amended DIP Financing Charge") against the Company's Assets; and
 - iii. approving such further and other relief as the Court may deem just and equitable.
 - e. Provide the Court with an update with respect to a potential deemed trust claim of the Canada Revenue Agency ("CRA") for unremitted source deductions; and
 - f. the Proposal Trustee's recommendations on the relief being sought by the Company.
12. The Proposal Trustee understands that the Company will be relying on the Affidavit of Ms. Niva Sabeshan, Chief Executive Officer ("CEO") of Motryx, sworn February 18, 2025 (the "Sabeshan Affidavit") in support of the relief sought in the Proposed Order.
13. Copies of Court materials filed in these proceedings may be obtained from the Proposal Trustee's website established in connection with the NOI administration:
- <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/motryx>.

TERMS OF REFERENCE

14. In preparing this Fifth Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon unaudited financial information, books and records and financial information prepared by the Company, discussions with the management and employees of the Company and other information from various sources (collectively the "Information").

- 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 the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the Information; and
 - b. Some of the Information referred to in this Fifth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accounts Canada Handbook, has not been performed.
- 15. Future-oriented financial information referred to in this Fifth 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 variations could be significant.
- 16. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in this Fifth Report concerning the Company and its business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
- 17. All references to monetary amounts in this Fifth Report are in Canadian dollars unless otherwise noted.

ACTIVITIES OF THE COMPANY

- 18. Since the Fourth Report, the Company, among other things, has:
 - a. continued to negotiate and arrange for the post filing support of its customers and channel partners as the Company continued to operate;
 - b. continued to service existing customer contracts, progress business leads to generate new sales, and monitor and collect accounts receivable;
 - c. consulted with the Proposal Trustee in respect of operations, cash management, and vendor and supplier payments;
 - d. monitored and reported to the Proposal Trustee the actual weekly cash flows as compared to the Second Cash Flow Forecast filed by the Company on December 2, 2024 and reported on by the Proposal Trustee within the Second Report also dated December 2, 2024;

- e. reported periodically to the DIP Lender on the Company's actual cash flow results and the variances as compared to the Second Cash Flow Forecast;
- f. engaged with the DIP Lender with respect to the negotiation of the Amended DIP Agreement; and
- g. responded to requests from the Proposal Trustee as regards the Sale Process, reviewed and executed non-disclosure agreements ("NDA(s)") with prospective purchasers, and attended meetings with prospective purchasers with interest in the acquisition opportunity.

ACTIVITIES OF THE PROPOSAL TRUSTEE

19. The Proposal Trustee's website has been updated to include all Court documents and certain other relevant documents that have and continue to be made available with respect to the Proposal Proceedings.
20. Since the Fourth Report, the Proposal Trustee, among other things, has:
 - a. completed statutory forms and e-filed such reports with the Office of the Superintendent of Bankruptcy;
 - b. assisted the Company with stakeholder communications;
 - c. reviewed weekly Company reporting on actual cash flows as compared to the Second Cash Flow Forecast;
 - d. assisted management in reporting periodically to the DIP Lender on cash flow variances as compared to the Second Cash Flow Forecast to ensure the receipt of DIP Financing;
 - e. conducted the Sale Process, including assisting the Company in its review and execution of NDA's with prospective purchasers, providing access to and managing the virtual data room to allow prospective purchasers to perform due diligence procedures, and participating in various meetings with the Company's CEO, Vice President ("VP") of Business Development, and prospective purchasers with interest in the acquisition opportunity. More details on specific activities of the Proposal Trustee with respect to the Sale Process are provided herein;
 - f. engaged with Motryx management and its counsel with respect to the execution of the Amended DIP Agreement with the DIP Lender; and
 - g. prepared this Fifth Report.

