



**Report of  
KSV Restructuring Inc.  
as Proposed Receiver of  
965591 Alberta Ltd. and  
Genesis Integration Inc.**

**September 2, 2022**

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## COURT OF QUEEN'S BENCH OF ALBERTA

BETWEEN:

CORTLAND CREDIT LENDING CORPORATION

APPLICANT

- AND -

965591 ALBERTA LTD. AND GENESIS INTEGRATION INC.

RESPONDENTS

REPORT OF KSV RESTRUCTURING INC.  
AS PROPOSED RECEIVER

September 2, 2022

## 1.0 Introduction

1. This report ("Report") is filed by KSV Restructuring Inc. ("KSV") as proposed receiver (the "Receiver")<sup>1</sup> of the current and future assets, undertakings and properties of 965591 Alberta Ltd. ("965 Alberta") and its wholly-owned subsidiary, Genesis Integration Inc. ("Genesis", and together with 965 Alberta, the "Companies").
2. KSV understands that Cortland Credit Lending Corporation ("Cortland"), in its capacity as collateral and administrative agent (in such capacity, the "Agent") for the lenders party to the Credit Agreement (as defined below), being the Companies' principal secured creditor, intends to bring a receivership application before the Court of Queen's Bench of Alberta (the "Court") for an order (the "Receivership Order"), *inter alia*, placing the Companies in receivership and appointing KSV as Receiver of the Companies' current and future assets, undertakings and properties (the "Receivership Proceedings"). The Companies have consented to the Receivership Proceedings and KSV has consented to act as Receiver should the Court see fit to grant the Receivership Order.
3. Pursuant to a Credit Agreement dated December 15, 2020 (as amended, restated, replaced supplemented or otherwise from time to time, the "Credit Agreement") among 965 Alberta, as borrower, the Agent, Genesis and its wholly-owned subsidiary, Fusion Cine Sales & Rental Inc. ("Fusion"), and certain other non-operating entities, as guarantors (collectively, the "Guarantors" and together with the Companies, the "Debtors"), 965 Alberta entered into the Credit Agreement to fund the businesses and operations of Genesis and Fusion. Of the Guarantors, Genesis and Fusion are the only operating entities. Currently, Cortland is the only lender under the Credit Agreement. As of September 1, 2022, the amount outstanding under the Credit Agreement was \$9,424,365.42, plus legal fees, interest and costs which continue to accrue (the "Cortland Debt").

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<sup>1</sup> For the purposes of this Report, the term Receiver is used, as applicable, to reference KSV Restructuring Inc. in its capacity as proposed receiver of the Companies or as court-appointed receiver of the Companies, when and if appointed.

4. The primary purpose of the Receivership Proceedings is to complete a going-concern transaction (the “Transaction”) between the Receiver, as vendor, and Sequent AI Exchangeco Limited or its designee (the “Purchaser”), as purchaser, for all of the issued and outstanding shares (the “Purchased Shares”) of Genesis pursuant to a Share Purchase Agreement dated as of July 25, 2022 (the “SPA”), which remains unsigned by the Receiver pending its appointment and the Court authorizing the Receiver to countersign the SPA. Fusion is not a respondent in the Receivership Proceedings as it is contemplated that the Purchaser would acquire Genesis’ ownership interest in Fusion under the Transaction, without any affect on Fusion’s creditor obligations.
5. The Transaction, which is discussed in more detail in Section 8 of this Report, contemplates that Genesis will retain certain of its obligations, including its obligations in respect of the Cortland Debt and amounts it owes to certain of its suppliers whose ongoing supply is, in the Purchaser’s view, critical to the preservation of Genesis’ going concern value and cannot be replaced in a commercially reasonable time and/or at a commercially reasonable cost (collectively, the “Critical Suppliers”)<sup>2</sup>. It is also contemplated that the Transaction will be consummated by the Receiver pursuant to an approval and reverse vesting order substantially in the form attached as Schedule “A” to the SPA (the “Approval and Reverse Vesting Order”).

## 1.1 KSV Advisory’s Mandate

1. On December 1, 2021, KSV Advisory Inc. (“KSV Advisory”),<sup>3</sup> an affiliate of KSV, the proposed Receiver, was engaged by Fulcrum AV Integration Partners Ltd. (“Fulcrum AV”), in its capacity as the Companies’ ultimate controlling shareholder, to consider strategic options for the Companies. KSV Advisory’s engagement letter contemplates that its mandate will terminate immediately upon appointment of KSV as a court officer in any insolvency proceeding involving the Companies, following which KSV’s duties and obligations would be governed by statute and by applicable court orders.
2. In carrying out its mandate, KSV Advisory obtained background information concerning the Companies’ business and operations, performed financial analyses and carried out a sale process for the Companies (the “Sale Process”), as described in this Report. KSV Advisory was cognizant throughout its mandate that the Companies are insolvent and should insolvency proceedings be commenced against the Companies, KSV Advisory’s affiliate, KSV, may be appointed as court officer in any such proceedings. The information that KSV Advisory obtained about the Companies during its mandate forms the basis for KSV’s recommendations, including concerning the contemplated Transaction.

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<sup>2</sup> One of the Critical Suppliers, PJS Systems Inc. (“PJS”), is a party related to the Purchaser that provided credit support services to Genesis (i.e. it purchased goods from third parties using its own credit worthiness and then resold goods to Genesis). PJS was only prepared to perform this service on the basis that obligations owing to it be retained by Genesis. PJS did not charge a service fee or mark-up of any kind. The service is performed on a cost-recovery basis only.

<sup>3</sup> KSV’s affiliate, KSV Advisory, was engaged for this advisory mandate. KSV is a wholly-owned subsidiary of KSV Advisory. KSV is a licensed trustee and carries out formal insolvency appointments, while KSV Advisory performs advisory mandates.

## 1.2 Purposes of this Report

1. The purposes of this Report are to:
  - a) provide background information about the Companies and their financial position;
  - b) summarize the Companies' creditor composition and the results of an opinion on the validity and enforceability of the Agent's security delivered by McMillan LLP ("McMillan"), as independent legal counsel to KSV in its capacity as Receiver;
  - c) discuss the results of the Sale Process carried out by KSV Advisory from July 27, 2022 to August 26, 2022, being the deadline for submission of non-binding letters of intent ("LOI") under the Sale Process;
  - d) summarize the results of a liquidation analysis of the Companies' business and assets performed by KSV based on the Companies' financial position as at June 30, 2022 (the "Liquidation Analysis"), including the basis upon which it is proposed that the Liquidation Analysis be filed with the Court on a confidential basis pending closing of the Transaction;
  - e) discuss the Companies' dealings with Converjint Technologies Ltd. ("Converjint"), an unsecured creditor whose claims will constitute an excluded liability that will vest in Residual Co. (as defined below) if the Transaction is approved;
  - f) detail the terms of the Transaction;
  - g) provide the Receiver's rationale for recommending that the Court approve the Transaction, including the unique attributes of the Companies justifying the proposed reverse vesting order ("RVO") structure;
  - h) summarize the anticipated next steps in the Receivership Proceedings; and
  - i) recommend that the Court issue the following three orders:
    - i. the Receivership Order which contemplates, among other things:
      - appointing KSV as Receiver;
      - granting a stay of proceeding;
      - authorizing the Receiver to execute the SPA; and
      - subject to the SPA being approved, granting the Receiver the powers necessary to perform its obligations thereunder;

- ii. the Approval and Reverse Vesting Order which contemplates, among other things:
  - approval of the SPA and the Transaction;
  - the transfer and vesting in Residual Co. of the Companies' right, title and interest in and to the Excluded Assets (if any) and the Excluded Liabilities (as each of those terms are defined in the SPA and summarized in this Report);
  - the transfer and vesting in and to the Purchaser of the Purchased Shares, free and clear of and from any and all claims, liabilities, liens and encumbrances, other than the Permitted Encumbrances (as defined in the SPA and set out in Schedule "F" of the SPA);
  - temporarily sealing the Confidential Appendix to this Report pending closing of the Transaction;
  - the discharge of KSV as Receiver of Genesis upon the closing of the Transaction; and
  - the release of KSV Advisory from any and all liability that KSV Advisory now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of KSV Advisory in relation to the conduct of the Sale Process, save and except for its gross negligence or willful misconduct;
- iii. an order, among other things (the "Conduct and Fee Approval Order"):
  - approving this Report and the Receiver's activities described herein; and
  - approving the fees and disbursements of KSV Advisory and McMillan for the period July 1, 2022 to August 31, 2022.

### 1.3 Restrictions

1. In preparing this Report, KSV has relied upon the Debtors' unaudited financial information. KSV has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook.
2. KSV expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by KSV in preparing this Report. Reliance by any third party on the financial information in this Report for investment or credit purposes shall not be considered sufficient and such parties are strongly advised to perform their own due diligence. KSV shall have no responsibility for any reliance placed on the financial information presented in this Report by any present or future investor, creditor or other stakeholder of the Companies.

3. Future oriented financial information relied upon in this Report is based upon assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

## 1.4 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

## 2.0 Executive Summary

1. Genesis, headquartered in Edmonton, Alberta, is in the business of designing and integrating audiovisual collaboration systems for both public sector and corporate clients. Fusion, headquartered in Vancouver, British Columbia, provides sales, rentals and servicing of audio, video, photography and lighting equipment to Canadian broadcast companies, film production companies and digital content creators. 965 Alberta is the sole shareholder of Genesis and does not have any other material assets and does not carry on any business operations.
2. On a consolidated basis since 2019, the Debtors have generated cumulative negative EBITDA of \$12.5 million and net losses of \$9.2 million. As at June 30, 2022, the Debtors had an accumulated deficit of approximately \$3.3 million. The Debtors' losses have been funded primarily through the Cortland Debt.
3. The Credit Agreement provides that the Cortland Debt (approximately \$9.4 million as at September 1, 2022) becomes immediately due and payable on the occurrence of an Event of Default (as defined the Credit Agreement). The Receiver understands that, as at the date of this Report, the Companies are in default of the Credit Agreement and, accordingly, on September 1, 2022, the Agent issued Notices of Intention to Enforce Security pursuant to Section 244 of the BIA on both Companies.
4. The Companies have acknowledged that the Cortland Debt has been accelerated and is immediately due and payable. The Liquidation Analysis provides that, in the event of a liquidation, Cortland, as lender, would incur a substantial shortfall on its secured debt, and accordingly, there would be no recoveries for the Companies' unsecured creditors. The Receiver is of the view that the proposed Transaction, which would result in the retention by Genesis of the Cortland Debt (approximately \$9.4 million) as well as the obligations owing by Genesis to its Critical Suppliers (approximately \$1.7 million), maximizes value and preserves the business and employment for the vast majority of the Companies' employees. The Agent has consented to the Transaction and has applied for the Approval and Reverse Vesting Order for the purpose of facilitating the Transaction.
5. 965 Alberta and the Purchaser are both ultimately controlled by some of the principals that control Fulcrum AV. Accordingly, prior to the within receivership application, the Companies retained KSV Advisory to conduct a Sale Process which marketed the assets and businesses of Genesis and Fusion for sale to third-party strategic and financial buyers. The purchase price offered by the Purchaser under the SPA (valued at approximately \$11 million) was used as the stalking horse bid in the Sale Process, which was launched on July 27, 2022. The Sale Process provided that if no offer superior to the SPA was submitted on or prior to the bid deadline of August 26, 2022, the parties would

proceed to seek Court approval of the SPA and Transaction in the context of the Receivership Proceedings. In many circumstances, initial solicitation materials will refer generically to an “acquisition opportunity” in a particular industry sector. In carrying out the Sale Process, KSV Advisory placed a premium on transparency and disclosed, in its initial marketing materials, the names of the Purchaser and the target company. Potential bidders also had the flexibility to submit bids for assets or shares and to make a consolidated bid for Genesis and Fusion, or either entity independently. The Sale Process was developed and carried out in the same manner as it would have been had it been carried out in the context of a receivership proceeding. The Sale Process did not result in any qualified bids.

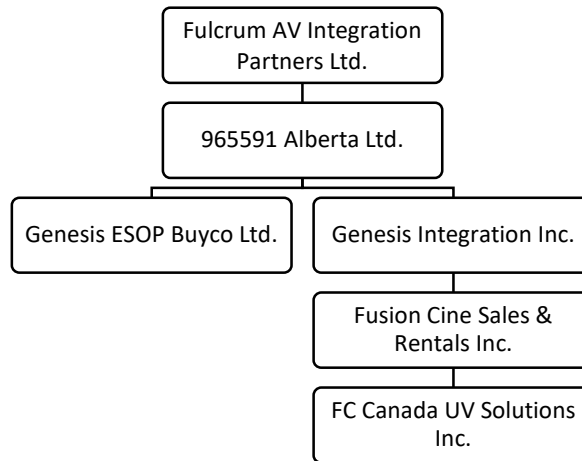
6. Genesis holds certain critical security clearances and other authorizations or approvals granted by the Government of Canada. These Permits and Licenses (as defined in the SPA and described in greater detail in Section 3.2 of this Report) are not assignable or cannot be transferred to the Purchaser in a commercial reasonable timeframe with the degree of certainty required by the Purchaser (or any purchaser). These Permits and Licenses are critical to Genesis’ business as they allow it to fully service its Canadian public sector clients, which represent a significant portion of its total business. Accordingly, the Transaction is structured as a share sale to be consummated by the Receiver and contemplates that the Approval and Reverse Vesting Order will be granted in order to preserve the value and continuity of the Canadian Government security clearances and other Permits and Licenses for the Purchaser. The proposed RVO structure of the Transaction will also preserve the value of the Companies’ tax losses, which are significant. The Purchaser is not prepared to consummate a sale of the business under any other alternative structure.
7. The Approval and Reverse Vesting Order provides for the vesting out of any excluded liabilities from Genesis into a corporation recently incorporated as a wholly-owned subsidiary of 965 Alberta (“Residual Co.”). The Purchaser has advised that Residual Co. will ultimately be assigned into bankruptcy after the closing of the Transaction. The Receiver is of the view that a RVO structure is appropriate in the circumstances and the assets and nature of the Companies and the Transaction support this structure and satisfy the criteria other Canadian courts have recently established for the approval of RVO transactions of this nature. The Approval and Reverse Vesting Order will not affect the liabilities of Fusion, which will be acquired by the Purchaser “as is”. The shares of Fusion held by Genesis represents an asset being acquired by the Purchaser under the Transaction.
8. As discussed in further detail in this Report, the Receiver believes that the Transaction maximizes recoveries in the circumstances. The Agent is the Companies’ operating lender and principal economic stakeholder – the Agent has consented to the Transaction. The Receiver does not believe that further time spent marketing the Companies’ business and assets will result in a superior transaction, and certainly not one that results in the assumption or repayment in full of the Cortland Debt (approximately \$9.4 million) and amounts owing to the Critical Suppliers (approximately \$1.7 million). The Receiver’s considerations include the breadth and results of the Sale Process and the liquidation value of the Companies’ business and assets.



## 3.0 Background

### 3.1 Business Overview

1. 965 Alberta is an entity ultimately owned and controlled by Fulcrum AV and does not carry on any active business operations of its own. Of the Debtors, the only operating entities are Genesis, which is a wholly owned subsidiary of 965 Alberta, and Fusion, which is a wholly owned subsidiary of Genesis. 965 Alberta does not have any material assets (other than its shares of Genesis). The Debtors' corporate organizational chart is provided below.



2. Genesis is one of Canada's largest audiovisual systems integration companies. It is headquartered from leased premises in Edmonton and operates across Canada from a total of six leased premises in Calgary, Edmonton, Toronto, Ottawa, Quebec City and Montreal.
3. Genesis provides a full range of services to its customers, including equipment sales and consulting, design and implementation of complex integrated audiovisual systems which require taking off-the-shelf components and configuring, programming and installing them at customers' sites. Genesis does this work for both public sector and corporate clients.
4. Although there is some strategic overlap and consolidation of back-office functions, Fusion operates as a separate standalone business from Genesis. Purchased by Genesis in 2007, Fusion is a national reseller and production partner servicing Canadian broadcast companies, film production companies and digital content creators. Headquartered from leased premises in Vancouver and with leased satellite offices in Toronto and Montreal, is strategically located to target Canada's main production centers.
5. Fusion sells "out of the box" solutions or engineers end-to-end solutions for larger projects, including supplying the requisite equipment, design, testing and training to its customers. Fusion maintains various exclusive reseller dealerships in Canada for some of the industry's most prestigious product lines of cameras, lenses, production lighting and other production equipment.

6. As at the date of this Report, Genesis and Fusion have 69 and 21 employees, respectively. The Genesis and Fusion workforces are not unionized and neither Genesis nor Fusion maintain any registered pension plans.

### **3.2 Genesis' Permits and Licenses**

1. Public sector customers represented 86% of Genesis' revenue in its fiscal year ended December 31, 2021 and 77% in the seven months ended July 31, 2022.
2. The Permits and Licenses Genesis uses in connection with the servicing of its public sector customers include, among other things:
  - a) security clearances issued by the Government of Canada (or any Ministry or subdivision thereof) or the Royal Canadian Mounted Police;
  - b) National Master Standing Offers (including an Audio Visual Master Standing Offer) granted by the Government of Canada (or a Ministry or subdivision thereof); and
  - c) other permits, licenses, Authorizations, approvals or other evidence of authority, permission or entitlement related to the Business granted by a Governmental Authority (each capitalized term as defined in the SPA).
3. Genesis routinely provides services to Government authorities which require varying degrees of vendor security clearances. Genesis holds the highest level of audiovisual vendor security clearance, allowing it to complete projects that require a high degree of discretion and sensitivity. Without its Permits and Licenses, Genesis would be unable to fully service these Government customers, which would significantly impair its business. Genesis estimates approximately a quarter of its total revenue is linked to these security clearances.
4. Genesis also has the benefit of "National Master Standing Offers" ("NMSOs") from various Government agencies. These NMSOs allow Genesis to be on a short-list of pre-approved vendors these Government agencies can procure products and services without having to commence a traditional request-for-proposal ("RFP") or tender process. These NMSOs are critical to Genesis' business as they result in a steady stream of public sector customer orders on relatively standard terms and conditions.
5. The Permits and Licenses can be both difficult and time-consuming to obtain, as they require the applicant as well as certain of its employees to meet rigorous qualification criteria as set out by the various Government authorities. Even if the applicant and its personnel are able to meet all of the criteria, certain of these Permits and Licenses can take up to 12 months to process. As the Permits and Licenses are specific to Genesis and its personnel, the Permits and Licenses are not assignable and/or cannot be transferred to the Purchaser in a commercially reasonable timeframe with the required degree of certainty.
6. Based on the foregoing, preserving the Permits and Licenses was a critical consideration in developing the RVO structure of the Transaction, as detailed in Sections 8 and 9 of this Report.

## 4.0 Financial Information

### 4.1 Balance Sheet

1. The Debtors' consolidated balance sheet as at June 30, 2022 is presented below.

Description	CAD \$000s
<u>Assets</u>	
Cash	419
Accounts receivable	2,530
Inventory	6,518
Prepaid expenses and other	3,537
Long-term investments	2,574
Property and equipment	534
Intangible assets and goodwill	49
Total Assets	<u>16,161</u>
<u>Liabilities and Equity</u>	
Cortland secured debt	8,222
Accounts payable and accrued liabilities	5,121
Other current liabilities	2,149
Long-term debt	3,779
Other long-term liabilities	225
Total Liabilities	<u>19,496</u>
Shareholders' Equity/(deficiency)	<u>(3,335)</u>
Total Liabilities and Shareholders' Equity	<u>16,161</u>

2. With the exception of cash, the Debtors' working capital assets are its accounts receivable (book value of approximately \$2.5 million) owing from its various corporate and public sector customers, and inventory (book value of approximately \$6.5 million), which is principally comprised of audiovisual components and production equipment held for both resale and rental purposes.
3. The Debtors' property and equipment (book value of approximately \$534,000) is primarily comprised of furniture, vehicles, computer equipment and software. The Debtors' other assets include an investment in Flexity Systems Limited ("Flexity") (book value of approximately \$2.6 million).
4. The Debtors' liabilities, the most significant of which is its secured debt owing to the Agent, are discussed in Section 5 of this Report.
5. The Debtors' June 30, 2022 balance sheet reflects negative working capital (i.e. current assets less current liabilities) of approximately \$2.5 million and negative equity of approximately \$3.3 million.

## 4.2 Income Statement

1. The table below summarizes the Debtors' consolidated operating results for their fiscal years ended December 31, 2019, 2020 and 2021 and for the six-month period ending June 30, 2022.

CAD \$000s	2022			
	(six months) (unaudited)	2021 (unaudited)	2020 (audited)	2019 (unaudited)
Sales	14,452	27,296	24,028	36,542
Cost of sales	(10,313)	(19,513)	(15,796)	(26,178)
Gross margin	4,139	7,783	8,232	10,364
Gross margin (%)	28.6%	28.5%	34.3%	28.4%
Operating expenses	(5,742)	(10,896)	(10,012)	(16,376)
EBITDA	(1,603)	(3,113)	(1,780)	(6,012)
Other income/(expenses)	4,797	(3)	2,665	(4,733)
Income tax recovery/(expenses)	7	(28)	(869)	1,448
Net profit/(loss)	3,201	(3,144)	16	(9,297)

2. The Debtors' operating results reflect, *inter alia*:
  - a) since 2019, the Debtors have generated cumulative negative EBITDA of approximately \$12.5 million and net losses of approximately \$9.2 million;
  - b) operating losses have continued in the current fiscal year (\$1.6 million); and
  - c) net income in 2022 includes a one-time, non-operating gain of approximately \$4.8 million, of which \$3.7 million was generated from the arms' length sale transaction of Genesis' healthcare division to Flexity. The Flexity shares held by Genesis were issued as consideration under that transaction. Absent the one-time gain generated from the transaction with Flexity, the Debtors' year-to-date results would reflect the continuation of net losses. These operating losses are significant, recurring and projected to continue if the Debtors remain operating in the status quo.