CASH FLOW FORECAST AND ACTUAL RESULTS

21. The Proposal Trustee has reviewed the actual cash flow from operations for the five-week period ending February 14, 2025, through monitoring the banking activities of the Company.
22. Attached as **Appendix “J”** to this Fifth Report is a variance analysis comparing the Company’s actual cash flows to the Second Cash Flow Forecast during the period January 13, 2025, to February 14, 2025 (the **“Cash Flow Period”**).
23. The Company’s actual cash flow from operations during the Cash Flow Period was approximately \$9,000 unfavourable to forecast. The variance is primarily attributable to the following:
 - a. accounts receivable collections were \$19,000 unfavourable to forecast. Since the NOI Proceedings commenced, the Company has collected more in accounts receivable than forecast primarily due to management closing new sales contracts with two (2) new hospital clients. However, during the 5-week period in question, receipts of accounts receivable were less than anticipated;
 - b. professional and restructuring fees were approximately \$17,000 favourable to forecast which is primarily timing in nature as various professional and restructuring fee invoices remain to be processed; and
 - c. general subscriptions and dues were approximately \$6,000 unfavourable to forecast which is primarily timing in nature. The Company continues to incur subscription services in maintaining Company operations and its assets.
24. The Company, with the assistance of the Proposal Trustee, has prepared a revised cash flow forecast incorporating actual results since the commencement of the NOI Proceedings and projected results for the six (6) week period ending March 28, 2025 (the **“Third Cash Flow Period”**). A copy of the Third Cash Flow Forecast with supporting notes is attached as **Appendix “K”**.
25. Based on the Proposal Trustee’s review of the Third Cash Flow Forecast, there were no material assumptions which seem unreasonable in the present circumstances. The Proposal Trustee’s report on the Revised Cash Flow Forecast is attached as **Appendix “L”**.
26. The Revised Cash Flow Forecast was prepared based on the following assumptions:
 - a. the restructuring process is intended to be funded primarily by the DIP Loan. The Third Cash Flow Forecast projects the Company will receive additional financing through the Amended DIP Loan; and
 - b. disbursements consist of forecast expenses based on management estimates for on-going operations and for restructuring professional fees.

27. The Proposal Trustee has reviewed the Third Cash Flow Forecast, including its assumptions, through inquiries, analytical procedures and review of documents related to the information supplied by employees of the Company. Based on the Proposal Trustee's review, nothing has come to its attention that causes it to believe, as at the date of the Fifth Report, the assumptions are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Third Cash Flow Forecast.
28. The Third Cash Flow Forecast illustrates that during the Third Cash Flow Period, the Company will have sufficient cash flow to operate until the week ending March 14, 2025. Subsequent to this date, if the Company is not able to generate further cash inflows through collections of accounts receivable or further DIP financing, for example, the Company may be forced to cease operations. The Company, with the assistance of the Proposal Trustee, is working towards closing a transaction as contemplated by the Successful Bid with respect to the Sale Process on or before March 14, 2025.

SALE PROCESS

29. The Proposal Trustee successfully conducted the Sales Process in accordance with the Sale and Investment Solicitation Process Order. During the Sale Process, the Proposal Trustee had been in contact with 105 potential bidders (89 strategic bidders and 16 financial bidders) regarding the acquisition opportunity, of which six (6) potential bidders signed NDAs and were granted access to the VDR, and 24 potential bidders expressed no interest. Three (3) of the parties that had been granted access to the VDR scheduled and attended meetings with Motryx management and the Proposal Trustee to discuss the acquisition opportunity prior to the bid deadline. A summary of Sale Process activity is provided in the table below:

	Strategic	Financial	Total
Potential Bidders	89	16	105
Expressed no interest	20	4	24
No response to date	69	12	81
Signed NDAs and granted VDR access	6	0	6

30. Ultimately, the Sale Process did not produce the submission of any Qualified Bids (as defined in the Sale and Investment Solicitation Process Order) other than the Court approved Stalking Horse Agreement as submitted by Aerocom.
31. On February 10, 2025, the Proposal Trustee provided Aerocom with official correspondence advising that it has accepted the Stalking Horse Agreement as the successful bid (the "Successful Bid") in accordance with and subject to the terms of the Sale Process as approved by the Court on December 20, 2024.

32. In accordance with the Sale Process, the Proposal Trustee intends to bring a motion to the Court seeking an Order (the “**Sale Approval and Vesting Order**”) approving the Successful Bid.