## 5.0 Creditors

### 5.1 Secured

1. As at September 1, 2022, the Agent is owed approximately \$9.42 million under the Credit Agreement by 965 Alberta, excluding legal fees, which amount is guaranteed by Genesis. Interest and costs continue to accrue. A copy of the Credit Agreement and Genesis' guarantee are attached to the Affidavit filed by the Agent in support of its receivership application.

2. The amounts advanced pursuant to the Credit Agreement are secured against the assets of the Companies by, among other things (together, the “Security Documents”):
  - a) a general security agreement dated December 15, 2020 granted by 965 Alberta to the Agent; and
  - b) a general security agreement dated December 15, 2020 from Genesis to the Agent.
3. Events of default that have occurred and continue to occur since 2020, include, among other things: (i) 965 Alberta’s failure to comply with certain financial covenants under the Credit Agreement; and (ii) certain defaults in the payment and performance of obligations under certain of Genesis’ contracts.
4. Absent the granting of the Receivership Order and the approval of the Transaction, the Receiver understands that Cortland, as lender, is not prepared to extend any further credit to the Companies under the Credit Agreement or provide the Companies with any waiver of its rights under the Credit Agreement and Security Documents.
5. In anticipation of these proceedings, and as part of its diligence on the Companies and the Transaction, KSV retained and instructed independent legal counsel, McMillan, to review the Security Documents. McMillan reviewed the Security Documents and security registrations made by the Agent and issued an opinion providing that, subject to customary assumptions and qualifications contained therein, the security granted under the Security Documents is valid and enforceable against the Companies’ assets, including the shares of Genesis held by 965 Alberta. A copy of the security opinion can be made available to the Court should it wish to review it.
6. Other than the Agent, creditors with registered security interests in certain of the Companies’ assets are reflected in the table below. These obligations are contemplated to be unaffected under the Transaction.

<b>Creditor</b>	<b>Registration Date</b>	<b>Security</b>
The Bank of Nova Scotia	March 13, 2019	2019 Nissan NV200
Crestron Electronics, Inc.	January 30, 2020	Certain electronic goods and merchandise acquired from the secured party

## 5.2 Convergent

1. On or around December, 2018, Genesis sold to Convergent a division of its business that provided integrated security solutions. On or around December 19, 2018, in connection with the transition of services stemming from such transaction, Genesis and Convergent entered into a Master Subcontract Agreement (“MSA”), pursuant to which Genesis would subcontract certain of its work to Convergent.
2. Pursuant to a Statement of Claim filed by Convergent against Genesis dated March 3, 2022, Convergent claims, among other things, damages of approximately \$1.1 million resulting from a purported breach of the MSA by Genesis. Genesis filed a Statement of Defense dated April 11, 2022 denying the allegations set out in the Statement of Claim. The litigation remains outstanding at this time.

3. Convergent is the Companies' largest unsecured creditor<sup>4</sup> whose claims will be Excluded Claims and will vest in Residual Co. pursuant to the Transaction.

### 5.3 Other

1. The book value of the Companies' trade payables, excluding the amount owing to Convergent, totaled approximately \$3.1 million as at July 31, 2022, the aging of which is reflected in the table below.

CAD \$000s	0 – 30	31 – 60	61 – 90	91+ Days	Total
As at July 31, 2022	Days	Days	Days		
Accounts payable	389	541	153	2,025	3,108
%	13%	17%	5%	65%	100%

2. The table below reflects that the ten largest vendor balances represent approximately \$2.15 million (69%) of the total accounts payable as at July 31, 2022.

CAD \$000s	Retained Under	
Vendor	SPA	Accounts Payable
ScanSource Communications Inc.	Yes	522
PSA Security Network	No	366
Synnex Canada	Yes	309
Roche Securities Limited	No	265
Sharp Electronics	Yes	141
Mersive Inc.	No	124
Exertis Pro AV	No	121
Solutions 360 Inc.	Yes	115
Biamp Systems	Yes	99
Qumu	Yes	90
<b>Total</b>		<b>2,152</b>

3. The table above reflects that 6 of the top 10 unsecured creditors, owed approximately \$1.3 million, or 59% of the total amount owing to the top 10 unsecured creditors as at July 31, 2022, are being retained by Genesis as they are considered Critical Suppliers under the SPA.
4. As at the date of this Report, the Companies have the following other unsecured or contingent obligations:
  - three separate actions commenced by former employees against Genesis, which are contemplated to be Excluded Liabilities under the SPA.

<sup>4</sup> The \$1.1 million owing to Convergent is classified as long-term debt on the Debtors' balance sheet presented in Section 4.1 of this Report.

5. The Receiver understands that there are no overdue sales tax, employee withholding or other potential priority claims against the Companies and to the extent such priority claims do exist, they constitute Retained Liabilities under the SPA. All unpaid wages and vacation pay owing to Employees (including Non-Retained Employees) will also be Retained Liabilities under the SPA (collectively, the “Retained Employee Liabilities”). Severance and termination pay owing to Non-Retained Employees will constitute Excluded Liabilities.

#### 5.4 Settlement Discussions

1. In or around December, 2021, Genesis was approached by Fulcrum AV to consider implementing a potential restructuring transaction with the Purchaser, with the objective of preserving all or a portion of the Companies’ business.
2. In order to complete a transaction outside of formal insolvency proceedings, any purchaser would very likely require that Genesis enter into settlement agreements with unsecured creditors whose claims would be excluded under a transaction so that Genesis could be acquired free and clear of any legacy/contingent obligations and/or amounts owing to suppliers with whom Genesis no longer transacts.
3. Pursuant to an engagement letter dated December 1, 2021, Fulcrum AV engaged KSV Advisory to, *inter alia*, prepare an estimate of the liquidation value of the Companies’ business and assets (the “Initial Liquidation Analysis”) and to assist it to consider restructuring options for the Companies. The Initial Liquidation Analysis reflected that the Agent would incur a substantial shortfall on its secured debt, and accordingly, there would be no funds available for distribution to the Companies’ unsecured creditors.
4. Beginning in or around January, 2022, Genesis approached Convergint and certain other unsecured creditors to attempt to negotiate a settlement of their alleged outstanding balances so that insolvency proceedings could be avoided. Genesis approached these creditors with a settlement proposal on the basis that any offer would result in a greater recovery for the creditors than could be achieved should the Companies be placed into receivership or other insolvency proceedings. Genesis made a copy of the Initial Liquidation Analysis available to these creditors.
5. Notwithstanding its efforts, Genesis was unable to negotiate a settlement with these creditors, including Convergint. At the time, the Receiver understands that Convergint advised Genesis that it might be interested in an acquisition; however, Convergint did not ultimately pursue a potential transaction with Genesis.
6. Following these unsuccessful settlement negotiations, the Companies focused on developing a process that would provide an opportunity to complete a transaction with the Purchaser.

## 6.0 Sale Process

1. On July 25, 2022, the Companies and the Purchaser settled the terms and conditions of the SPA (minor, non-material clean up changes were made subsequent to that time). On that date, the Purchaser sent a letter to the Companies (the “July 25<sup>th</sup> Letter”) together with an executed version of the SPA. A copy of the July 25<sup>th</sup> Letter is attached as Appendix “A” (without attachments).
2. The July 25<sup>th</sup> Letter included the following paragraph in respect of a Sale Process:

*We understand that the senior secured creditor of Genesis and 965 Alberta, Cortland Credit Lending Corporation (the “Lender”), is supportive of the SPA and is prepared to bring an application before the Court of Queen’s Bench of Alberta in the City of Calgary (the “Court”) to appoint KSV Restructuring Inc. as receiver (in such capacity, the “Receiver”), provided that, prior to any such receivership application KSV Advisory Inc. oversees a sale and investment solicitation process (“SISP”) to determine if there is a higher and/or better offer available for the Shares or assets of Genesis, than that provided for in the SPA (such offer, a “Superior Bid”). We understand that Sequent will be consulted in connection with the formulation of the SISP which will be consistent with market practice and SISPs previously approved by the Court. Sequent is agreeable to these terms and hereby consents to the use of the SPA as a stalking horse offer to determine if a Superior Offer can be identified in the SISP. Sequent confirms that it is not seeking a break fee or an expense reimbursement in the event that a Superior Offer is consummated.*

3. The purchase price offered by the Purchaser (valued at approximately \$11 million) was primarily comprised of the retention of the Cortland Debt (approximately \$9.4 million) and the obligations owing to Critical Suppliers (approximately \$1.7 million). To qualify as a Superior Bid, a bidder would need to provide a greater value proposition than that contained in the SPA.
4. The Sale Process commenced on July 27, 2022. An overview of the Sale Process is as follows:
  - a) the Sale Process was designed to be carried out prior to filing for receivership to minimize any disruption to the Companies’ operations that may result from the Companies operating for a prolonged period of time during an insolvency proceeding. A pre-appointment Sale Process was intended to minimize risk of destabilizing the business, including because of the Companies’ liquidity crisis, the value of the SPA and the results of the Liquidation Analysis;



- b) KSV Advisory developed a list of prospective purchasers comprised of 27 parties, including 21 strategic and 6 financial targets (the “Buyers List”). The Buyers List was prepared using “Capital IQ” corporate finance research software, discussions with management and a listing of the top systems integrators of 2021 based on an industry publication issued by Systems Contractor News. Given Convergint’s prior expression of interest in a potential transaction, Convergint was also included on the Buyers List and invited to participate in the Sale Process;
- c) on July 27, 2022, each of the parties on the Buyers List was provided with an interest solicitation letter detailing this opportunity (the “Teaser”) and a confidentiality agreement (“CA”). The Teaser set out that prospective purchasers may bid for the shares or the assets of Genesis and/or Fusion;
- d) KSV Advisory compiled relevant diligence information into a virtual data room (the “Data Room”), which contained financial, operational and other information regarding the Companies, including a business plan recently prepared by management. Access to the Data Room was granted to interested parties that executed the CA;
- e) KSV Advisory was of the view that the information necessary to submit a bid for the Companies’ business and assets was available in the Data Room. As such, it was not deemed necessary to incur the cost and time to prepare a comprehensive confidential information memorandum;
- f) a copy of the SPA was made available in the Data Room so prospective purchasers could understand the terms and conditions of the stalking horse offer, including the value threshold bids would need to meet;
- g) it was communicated to interested parties that the Companies’ senior management team would be available to meet with them throughout the Sale Process, as required; and
- h) the deadline for interested parties to submit a non-binding LOI was August 26, 2022, being four weeks from the commencement of the Sale Process.

## 6.1 Sale Process Results

1. The Sale Process results are summarized as follows:
  - a) two parties executed a CA and performed due diligence;
  - b) notwithstanding several outreaches to Convergint and its legal counsel, Convergint did not execute a CA and did not participate in the Sale Process;

- c) feedback provided by many of the parties on the Buyers List, particularly the strategic parties, was that the value of the Transaction was significantly higher than they would be prepared to pay for the Companies. Accordingly, these parties communicated that they did not engage in the process and/or perform diligence for this reason; and
  - d) no LOIs were submitted by the August 26, 2022 offer deadline.
2. Based on the results of the Sale Process, the Purchaser was advised on August 26, 2022 that it was the successful bidder under the Sale Process and that the Companies were prepared to complete the Transaction. Accordingly, the Agent served its receivership application materials on September 1, 2022.

## 7.0 Liquidation Analysis

1. The Liquidation Analysis was prepared based on the balance sheets of Genesis and Fusion as at June 30, 2022, other than working capital assets and the Cortland Debt amount, which were as at August 12, 2022.
2. Subject to the underlying assumptions detailed therein, the Liquidation Analysis reflects that the net realizable value of the Companies is substantially less than the value of the:
  - a) Cortland Debt, and accordingly, there would be no funds available for distribution to the Companies' unsecured creditors in a liquidation; and
  - b) purchase price under the Transaction.
3. The results of the Liquidation Analysis are consistent with the Initial Liquidation Analysis (i.e. the Agent would incur a substantial shortfall and there would be no funds available for distribution to the Companies' unsecured creditors).
4. A copy of the Liquidation Analysis is provided in Confidential Appendix "1".

### 7.1 Sealing

1. The Receiver recommends that the Liquidation Analysis be filed with the Court temporarily on confidential basis and remain sealed pending closing of the Transaction. KSV is of the view that sealing this analysis until closing is required to address the risk that the availability of this information may negatively impact any future recoveries in these proceedings if the Transaction does not close.
2. The Receiver does not believe any stakeholder will be prejudiced if the information is temporarily sealed at this time. Furthermore, given that the results of the Liquidation Analysis are consistent with the Initial Liquidation Analysis, the unsecured creditors (including Convergint) whose claims are being excluded (which were provided an opportunity to review the Initial Liquidation Analysis in the context of prior settlement discussions) are aware of the estimated results of a similar analysis and its underlying assumptions.

## 8.0 Transaction<sup>5</sup>

1. A summary of the SPA is as follows:
  - a) **Purchaser:** Sequent AI Exchangeco Ltd. (or its designee), a party ultimately controlled by some of the same principals that control the Companies. The Purchaser's business is synergistic to Genesis as it is also a technology solutions provider.
  - b) **Purchased Shares:** All of the issued and outstanding shares of Genesis. Genesis owns all of the issued and outstanding shares of Fusion, and accordingly, the Purchaser will also indirectly acquire the business operated by Fusion on an "as is" basis.
  - c) **Purchase Price:** The purchase price is comprised of:
    - \$1.00 for the acquisition of the Shares plus the value of the Retained Liabilities (approximately \$11 million) detailed in Schedule "I" of the SPA (and described in (d) below).
  - d) **Retained Liabilities:** The Retained Liabilities (detailed in Schedule "I" of the SPA) include:
    - the amount owing to the Agent under the Credit Agreement, being, as of September 1, 2022, approximately \$9.42 million plus legal fees;
    - the amount owing to the Critical Suppliers outstanding as at the Closing Date, which the Receiver understands includes approximately \$1.7 million owing to 88 vendors, representing a substantial portion of trade payables;
    - obligations under the Retained Contracts, which is all of the Companies' contracts other than those listed on Schedule "D" of the SPA;
    - Genesis' liabilities in respect of Taxes;
    - The Retained Employee Liabilities; and
    - any liabilities with respect to the fees and expenses of the Receiver and McMillan outstanding at Closing.
  - e) **Retained Assets:** The Retained Assets include all assets of Genesis. There are no Excluded Assets listed in Schedule "C" of the SPA.
  - f) **Employees:** The Receiver understands that the Purchaser intends to retain all but approximately ten of Genesis' employees. The Receiver will terminate the employment of the Non-Retained Employees on behalf of Genesis in accordance with the Receivership Order.

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<sup>5</sup> Defined terms in this section of the Report have the meanings provided to them in the SPA.

- g) **Excluded Liabilities:** The Excluded Liabilities (detailed in Schedule “E” of the SPA) include:
- Excluded Employee Liabilities;
  - any Liability arising from the Actions commenced by parties against Genesis, including the Actions commenced by Convergent and three former employees of Genesis, being Daniel Langelier, Yvon Carriere and Katrina Ho;
  - any Liabilities related to the Excluded Contracts (as detailed in Schedule “D” of the SPA), which include certain of the Real Property Leases, the Hosting Agreement between Genesis and Voysis IP Solutions and any contracts with suppliers that are not Critical Suppliers; and
  - liabilities related to suppliers to Genesis that are not Critical Suppliers. As at July 31, 2022, those vendor obligations not being retained as Critical Suppliers are estimated to total approximately \$2.5 million, which includes the obligation owing to Convergent of approximately \$1.1 million.
- h) **Transfers to Residual Co.:** On the Closing Date, prior to the sale of the Purchased Shares, the Excluded Liabilities shall be assumed by Residual Co. and the Receiver shall cause Genesis to transfer to Residual Co. any Excluded Assets (if any). This will be consummated by way of the Approval and Reverse Vesting Order and evidenced by an assumption agreement. At the present time, it is estimated that Residual Co. will be paid a nominal amount by Genesis as consideration for the assumption of the Excluding Liabilities. It is anticipated such amounts will be used to fund a no-asset bankruptcy.
- i) **Representations and Warranties:** Consistent with the terms of a standard insolvency transaction, i.e., on an “as is, where is” basis, with limited representations and warranties. To the extent the Receiver is giving certain limited representations and warranties, they are each qualified “To The Best of the Receiver’s Knowledge”, which was a provision negotiated by the Receiver prior to finalizing the SPA.
- j) **Material Adverse Effect (“MAE”):** The MAE condition was negotiated and sufficiently narrowed, in the Receiver’s view, such that it is not triggered by any of the following potential events: (a) an epidemic (including COVID-19); (b) a change in sale or forecasted sales; (c) a change in general economic, business, political or market conditions, or a development in the financial, banking, credit, debt, currency, capital or securities markets in general, including changes in interest rates; (d) any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of Genesis with any third party, including any of the Genesis customers, employees, shareholders, financing sources, vendors, distributors, partners or suppliers as a direct result of the execution, announcement or performance of this Agreement; (e) the application by the Agent for the Receivership Order; or (f) any breach of a covenant or term of this Agreement by the Receiver that is cured by the Outside Date.

- k) **Material Conditions:** Other than the MAE condition in favour of the Purchaser, which is appropriately limited in the Receiver's view, the only material condition precedent is that the Court shall have issued the Approval and Reverse Vesting Order.
  - l) **Closing:** The Target Closing Date is September 15, 2022, and Closing is to occur no later than the Outside Date, which is September 23, 2022 or such other date as may be agreed to in writing by the Receiver (with the consent of the Agent) and the Purchaser.
  - m) **Interim Period:** The period between the SPA being entered into and Closing, during which the Receiver shall, subject to having sufficient funding on terms acceptable to the Receiver, cause Genesis to continue to operate in the normal course of business.
2. A copy of the SPA is attached as Appendix "B".

## 9.0 Recommendation

1. The Receiver recommends that the Court issue the Approval and Reverse Vesting Order for the following reasons:
  - a) in the Receiver's view, the Sale Process was commercially reasonable, including timelines, breadth of marketing process and information made available to interested parties, and consistent with the terms of a traditional sale process that would be carried out in the context of a receivership proceeding. In addition, the Sale Process was flexible such that offers could be submitted for: (i) Genesis' shares (as contemplated by the SPA); (ii) Fusion's shares; or (iii) assets of Genesis and/or Fusion;
  - b) the Buyers List was comprehensive – it included all or substantially all strategic purchasers, including Converjint. The Sale Process did not generate any offers for the business, which based on feedback consistently received throughout the Sale Process was attributed to the \$11 million value of the stalking horse bid submitted by the Purchaser (i.e. the SPA);
  - c) the purchase price under the Transaction materially exceeds the liquidation value of the Companies' business and assets based on the Liquidation Analysis. This is the case given that, *inter alia*, it is structured as a share deal that provides for the retention of substantially all of the Companies' liabilities, including secured, unsecured, contingent or otherwise, other than the Excluded Liabilities;
  - d) the duration of the Sale Process (roughly one month) was sufficient to allow interested parties to perform diligence and submit non-binding offers. In addition, none of the parties contacted expressed any concern or made any requests to extend the Sale Process timelines;

- e) the Transaction was negotiated prior to these proceedings with a view to maximizing the value of the Companies' business and assets. It did not include any break-fee or expense reimbursement provisions which may have discouraged interested parties from engaging in the Sale Process;
- f) the Receiver is of the view that carrying out another sale process during the Receivership Proceedings - for which there is no funding - may cause disruption to the business of the Companies and impair the going-concern value of the business without reason as the Receiver does not believe there is any prospect that another sale process would generate recoveries greater than the Cortland Debt;
- g) absent the Transaction, Cortland, as lender, is not prepared to fund the Companies, and accordingly, the Companies will, in all likelihood, need to immediately cease operations and commence a liquidation process to the detriment of all stakeholders;
- h) the Transaction preserves employment for the Companies' existing employees as the Purchaser intends to retain the vast majority of the Companies' employees;
- i) the Agent, on behalf of the Companies' principal economic stakeholder, Cortland, has consented to the Transaction, including the retention of the Cortland Debt by Genesis. The Agent's willingness to support the business is contingent on the successful completion of the Transaction;
- j) the Purchaser intends to cause Genesis to retain a significant portion of the Companies' unsecured trade vendor debt owing to the Critical Suppliers (approximately \$1.7 million). As evidenced by the Liquidation Analysis, these creditors would receive no recovery in a liquidation;
- k) the business has incurred significant losses in recent years and it is critical that immediate steps be taken to restructure the business. The Excluded Contracts, being certain real property leases, and Excluded Liabilities provide the Companies' business with the opportunity to exit certain redundant premises and vest out certain liabilities in order to implement its business plan with a view to returning to viability, particularly when considering the synergies provided by the Purchaser's business.<sup>6</sup> The structure of the Transaction will also preserve the Companies' tax losses, which are significant; and
- l) in the Receiver's view, the terms and conditions of the SPA are commercially reasonable and any closing risk has been sufficiently mitigated, including the narrow provisions under which the MAE condition could be triggered. The Receiver and its counsel were consulted on the negotiation of the SPA, particularly as it relates to certain provisions that would need to be deemed reasonable by a Court officer, including the MAE condition.