PROPOSED STAY PERIOD EXTENSION

33. Pursuant to Section 69(1) of the BIA, the effect of the filing of the NOI is an automatic stay of proceedings (the “**Stay Period**”) against the Company for an initial period of 30 days. The Stay Period was subsequently extended i) through December 6, 2024 by order of the Court dated October 22, 2024; ii) through January 17, 2025 by Order of the Court dated December 5, 2024; and again through February 28, 2025 by Order of the Court dated January 16, 2025.
34. The Company now seeks an extension of time to file a proposal for an additional 26 days to and including March 26, 2025 (the “**Proposed Stay Extension**”). The Proposed Stay Extension should permit the Proposal Trustee to conclude the Sale Process and close the Stalking Horse Agreement. Without the Proposed Stay Extension, the Company will not be in a position to make a viable proposal to its creditors and will become bankrupt to the detriment of its stakeholders.
35. It is the Proposal Trustee’s view, based on the Third Cash Flow Forecast, including the additional funding anticipated under the Amended DIP Loan, the Company will have sufficient liquidity to advance and conclude the Sale Process and to satisfy post filing obligations as they come due up to the week ending March 14, 2025. As noted above, subsequent to this date, if the Company is not able to generate further cash inflows through collections of accounts receivable or further DIP financing, for example, the Company may be forced to cease operations. The Company, with the assistance of the Proposal Trustee, is working towards closing a transaction as contemplated by the Successful Bid with respect to the Sale Process on or before March 14, 2025.
36. In the Proposal Trustee’s view, Motryx has acted and continues to act in good faith and with due diligence. The Proposal Trustee respectfully submits that the Company will likely be able to make a viable proposal if the Proposed Stay Extension is granted.
37. Based on the information presently available, the Proposal Trustee believes that the Company’s creditors will not be materially prejudiced by the Proposed Stay Extension. Furthermore, the Proposal Trustee is not aware of any creditor who opposes the requested extension of the Stay Period.

PROPOSED AMENDMENT TO DIP FINANCING CHARGE

38. The Company seeks approval of an amendment to the priority charge on all of the current and future assets, undertakings, and properties of the Company, wherever located, including all proceeds thereof, defined herein as the Amended DIP Financing Charge.

39. The Proposal Trustee understands that the Company is providing its sole secured creditor, RBC, with notice of the relief being sought, including the Amended DIP Financing Charge.
40. The Company is seeking approval of the Amended DIP Loan pursuant to which Aerocom, in its capacity as the lender under the Amended DIP Loan, has offered to make available to the Company, an additional \$40,000 under the debtor-in possession loan, for a total of \$400,000 in order provide sufficient liquidity for Company operations and for the Proposal Trustee to complete a Sale Process.
41. A copy of the Amended DIP Loan is attached as Exhibit A in the Sabeshan Affidavit. The only material change to the terms and conditions of the Amended DIP Loan is an increase to the principal amount from \$360,000 to \$400,000. All other terms and conditions are consistent with the original DIP financing agreement approved by the Court within the Initial Order on October 22, 2024 and attached to this Fifth Report as **Appendix "B"**.
42. The Proposal Trustee is of the view that the Company's request for approval of the Amended DIP Loan and the Amended DIP Financing Charge is required and reasonable in order to provide the Company necessary financing to maintain ongoing operations and conclude the Sale Process. Absent approval of this financing, the Company would be unable to obtain alternative financing to finance the restructuring of its business and would thus be forced to shut down operations and commence a liquidation of its assets, resulting in a termination of the Company's employees and lost value for the Company's creditors and stakeholders.

DEEMED TRUST CLAIM

43. On February 18, 2025, management informed the Proposal Trustee that the Company was notified by its external payroll service provider of a deemed trust claim for source deductions of approximately \$80,000 owed to the CRA. Through investigation, management determined source deductions were mistakenly not remitted to CRA during the five (5) month period from May through September 2024 immediately prior to the NOI Proceedings. The Company has remitted source deductions to CRA as required during the NOI Proceedings.
44. Management continues to investigate the issue to determine how the source deductions payments were missed. Further, Company management, with the assistance of the Proposal Trustee, are working to determine the impact the deemed trust claim may have on the ability of the Company to close the Stalking Horse Agreement.

PROPOSAL TRUSTEE RECOMMENDATIONS

45. In the Proposal Trustee's view, Motryx has acted and continues to act in good faith and with due diligence. The Proposal Trustee respectfully submits that the Company will likely be able to make

a viable proposal if the Proposed Stay Extension is granted and that no creditor will be materially prejudiced by the granting of the extension.

46. Based on the foregoing, the Proposal Trustee recommends that this Court grant the Proposed Order:

- a. extending the initial stay period from February 28, 2025 up to and including March 26, 2025, with the understanding that the Proposal Trustee will be closing monitoring the Company's cash position and its efforts to close a transaction as contemplated by the Successful Bid on or before March 14, 2025;
- b. authorizing Amended DIP Agreement executed by the Company and the DIP Lender; and
- c. granting an amendment to the associated Amended DIP Financing Charge against the Company's Assets.

All of which is submitted to this Court on this 19th day of February 2025.

BDO CANADA LIMITED
Acting in its capacity as
Licensed Insolvency Trustee under the
Notice of Intention to Make a Proposal of Motryx Inc.
and not in its personal capacity.