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<sup>6</sup> The Purchaser advises the Receiver that following Closing, and the disclaimer of the existing leases, Genesis may seek to negotiate new leases with landlords on a more economically sustainable basis. The current Edmonton landlord is a member of Genesis' management team but has no equity interest in Genesis or the Purchaser.

2. The Receiver believes it is necessary and appropriate for the Transaction structure to include an RVO. In the Receiver's view, the Companies' attributes and circumstances address the questions recently raised by other Canadian courts when considering the granting of RVOs, which are addressed as follows:

a) *Why is the RVO necessary in this case?*

The Permits and Licenses, as discussed in Section 3.2 of this Report, allow Genesis to fully service the public sector industry, which since 2019 has represented approximately 80% of its total sales. Security clearances alone are linked to approximately a quarter of Genesis' revenue. The Purchaser is not prepared to acquire the business under any other alternative structure. The Agent does not support any alternative structure.

b) *Does the RVO structure produce an economic result at least as favourable as any other viable alternative?*

The Approval and Reverse Vesting Order preserves Genesis' Permits and Licenses and tax losses without any corresponding unfavourable impact on stakeholders. The Approval and Reverse Vesting Order structure derives the most value for Genesis' business and assets. The issuance of the Approval and Reverse Vesting Order is a material condition of the SPA, absent which the Purchaser will not close the Transaction. Absent the Transaction, the Agent will cease to support the business, resulting in a liquidation of the Companies' business and assets. Based on the Liquidation Analysis, this would result in a materially worse outcome relative to the Transaction.

c) *Is any stakeholder worse off under the RVO structure than they would have been under any other viable alternative?*

In the Receiver's view, there is no stakeholder prejudiced by the contemplated RVO structure relative to their treatment and outcome under any other viable alternative (if any). As noted, Genesis intends to retain a significant portion of Genesis' unsecured trade vendor debt owing to the Critical Suppliers, who would receive no recovery in a liquidation.

d) *Does the consideration being paid for the debtor's business reflect the importance and value of the licences and permits (or other intangible assets) being preserved under the RVO structure?*

For the reasons noted in a) above, in the Receiver's view, the value of the Permits and Licenses was the critical consideration in structuring the Transaction. The consideration being paid by the Purchaser is directly attributed to the importance and value of the Licenses and Permits, which enhances value and provides a better outcome for all stakeholders, including the Companies' secured creditors, certain unsecured creditors, employees and customers.

3. Based on the foregoing, the Receiver recommends that this Court approve the Transaction and grant the Approval and Reverse Vesting Order.

## 10.0 Notice

1. Convergent and other unsecured creditors not being retained under the Transaction were advised of the scheduled Court date in August, 2022 (i.e. prior to the Agent's service of the receivership application materials). In this regard, the Receiver advised Convergent's legal counsel of the September 13<sup>th</sup> hearing date on August 11, 2022 and substantially all other creditors not being retained under the Transaction (i.e. those for whom Genesis had current contact information) were sent an email by Genesis on August 29, 2022, a copy of which is attached as Appendix "C".
2. As at the date of this Report, KSV understands that Convergent has advised that it intends to oppose the granting of the Approval and Reverse Vesting Order being sought on September 13, 2022.
3. Should Convergent file materials setting out the basis of its opposition, KSV will either file a supplemental report to summarize its views on Convergent's position or instruct McMillan to provide those views to the Court at the hearing of this receivership application.

## 11.0 Receivership Proceedings

1. Subject to Court approval to be sought on a motion presently scheduled for September 29, 2022, it is contemplated that the Receivership Proceedings would be completed shortly following completion of the Transaction. Prior to completing its administration of these Receivership Proceedings, the Receiver, if appointed, intends to perform the following activities:
  - a) work with the Purchaser to complete the Transaction by the Target Date under the SPA of September 15, 2022 and in no event later than September 23, 2022, being the Outside Date under the SPA;
  - b) issue notices of disclaimer to the counterparties to any known Excluded Contracts as set out on Schedule "D" of the SPA;
  - c) issue termination letters on behalf of the Companies for the limited number of Non-Retained Employees (as defined in the SPA);
  - d) administer the employee claims process under the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1 ("WEPPA") for the Non-Retained Employees. In this regard, there is a provision in the SPA which requires the Purchaser to cause Genesis to provide reasonable assistance to the Receiver (or to the Licensed Insolvency Trustee appointed over Residual Co., should the WEPPA claims process be administered in the context of Residual Co.'s planned bankruptcy proceedings);
  - e) prepare and file the Receiver's final report as required under Section 246 of the BIA;
  - f) cause 965 Alberta to make an assignment in bankruptcy, should it be determined that this step is required to complete the administration in an orderly and efficient manner; and
  - g) deal with any other issues not specified above.



2. The Receiver notes that the Receivership Order excludes many of the Receiver's discretionary powers included in the template Alberta order. It is contemplated that the Transaction will close within days of the granting of the Receivership Order and the Approval and Reverse Vesting Order and the SPA requires a less intrusive receivership during the Interim Period (as defined in the SPA) to minimize its impact on the Companies' operations until the Transaction is completed. Accordingly, the Receivership Order contemplates that the Receiver would, subject to having sufficient funding on terms acceptable to the Receiver, cause Genesis to continue to operate in the normal course of business until the Transaction closes.
3. Following Closing, the Receiver intends to return to Court to seek its discharge as against 965 Alberta and terminate the Receivership Proceedings.

### **11.1 Cash Management System**

1. Genesis maintains four bank accounts with Bank of Montreal ("BMO"), one of which is a US account with BMO Harris Bank in the United States. 965 Alberta does not have a bank account. The Companies' centralized cash management system (the "Cash Management System") operates such that upon delivery and approval of a borrowing base notice by 965 Alberta to the Agent, which is typically submitted on a weekly basis, the Agent advances funds to a Genesis operating account to fund operations. Deposits into Genesis' other bank accounts are swept by the Agent and applied against the Cortland Debt.
2. The Receiver is of the view that it is reasonable and appropriate for the Cash Management System to remain in place during the Interim Period to minimize disruption or interruption to the Companies' business and for the Companies to be able to continue normal course operations in the context of the Receivership Proceedings until the closing of the Transaction.

### **12.0 Professional Fees**

1. The fees and disbursements of KSV Advisory and McMillan for the period July 1, 2022 to August 31, 2022 total approximately \$67,291 and \$32,178, respectively. Detailed invoices in respect of the fees and disbursements of the Receiver and McMillan can be provided to the Court, if required. These costs were incurred in connection with the planning of the Receivership Proceedings, finalizing the terms of the SPA and carrying out the Sale Process, as summarized in this Report.
2. The average hourly rates for KSV Advisory and McMillan for the referenced billing periods were \$591.05 and \$522.36, respectively.
3. The Receiver is of the view that the hourly rates charged by McMillan are consistent with the rates charged by corporate law firms practising in the area of insolvency in the Alberta market and that the fees charged are reasonable and appropriate in the circumstances.

## 13.0 Conclusion and Recommendation

1. The Receiver respectfully recommends that the Court make the Orders granting the relief detailed in Section 1.2(1)(i) of this Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
IN ITS CAPACITY AS THE PROPOSED RECEIVER OF  
965591 ALBERTA LTD. AND GENESIS INTEGRATION INC.  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “A”**



July 25, 2022

965591 Alberta Ltd. and Genesis Integration

14721 123 Avenue NW  
Edmonton, AB T5L 2Y6

Attention: Kelly McCarthy

**RE: Offer to Purchase the Shares of Genesis Integration Inc.**

Dear Sir:

We enclose a binding offer from Sequent AI Exchangeco Ltd. ("**Sequent**") to purchase all outstanding and issued shares (the "**Shares**") of Genesis Integration Inc. ("**Genesis**") from 965591 Alberta Ltd. ("**965 Alberta**"). Sequent's enclosed binding offer is in the form of a share purchase agreement executed by Sequent (the "**SPA**"). Sequent, through its operating affiliates, provides technology solutions that enhance the operational efficiency and security of organizational assets and industrial networks.

Sequent understands that Genesis is currently facing certain ongoing liquidity challenges that make its business, as currently constituted, unsustainable. Accordingly, Sequent is only prepared to complete the transactions contemplated by the SPA pursuant to a court supervised receivership sale and a reverse vesting order ("**RVO**") that allows Sequent to acquire the Shares and assets of Genesis itself free and clear of all obligations and liabilities other than those expressly to be retained by Genesis, all in accordance with the terms of the SPA. As Genesis has an interest in valuable non-transferrable attributes, Sequent is not prepared to acquire Genesis' business other than pursuant to an RVO.


We understand that the senior secured creditor of Genesis and 965 Alberta, Cortland Credit Lending Corporation (the "**Lender**"), is supportive of the SPA and is prepared to bring an application before the Court of Queen's Bench of Alberta in the City of Calgary (the "**Court**") to appoint KSV Restructuring Inc. as receiver (in such capacity, the "**Receiver**"), provided that, prior to any such receivership application KSV Advisory Inc. oversees a sale and investment solicitation process ("**SISP**") to determine if there is a higher and/or better offer available for the Shares or assets of Genesis, than that provided for in the SPA (such offer, a "**Superior Bid**"). We understand that Sequent will be consulted in connection with the formulation of the SISP which will be consistent with market practice and SISPs previously approved by the Court. Sequent is agreeable to these terms and hereby consents to the use of the SPA as a stalking horse offer to determine if a Superior Bid can be identified in the SISP. Sequent confirms that it is not seeking a break fee or an expense reimbursement in the event that a Superior Bid is consummated.

Sequent's offer will remain open and capable of acceptance until August 31, 2022 and may be accepted by the Receiver countersigning the SPA by that time. Should the SPA not be accepted by the Receiver by such time, the offer will automatically be withdrawn unless the time for acceptance is extended by Sequent, in writing.

We look forward to hearing from you.

Yours very truly,

SEQUENT AI EXCHANGE CO LTD.