Per:

A handwritten signature in black ink, appearing to read 'Neil Jones', written in a cursive style.

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

Form 78.05

District of: Nova Scotia
 Division of: 01-Halifax
 Court No. 45907
 Estate No. 51-3134197

Bankruptcy Court

FEB 21 2025

Halifax, N.S.

**Supreme Court of Nova Scotia
 In Bankruptcy and Insolvency**



In the matter of the Notice of Intention to make a proposal of Motryx Inc. pursuant to the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended

ORDER

Before the Registrar in Bankruptcy, Raffi A. Balmanoukian, in chambers

THIS APPLICATION made by Motryx Inc. (the "Applicant" or the "Company") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended, (the "BIA") for an order abridging the time for service of this motion and extending the time to file a proposal pursuant to s. 50.4(9) of the BIA up to and including March 26, 2025,

ON READING the affidavit of Niva Sabeshan sworn on February 18, 2025, and the exhibits thereto, and the Fifth Report of BDO Canada Limited in its capacity as Proposal Trustee of the Applicant (the "Proposal Trustee")

ON HEARING the submission of counsel for the Applicant and the Proposal Trustee, and such other counsel that were present, and no one else appearing for any party although duly served;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the notice of application and the materials filed as set out in the affidavit of service is hereby deemed adequate notice so that this application is properly returnable on February 21, 2025, and hereby dispenses with further service thereof.

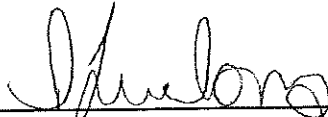
STAY OF PROCEEDINGS

2. **THIS COURT ORDERS** that pursuant to s. 50.4(9) of the BIA, the time for the Company to file a proposal with the Official Receiver be and is hereby extended to March 26, 2025 (the "Stay Period")

GENERAL

3. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Atlantic Time on the date of this Order.

Issued at Halifax this 21 day of February 2025


Deputy Registrar

SHYLA FURLONG
Deputy Registrar of
Bankruptcy

**IN THE SUPREME COURT
COUNTY OF HALIFAX, N.S.**

I hereby certify that the foregoing is a
true copy of the original order on file
herein:

Dated the 21 day of February
A.D., 2025


DEPUTY REGISTRAR

SHYLA FURLONG
Deputy Registrar of
Bankruptcy

In the matter of the Notice of Intention to file a Proposal
Motryx Inc.

Third Cash Flow Forecast to Actual Comparison
For the 2-week period from January 17, 2025 to February 28, 2025

Period	Forecast to 28-Feb	Actual to 28-Feb	Variance to 28-Feb	Note
Inflows				
Accounts receivable	-	-	-	
DIP fundings	40,000	-	(40,000)	1
Other	-	3,403	3,403	
Total inflows	40,000	3,403	(36,597)	
Outflows				
Direct costs				
Cost of sales	400	290	110	
General and administrative expenses				
General subscriptions and dues	1,000	5,032	(4,032)	2
Freight	400	-	400	
Professional and restructuring fees	41,442	41,442	0	
Office rent	375	375	-	
Payroll - Pre-filing	-	-	-	
Payroll remittances - Pre-filing	-	-	-	
Pre-filing employee expense reimbursement	-	-	-	
Payroll - Post-filing	7,973	7,973	-	
Payroll remittances - Post-filing	6,238	6,238	-	
Technical consultants	-	-	-	
Legal fees	-	4,038	(4,038)	3
Miscellaneous	-	-	-	
Bank charges and fees	100	-	100	
Debt servicing				
Loan payments - Revolving	-	-	-	
RBC loan payments - Non revolving	-	(415)	415	
	57,928	64,972	(7,045)	
HST (payable) receivable	-	-	-	
Net cash flow	(17,928)	(61,569)	(43,641)	
Opening Cash Position	80,784	80,784	0	
Closing Cash Position	62,856	19,215	(43,641)	

Notes:

1 - The Company forecasted a collection of \$40,000 in additional DIP Financing pursuant to an executed amended DIP agreement, however said amended DIP agreement was not approved by the Court.

2 - The variance in general dues and subscriptions is anticipated to be timing in nature. The Company continues to incur subscription services in maintaining Company operations and its assets.

3 - The variance in legal fees relates to payments incurred to maintain the Company's patents. The variance is primarily timing in nature as the Third Cash Flow Forecast projected legal fees to be incurred during the week ending March 14, 2025.