Per:   
Name: Kyle Lanzinger  
Title: President

## **Appendix “B”**

**KSV RESTRUCTURING INC., solely in its capacity as court-appointed receiver of GENESIS INTEGRATION INC. and 965591 ALBERTA LTD. and not in its personal or corporate capacity**

**- and -**

**SEQUENT AI EXCHANGE CO LTD., or its designee**

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**SHARE PURCHASE AGREEMENT**

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**DATED JULY 25, 2022**

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## SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT dated July 25, 2022 is made by and between:

**KSV RESTRUCTURING INC.**, solely in its capacity as court-appointed receiver of the assets, undertakings and properties of **GENESIS INTEGRATION INC.** (the “**Purchased Entity**”) and **965591 ALBERTA LTD.** (“**965 Alberta**”) and not in its personal or corporate capacity,

(the “**Receiver**”)

- and -

**SEQUENT AI EXCHANGE CO LIMITED**, a company governed by the Laws of **Ontario**, or its designee

(the “**Purchaser**”)

### RECITALS:

- A. The Purchased Entity is an Alberta headquartered comprehensive systems integration company, servicing the audio/visual integration needs of its business customers;
- B. 965 Alberta owns all of the issued and outstanding shares of the Purchased Entity (the “**Purchased Shares**”);
- C. The Purchased Entity holds the Permits and Licenses (as defined below) which Permits and Licenses are not assignable or cannot be assigned or transferred to the Purchaser in a commercially reasonable timeframe with the required degree of certainty;
- D. The Purchased Entity owns all of the issued and outstanding shares (the “**Fusion Shares**”) of Fusion Cine Sales & Rental Inc. (“**Fusion**”), a British Columbia headquartered company which is in the business of renting, selling and repairing audio visual equipment primarily to the film and television industry;
- E. On July 25, 2022, the Purchaser offered to purchase the Purchased Shares, pursuant to the terms of this Agreement and on the condition that the transaction contemplated by this Agreement be consummated by the Receiver, pursuant to the Approval and Reverse Vesting Order (defined below);
- F. Prior to accepting the offer by the Purchaser, with the consent of the Lender (as defined below), 965 Alberta marketed the Purchased Shares and the assets of the Purchased Entity pursuant to the sale and investment solicitation process (“**SISP**”) overseen by KSV Advisory Inc. (“**KSV Advisory**”), in its capacity as financial advisor to 965 Alberta, the Purchased Entity and Fusion, to determine if a superior offer to the one made by the Purchaser could be identified;

- G. At the completion of the SISP, 965 Alberta and the Purchased Entity determined, in consultation with KSV Advisory and the Lender, that the offer made by the Purchaser was the highest and/or otherwise best offer for the Purchased Shares or the assets of the Purchased Entity;
- H. The Lender sought and obtained an Order, pursuant to subsection 243(1) of the BIA (as may be further amended, restated or varied, the “**Appointment Order**”) from the Court of the Queen’s Bench of Alberta (the “**Court**”) for the appointment of KSV Restructuring Inc. (“**KSV Restructuring**”) as Receiver over, among other things, the assets, undertakings and properties of 965 Alberta and the Purchased Entity acquired for, or used in relation to a business carried on by 965 Alberta (including the Purchased Shares) and the Purchased Entity, including all proceeds thereof (the “**Property**”);
- I. the Purchased Entity wishes to assign and transfer the Excluded Liabilities and the Excluded Assets (if any) to Residual Co.;
- J. The Receiver has agreed to sell the Purchased Shares on the terms and subject to the conditions set forth in this Agreement, subject to the issuance of the Approval and Reverse Vesting Order;

**NOW, THEREFORE** in consideration of the covenants and mutual promises set forth in this Agreement (including the recitals hereof) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions.

In this Agreement.

“**Action**” means any claim, action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity and by or before a Governmental Authority.

“**Affiliate**” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to “control” another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term “controlled” shall have a similar meaning.

“**Agreement**” means this Share Purchase Agreement between the Receiver, on behalf of 965 Alberta and the Purchased Entity, and the Purchaser, including all schedules, and all amendments, supplements, modifications or restatements, as permitted, and references to “**Article**”, “**Section**” or “**Schedule**” mean the specified Article or Section of, or Schedule to, this Agreement.

“**Ancillary Agreements**” means a bill of sale, assignment and assumption agreement, and such other agreements, documents, assignments, or instruments of transfer and conveyance reasonably satisfactory in form and substance to the Purchaser and the Receiver; none of which shall contain any representations or warranties of the Receiver except for those provided herein.

“**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order (including any securities laws or requirements of stock exchanges and any consent decree or administrative Order) or other requirement having the force of law (“**Law**”), in each case relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

“**Appointment Costs**” means the Lender’s actual, documented, out-of-pocket costs in connection with the SISP and in connection with seeking and obtaining the Appointment Order, up to and including entry and service of the Appointment Order, which costs are secured by the Security and which amount shall be confirmed by the Lender to the Receiver and the Purchaser, one Business Day prior to the Closing Date.

“**Appointment Date**” means the date on which the Appointment Order was granted.

“**Appointment Order**” has the meaning given in the Recitals.

“**Approval and Reverse Vesting Order**” means an Order granted by the Court substantially in the form attached hereto as Schedule "A" and otherwise acceptable to the Purchaser and the Receiver, each acting reasonably: (i) approving the Transactions; (ii) authorizing the Receiver to sell the Purchased Shares and vesting in the Purchaser (or as it may direct) all right, title and interest in and to the Purchased Shares, free and clear of any Encumbrances (other than Permitted Encumbrances); (iii) vesting out of the Purchased Entity and in to Residual Co. all Excluded Assets (if any) and Excluded Liabilities and discharging all Encumbrances against the Purchased Entity other than Permitted Encumbrances; and (iv) discharging the Receiver and terminating the Receivership Proceedings as against the Purchased Entity and its assets, undertaking, business and properties.

“**Authorization**” means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval, mining permit, development permit or building permit) or from any Person in connection with any easements, contractual rights or other matters.

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

“**Books and Records**” means all books, records, files, papers, books of account and other financial data of the Purchased Entity and Fusion including Tax Returns related to the Retained Assets in the possession, custody or control of the Receiver, including sales and advertising materials, sales and purchase data, trade association files, research and development records, lists of present and

former customers and suppliers, personnel, employment and other records, and all records, data and information stored electronically, digitally or on computer-related media.

“**Business**” means the business and operations carried on by the Purchased Entity as at the date of this Agreement and as at the date of Closing pertaining to comprehensive audio and video systems integration and all such other commercial activities incidental and ancillary thereto.

“**Business Day**” means any day except Saturday, Sunday or any day on which banks are generally not open for business in the Province of Alberta.

“**Closing**” means the completion of the Transactions in accordance with the Closing Sequence and the other provisions of this Agreement.

“**Closing Date**” means the date on which Closing occurs.

“**Closing Sequence**” has the meaning set out in Section 6.2.

“**Closing Time**” means the time on the Closing Date at which Closing occurs, as evidenced by the Receiver’s Certificate.

“**Conditions Certificates**” has the meaning set out in Section 7.3.

“**Contracts**” means all written contracts, agreements, leases, understandings and arrangements that are Related to the Business to which the Purchased Entity is a party or will at Closing be a party or by which the Purchased Entity is bound or in which the Purchased Entity has, or will at Closing have, any rights, including any Personal Property Leases, any Real Property Leases and any Contracts in respect of Employees.

“**Court**” has the meaning given in the Recitals.

“**Credit Agreement**” means, collectively, the credit agreement dated December 15, 2020 between, Cortland Credit Lending Corporation, as Agent for the Lenders (as defined therein), 965 Alberta, as Borrower (as defined therein), and Genesis, Genesis Esop Buyco Ltd., Fusion Cine Sales & Rentals Inc., and FC Canada UV Solutions Inc., as Guarantors (as defined therein), as later amended by the amendment agreements dated December 16, 2020, April 2021 and December 23, 2021.

“**Critical Suppliers**” means those suppliers of goods and services to the Purchased Entity, whose ongoing supply is, in the view of the Purchaser, critical of the preservation to the going concern value of the Purchased Entity and cannot be replaced in a commercially reasonable time and/or at a commercially reasonable cost, as more particularly set out on Schedule "B".

“**Discharged**” means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, including all proceeds thereof, the full, final, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property and all proceeds thereof.

“**Employees**” means all individuals who, as of Closing Time, are employed by the Purchased Entity, whether on a full-time or part-time basis, including all individuals who are on an approved and unexpired leave of absence and all individuals who have been placed on temporary lay-off which has not expired, but, for certainty, excludes any employees whose employment will be terminated pursuant to Section 7.1(g), and “**Employee**” means any one of them.

“**Encumbrances**” any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, Actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Appointment Order; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system.

“**Excluded Assets**” means those assets listed in Schedule "C".

“**Excluded Assets Bill of Sale**” has the meaning set out in Section 3.2

“**Excluded Contracts**” means those Contracts listed in Schedule "D".

“**Excluded Liabilities**” means all debts, obligations, Liabilities, Encumbrances, indebtedness, Contracts, leases, agreements, undertakings, claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in Law or in equity and whether based in statute or otherwise) of or against the Purchased Entity or relating to any Excluded Assets (if any) and Excluded Contracts as at the Closing Time, other than Retained Liabilities, including, *inter alia*, the non-exhaustive list of those Liabilities set forth in Schedule "E", any and all Liability relating to any change of control provision that may arise in connection with the change of control contemplated by the Transactions and to which the Purchased Entity may be bound as at the Closing Time, all Liabilities relating to or under the Excluded Contracts and Excluded Assets (if any), Liabilities for Employees whose employment with the Purchased Entity or its Affiliates is terminated on or before Closing or in connection with Closing.

“**Excluded Liability Assumption Agreement**” has the meaning set out in Section 3.1.

“**Excluded Employee Liabilities**” means any Liabilities owing to Non-Retained Employees in respect of notice of termination (or pay in lieu thereof), statutory termination pay or severance.

“**Fusion Shares**” has the meaning given in the Recitals.

“**Governmental Authority**” means the government of Canada, or any other nation, or of any political subdivision thereof, whether state, provincial (including the government of Alberta), territorial, municipal or local, and any agency, authority, instrumentality, regulatory body, court, arbitrator or arbitrators, tribunal, central bank or other entity exercising executive, legislative,

judicial or arbitral, taxing, regulatory or administrative powers or functions (including any applicable stock exchange).

“**GST/HST**” means the goods and services tax/harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada).

“**Intellectual Property**” means, with respect to the Purchased Entity or Fusion, all rights in and to (a) patents, patent applications and patent disclosures, including without limitation, the patents, (b) trademarks, trade names and corporate names and including all goodwill associated therewith, (c) works of authorship, copyrightable works, copyrights, (d) Internet addresses, domain names, websites and web pages, and (e) any and all other intellectual property and proprietary rights.

“**Interim Period**” means the period from the date that this Agreement is entered into by the Parties to the Closing Time.

“**Investment Canada Act**” means the *Investment Canada Act*, R.S.C., 1985, c. 28.

“**Legal Proceeding**” means any litigation, Action, application, suit, investigation, hearing, claim, complaint, deemed complaint, grievance, civil, administrative, regulatory or criminal, arbitration proceeding or other similar proceeding, before or by any court or other tribunal or Governmental Authority and includes any appeal or review thereof and any application for leave for appeal or review.

“**Lender**” means the Cortland Credit Lending Corporation.

“**Liability**” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“**Material Adverse Effect**” means any change, event, development, occurrence, facts, condition or effect (each, an “**Effect**”) that is, or would reasonably be expected to be, individually or in the aggregate with all other Effects, materially adverse to the Business or condition (financial or otherwise), assets, liabilities, operations, earnings of the Purchased Entity or results of the Business taken as a whole, *provided that* (a) an epidemic, pandemic or disease outbreak (and any public health measures enacted in response to a pandemic, including travel restrictions or lockdowns), including without limitation COVID-19, (b) a change in sales or forecasted sales, (c) a change in general economic, business, political or market conditions, or a development in the financial, banking, credit, debt, currency, capital or securities markets in general, including changes in interest rates; (d) any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Purchased Entity with any third party, including any of the Purchased Entity’s customers, employees, shareholders, financing sources, vendors, distributors, partners or suppliers as a direct result of the execution, announcement or performance of this Agreement; (e) the application by the Lender for the Appointment Order; or (f) any breach of a covenant or term of this Agreement by the Receiver that is cured by the Outside Date; shall not qualify as a Material Adverse Effect.

**“Non-Retained Employees”** means those individuals employed by the Purchased Entity whose employment will be terminated prior to Closing, as listed in a terminated Employee list to be sent by the Purchaser to the Receiver no later than five (5) Business Days before the Target Closing Date.

**“Order”** means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

**“Organizational Documents”** means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

**“Outside Date”** means September 23, 2022, or such other date as the Receiver (with the consent of the Lender) and the Purchaser may agree to in writing.

**“Party”** means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **“Parties”** means more than one of them.

**“Permits and Licenses”** means (i) any security clearances issued to or held in the name of the Purchased Entity granted by the Government of Canada (or any Ministry or subdivision thereof) or the Royal Canadian Mounted Police, (ii) any National Master Standing Offer (including any Audio Visual Master Standing Offer) granted by the Government of Canada (or any Ministry or subdivision thereof), and (iii) any other permits, licenses, Authorizations, approvals or other evidence of authority, permission or entitled Related to the Business granted by a Governmental Authority.

**“Permitted Encumbrances”** means the Encumbrances related to the Purchased Shares or the Retained Assets listed in Schedule "D" which will not be discharged by the Approval and Reverse Vesting Order.

**“Person”** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Authority, and the executors, administrators or other legal representatives of an individual in such capacity.

**“Personal Property”** means all machinery, equipment, furniture, motor vehicles and other personal property that is Related to the Business, wherever located (including those in possession of suppliers, customers and other third parties).

**“Personal Property Lease”** means a lease, equipment lease, financing lease, conditional sales contract and other similar agreement relating to Personal Property to which the Purchased Entity is a party or under which it has rights to use Personal Property.

**“Purchase and Sale Transactions”** means the transactions contemplated by this Agreement which provide for, among other things, (a) the assignment by the Purchased Entity to Residual Co. of the Excluded Liabilities and the Excluded Assets (if any); and (b) the acquisition from the Receiver by the Purchaser of the Purchased Shares in consideration for the Share Purchase Price, each on and subject to the terms set forth herein.

“**Purchased Entity**” means Genesis Integration Inc.

“**Purchased Shares**” has the meaning given in the Recitals.

“**Purchaser**” means Sequent AI Exchangeco Ltd.

“**Real Property Leases**” means those real property leases held in the name of the Purchased Entity as more particular set out on Schedule "G"

“**Receiver**” means KSV Restructuring Inc. in its capacity as court-appointed receiver in the Receivership Proceedings and not in its personal or corporate capacity.

“**Receiver’s Certificate**” means the certificate, substantially in the form attached as Schedule "A" to the Approval and Reverse Vesting Order, to be delivered by the Receiver to the Purchaser in accordance with Section 7.3, and thereafter filed by the Receiver with the Court.

“**Receivership Proceedings**” means the proceedings commenced by the Lender under the BIA appointing KSV Restructuring as Receiver of 965 Alberta and the Purchased Entity.

“**Related to the Business**” means primarily (i) used in; (ii) arising from; or (iii) otherwise related to the Business or any part thereof.

“**Representative**” when used with respect to a Person means each director, officer, employee, consultant, financial adviser, legal counsel, accountant and other agent, adviser or representative of that Person.

“**Residual Co.**” means a corporation to be incorporated as a wholly owned subsidiary of 965 Alberta, to which the Excluded Assets (if any) and Excluded Liabilities will be transferred as part of the Closing Sequence.

“**Retained Assets**” has the meaning set out in Section 3.2 and as set out in further detail in Schedule "F".

“**Retained Contracts**” means all Contracts other than Excluded Contracts.

“**Retained Employees**” has the means all Employees other than Non-Retained Employees.

“**Retained Employee Liabilities**” means any Liabilities owing by the Purchased Entity to the Retained Employees and Liabilities in respect of wages and vacation pay owing to Non-Retained Employees, but for greater certainty, excluding Excluded Employee Liabilities.

“**Retained Liabilities**” means Liabilities specifically and expressly designated by the Purchaser as retained Liabilities in Schedule "G".

“**Share Purchase Price**” has the meaning set out in Section 2.2.

“**SISP**” has the meaning given in the Recitals.



“**Target Closing Date**” means September 15, 2022, or such other date as the Receiver and the Purchaser may agree to in writing.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Tax Returns**” means all returns, reports, declarations, designations, forms, elections, notices, filings, information returns, and statements in respect of Taxes that are filed or required to be filed with any applicable Governmental Authority, including all amendments, schedules, attachments or supplements thereto and whether in tangible or electronic form.

“**Taxes**” or “**Tax**” means, with respect to any Person, all supranational, national, federal, provincial, state, local or other taxes, including income taxes, mining taxes, branch taxes, profits taxes, capital gains taxes, gross receipts taxes, windfall profits taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, franchise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, social security premiums, workers’ compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any Liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

“**To The Best of the Receiver’s Knowledge**” means the understanding or knowledge of any Representative of the Receiver, based solely on the information provided to either of them in writing by management of the Purchased Entity and for greater certainty does not imply, suggest or require any independent investigation, inquiry or diligence be conducted by the Receiver to verify or confirm the accuracy or completeness of the information so provided to the Receiver and the parties acknowledge and agree that the Receiver shall be entitled to rely on such information provided by management in making the representations contained in the Section 4.2.

“**Transaction Taxes**” means all documentary, stamp, transfer, sales and transfer taxes, registration charges and transfer fees, including GST, use, value added, and excise taxes and all filing and recording fees (and any penalties and interest associated with such taxes and fees) or any other Tax consequences arising from, or relating to, or in respect of the consummation of the Transactions.

“**Transactions**” means all of the transactions contemplated by this Agreement, including the Purchase and Sale Transactions.

“**WEPPA**” means the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1

## **1.2 Actions on Non-Business Days**

If any payment is required to be made or another action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment

or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding Business Day.

### **1.3 Currency and Payment Obligations**

Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in the lawful currency of Canada.

### **1.4 Calculation of Time**

In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. Mountain Daylight Saving Time on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. Mountain Daylight Saving Time on the next succeeding Business Day.

### **1.5 Entire Agreement**

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties relating to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement. Any cost estimates, projections or other predictions contained or referred to in any other material that has been provided to the Purchaser or any of its Affiliates, subsidiaries, agents or other Representatives are not and shall not be deemed to be representations or warranties of the Receiver or any of its affiliates, subsidiaries, agents, employees or other Representatives.

### **1.6 Additional Rules of Interpretation**

- (a) *Governing Law* – This Agreement is a contract made under and shall be governed by and construed in accordance with the Laws of the Province of Alberta and the federal Laws of Canada applicable in the Province of Alberta;
- (b) *Consents, Agreements, Approval, Confirmations and Notice to be Written*. Any consent, agreement, approval or confirmations from, or notice to, any party permitted or required by this Agreement shall be written in writing provided the email shall constitute a written instrument.
- (c) *Gender and Number*. In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.
- (d) *Headings and Table of Contents*. The inclusion in this Agreement of headings of Articles and Sections and the provision of a table of contents are for convenience

of reference only and are not intended to be full or precise descriptions of the text to which they refer.

- (e) *Section References.* Unless the context requires otherwise, references in this Agreement to Articles, Sections or Schedules are to Articles or Sections of this Agreement, and Schedules to this Agreement.
- (f) *Words of Inclusion.* Wherever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation” and the words following “include”, “includes” or “including” shall not be considered to set forth an exhaustive list.
- (g) *No Strict Construction* – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.
- (h) *References to this Agreement.* The words “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular Section or portion of it.
- (i) *Statute References.* Unless otherwise indicated, all references in this Agreement to any statute include the regulations thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith.
- (j) *Document References.* All references herein to any agreement (including this Agreement), document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules attached thereto.

## 1.7 Exhibits and Schedules

- (a) The following are the Exhibits and Schedules attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

### **SCHEDULES**

- Schedule "A" - Form of Approval and Reverse Vesting Order
- Schedule "B" - Critical Suppliers
- Schedule "C" - Excluded Assets
- Schedule "D" - Excluded Contracts
- Schedule "E" - Excluded Liabilities

- Schedule "F" - Permitted Encumbrances
- Schedule "G" - Real Property Leases
- Schedule "H" - Retained Assets
- Schedule "I" - Retained Liabilities

- (b) Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Schedules and the interpretation provisions set out in this Agreement apply to the Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.
- (c) All Schedules may be amended, modified or supplemented by the Purchaser at any time prior to the Closing Date; provided, however, that the Schedule "A" – Form of Approval and Reverse Vesting Order, Schedule "F" – Permitted Encumbrances and Schedule "I" – Retained Liabilities may only be amended, modified or supplemented with the consent of the Receiver and the Lender.

## ARTICLE 2

### PURCHASE OF PURCHASED SHARES AND ASSUMPTION OF LIABILITIES

#### 2.1 Purchase and Sale of the Purchased Shares

Subject to the terms and conditions of this Agreement, on the Closing Date in accordance with the Closing Sequence, the Receiver shall sell, assign and transfer all of the right, title and interest of 965 Alberta in and to the Purchased Shares to the Purchaser, and the Purchaser shall purchase such right, title and interest in and to the Purchased Shares from the Receiver, free and clear of all Encumbrances except the Permitted Encumbrances.

#### 2.2 Share Purchase Price

The purchase price for the Purchased Shares shall be \$1.00 (the "**Share Purchase Price**"), which shall be paid by the Purchaser on the Closing Date to the Receiver on behalf of 965 Alberta.