Motryx Inc. Statement of projected weekly cash flows For the weekly period ending March 3, 2025 to March 28, 2025 Prepared on March 6, 2025						
Week	Actuals Weeks 1-20	Forecast Week 21	Forecast Week 22	Forecast Week 23	Forecast Week 24	
Week Ending	28-Feb-25	07-Mar-25	14-Mar-25	21-Mar-25	28-Mar-25	Total
Opening cash position	1,513	19,215	18,615	17,224	224	19,215
Inflows						
Accounts receivable	48,631	-	-	-	-	-
DIP financing	359,949	-	165,000	-	-	165,000
Proceeds from Sale of Assets	-	-	40,000	-	-	40,000
Other	4,407	-	-	-	-	-
Total inflows	412,987	-	205,000	-	-	205,000
Outflows						
Direct costs						
Cost of sales	1,608	-	400	-	-	400
General and administrative expenses						
General subscriptions and dues	19,826	500	500	-	-	1,000
Freight	265	-	400	-	-	400
Professional and restructuring fees	168,377	-	68,848	17,000	-	85,848
Office rent	760	-	193	-	-	193
Payroll - Pre-filing	35,466	-	4,000	-	-	4,000
Payroll remittances - Pre-filing	17,116	-	86,565	-	-	86,565
Pre-filing employee expense reimbursement	1,678	-	-	-	-	-
Payroll - Post-filing	76,225	-	7,973	-	-	7,973
Payroll remittances - Post-filing	46,346	-	6,238	-	-	6,238
Technical consultants	7,391	-	500	-	-	500
Legal fees	13,558	-	-	-	-	-
Miscellaneous	4,765	-	-	-	-	-
Bank charges and fees	205	100	-	-	-	100
Debt servicing						
Loan payments - Revolving	500	-	-	-	-	-
RBC loan payments - Non revolving	1,198	-	30,775	-	-	30,775
Total outflows	395,285	600	206,392	17,000	-	223,992
HST (payable) receivable	-	-	-	-	-	-
Net cash flow	17,702	(600)	(1,392)	(17,000)	-	(18,992)
Projected cash position	19,215	18,615	17,224	224	224	224

Dated at Halifax, Nova Scotia this 6th day of March, 2025.



Nava Sabeshan, Chief Executive Officer of Motryx Inc.



BDO Canada Limited
Trustee under the Notice of Intention to file a Proposal for Motryx Inc.
and not in its personal capacity.

Aerocom GmbH & Co.
Debtor-In-Possession Lender

DISTRICT OF NOVA SCOTIA
DIVISION No. 01 - Halifax
COURT No. - 45907
ESTATE No. - 51-3134197

IN THE MATTER OF THE PROPOSAL OF
MOTRYX INC.

AN INSOLVENT

INSOLVENT'S REPORT ON STATEMENT OF PROJECTED CASH-FLOW
(Section 50(6)(c) and 50.4(2)(c))

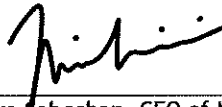
I, Niva Sabeshan, Chief Executive Officer of Motryx Inc., an insolvent, have developed the assumptions and reviewed the attached statement of projected cash-flow of the insolvent covering the period March 3, 2025, to March 28, 2025, consisting of the cash-flow statement and cash-flow assumptions.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent and provide a reasonable basis for the projection. All such assumptions have been disclosed in the notes attached.

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

The projection has been prepared solely for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Halifax, Nova Scotia, this 6th day of March, 2025.



Niva Sabeshan, CEO of Motryx Inc.

DISTRICT OF NOVA SCOTIA
DIVISION No. 01 - Halifax
COURT No. - 45907
ESTATE No. - 51-3134197

IN THE MATTER OF THE PROPOSAL OF
MOTRYX INC.

AN INSOLVENT

TRUSTEE'S REPORT ON STATEMENT OF PROJECTED CASH-FLOW
(Section 50(6)(b) and 50.4(2)(b))

The attached statement of projected cash-flow of Motryx Inc., an insolvent, covering the period March 3, 2025, to March 28, 2025, consisting of the cash-flow statement and cash-flow assumptions, has been prepared by the management of the insolvent for the purpose described in the notes attached, using probable and hypothetical assumptions as set out in the notes attached.

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

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

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

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

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at Halifax, Nova Scotia this 6th day of March, 2025.

BDO CANADA LIMITED
Acting in its capacity as
Licensed Insolvency Trustee under the
Notice of Intention to Make a Proposal of Motryx Inc.
and not in its personal capacity.

Per:



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