## ARTICLE 3

### TRANSFER OF CERTAIN ASSETS AND LIABILITIES

#### 3.1 Transfer of Excluded Liabilities to Residual Co.

On the Closing Date and prior to the sale of the Purchased Shares contemplated in Article 2, the Excluded Liabilities shall be assumed by Residual Co. and the Receiver shall cause the Purchased Entity to transfer to Residual Co. the Excluded Assets (if any). The Excluded Liabilities shall be assumed in accordance with the Closing Sequence, pursuant to the Approval and Reverse Vesting Order and evidenced by an assignment and assumption agreement in form and substance acceptable to the Purchaser and the Receiver (the "**Excluded Liability Assumption Agreement**"), which will set out the consideration to be received by Residual Co. for the assumption of the

Excluded Liabilities. Notwithstanding any other provision of this Agreement, neither the Purchaser nor the Receiver shall assume or have any Liability for any of the Excluded Assets or the Excluded Liabilities and all Excluded Liabilities shall be Discharged from the Purchased Entity and its assets, undertaking, business and properties as at and from and after the Closing Time, pursuant to the Approval and Reverse Vesting Order. For greater certainty, the Purchaser shall be solely liable for all Tax Liabilities and Transaction Taxes, if any, of the Purchased Entity arising in connection with the transfer of the Excluded Assets (if any) and the assignment of the Excluded Liabilities to Residual Co. and the assumption by Residual Co. of same and the Receiver shall have no obligation in connection with such Tax Liabilities or Transaction Taxes.

### 3.2 Transfer of Excluded Assets to Residual Co.

On the Closing Date, the Purchased Entity shall retain all the tangible and intangible properties, assets, interests, rights, claims and Contracts of the Purchased Entity (as applicable) Related to the Business, wherever located, as of the Closing Time, including the assets set out in further detail in Schedule "F" (the "**Retained Assets**"), except for inventory sold in the ordinary course of business in the Interim Period and the Excluded Assets (if any) and Excluded Contracts. The Receiver shall cause the Purchased Entity to transfer the Excluded Assets (if any) to Residual Co., in accordance with the Closing Sequence, on the Closing Date and the same shall be vested in Residual Co. pursuant to the Approval and Reverse Vesting Order as evidenced by a bill of sale, in form and substance satisfactory to the Purchaser and the Receiver (collectively, the "**Excluded Assets Bill of Sale**").

## ARTICLE 4 REPRESENTATIONS AND WARRANTIES

### 4.1 Representations and Warranties as to the Receiver

Subject to the issuance of the Approval and Reverse Vesting Order, the Receiver represents and warrants to the Purchaser as follows and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the purchase by Purchaser of the Purchased Shares:

- (a) Appointment. The Receiver has been appointed by the Court as receiver of the Property pursuant to the Appointment Order, a copy of which has been provided to the Purchaser.
- (b) Authorization. Subject to the issuance of the Approval and Reverse Vesting Order, the Receiver has all necessary power and authority to enter into this Agreement and to carry out its obligations under this Agreement. This Agreement constitutes a valid and binding obligation of the Receiver enforceable against it in accordance with its terms subject to any limitations imposed by Law.
- (c) Residence. The Receiver is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

- (d) GST. The Purchased Entity is registered for good and sales tax purposes under Part IX of the *Excise Tax Act* (Canada) with the following registration number: 122386659 RT0001.
- (e) No Encumbrances. The Receiver has not engaged in any act that has or could result in an Encumbrance affecting any of the Purchased Shares (other than any charge created by the Appointment Order or arising by operation of Law in the normal course of the Business).

#### 4.2 Representations and Warranties as to 965 Alberta and the Purchased Entity

Subject to the issuance of the Approval and Reverse Vesting Order, the Receiver represents and warrants for and on behalf of 965 Alberta and the Purchased Entity to the Purchaser as follows and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the purchase by the Purchaser of the Purchased Shares:

- (a) Authorized and Issued Capital of Purchased Entity. To The Best of the Receiver's Knowledge, based solely on its review of the Books and Records (i) the authorized capital of the Purchased Entity consists of 100 Class A Voting Shares (ii) the Purchased Shares constitute 100% of the issued and outstanding securities in the capital of the Purchased Entity, (iii) there are no issued and outstanding common shares or other securities of the Purchased Entity other than the Purchased Shares, nor are there any securities convertible into or options, equity-based awards or other rights, agreements or commitments that are held by any Person and which are convertible into or exchangeable for common shares or any other securities of the Purchased Entity.
- (b) Authorized and Issued Capital of Fusion. To The Best of the Receiver's Knowledge, based solely on its review of the Books and Records (i) the authorized capital of Fusion consists of 100 Class "A" Voting Non-Participating Common Shares, (ii) the Fusion Shares constitute 100% of the issued and outstanding securities in the capital of the Purchased Entity, (iii) there are no issued and outstanding common shares or other securities of the Purchased Entity other than the Purchased Shares, nor are there any securities convertible into or options, equity-based awards or other rights, agreements or commitments that are held by any Person and which are convertible into or exchangeable for common shares or any other securities of the Purchased Entity.
- (c) No Other Agreements to Purchase. To The Best of the Receiver's Knowledge, except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Purchased Entity of any of the Retained Assets.
- (d) Proceedings. To The Best of the Receiver's Knowledge, the Receiver is not aware of any Legal Proceedings pending against 965 Alberta or the Purchased Entity other than those proceedings listed in Schedule "E".

- (e) Permits and Licenses. To The Best of the Receiver's Knowledge, (i) the Permits and Licenses are in full force and effect, and (ii) except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition of any interest in, or the creation of any Encumbrance in respect of, the Permits and Licenses.
- (f) Real Property Leases. To The Best of the Receiver's Knowledge, all Real Property Leases are set out on Schedule "G".

### 4.3 Representations and Warranties as to the Purchaser

The Purchaser represents and warrants to and in favour of the Receiver as follows and acknowledges and agrees that the Receiver is relying upon such representations and warranties in connection with the sale by the Receiver of the Purchased Shares.

- (a) Incorporation and Status. The Purchaser is incorporated and existing under the Laws of its jurisdiction of incorporation and has the corporate power and authority to enter into, deliver and perform its obligations under, this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement and the completion of the Transactions contemplated by this Agreement does not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and this Agreement is a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Reverse Vesting Order.
- (e) No Commissions. There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the Transactions based on any arrangement or agreement.
- (f) Litigation. There are no Legal Proceedings pending, or to the knowledge of the Purchaser, threatened against the Purchaser before any Governmental Authority, which would: (i) prevent the Purchaser from paying the Share Purchase Price to the Receiver; (ii) prohibit or seek to enjoin, restrict or prohibit the Transactions contemplated by this Agreement or (iii) which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.

- (g) Investment Canada Act. The Purchaser is a “Canadian” or a “WTO Investor” within the meaning of the Investment Canada Act, and the regulations thereunder.
- (h) Consents. Except for: (i) the issuance of the Approval and Reverse Vesting Order; and (ii) any regulatory approvals required to be obtained pursuant to this Agreement, no Authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Purchaser, and each of the agreements to be executed and delivered by the Purchaser hereunder, the purchase of the Purchased Shares hereunder.
- (i) Residence of Purchaser. The Purchaser is not a non-resident of Canada within the meaning of the Tax Act.
- (j) Adequate Funds. Purchaser has adequate funds available in an aggregate amount sufficient to pay: (i) all amounts required to be paid by Purchaser under this Agreement and (ii) to pay, perform and discharge the Retained Liabilities when such amounts become due and owing.
- (k) Not Acting as Agent. Purchaser is acquiring the Purchased Shares in its capacity as principal and is not purchasing the Purchased Shares for the purpose of resale or distribution to a third party.
- (l) Sophisticated Buyer. Purchaser is an informed and sophisticated buyer, it has had the opportunity to engage expert advisors and is experienced in the evaluation and purchase of property and assets and assumption of liabilities such as the Purchased Shares, the Retained Assets and the Retained Liabilities, and has had the opportunity to undertake such investigations and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Subscription Agreement.
- (m) Compliance. Purchaser is in compliance with all the requirements of all Governmental Authorities.

#### 4.4 As is, Where is

The Purchased Shares shall be sold and delivered to the Purchaser pursuant to the Approval and Reverse Vesting Order on an “as is, where is” basis, subject to the express representations and warranties contained herein. Other than those representations and warranties expressly contained herein, no representation, warranty or condition is expressed or can be implied as to title, Encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever, including with respect to the Purchased Shares or the Retained Assets.

Without limiting the generality of the foregoing, except as may be expressly set out in this Agreement, no representations or warranties have been given by any Party with respect to the Liability any Party has with respect to Taxes in connection with entering into this Agreement, the



issuance of the Approval and Reverse Vesting Order, the consummation of the Transactions or for any other reason. Each Party is to rely on its own investigations in respect of any Liability for Taxes payable, collectible or required to be remitted by the Purchased Entity or any other Party on or after Closing and the quantum of such Liability, if any, and the Purchaser acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records, and other documents and data of the Purchased Entity in order to make an independent analysis of same. For certainty, the Receiver shall have no Liability for any Taxes payable, collectible or required to be remitted before, on or after Closing by the Purchased Entity in connection with (a) the Receiver entering into this Agreement, (b) the issuance of the Approval and Reverse Vesting Order or (c) the consummation of the Transactions.

## **ARTICLE 5 COVENANTS**

### **5.1 Target Closing Date**

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on the Target Closing Date.

### **5.2 Application for Approval and Reverse Vesting Order**

- (a) In the event that the Court, on the Appointment Date, does not grant the Approval and Reverse Vesting Order, the Receiver shall use its commercially reasonable efforts to promptly file and serve an application with the Court for an Approval and Reverse Vesting Order.
- (b) The Purchaser shall provide any information and take such actions as may be reasonably requested by the Receiver to assist the Receiver in obtaining the Approval and Reverse Vesting Order and any other Order of the Court reasonably necessary to consummate the Transaction. The Purchaser covenants to take, or cause to be taken, all commercially reasonable actions and to do, or cause to be done, all things necessary or proper, consistent with Applicable Law, to consummate and make effective the Transaction as soon as possible following the issuance of the Approval and Reverse Vesting Order, and, in any case, by the Target Closing Date.
- (c) In the event that leave to appeal is sought, an appeal is taken or a stay pending appeal is requested with respect to the Approval and Reverse Vesting Order, the Receiver shall promptly notify the Purchaser of such leave to appeal, appeal or stay request and shall promptly provide to the Purchaser a copy of the related notice(s) or Order(s). The Receiver shall also provide the Purchaser with written notice of any motion or application filed in connection with any leave to appeal or appeal from such Orders.

### **5.3 Interim Period**

- (a) During the Interim Period, except: (i) as contemplated or permitted by this Agreement (including the Approval and Reverse Vesting Order); (ii) as necessary

in connection with the Receivership Proceedings; (iii) as otherwise provided in the Appointment Order and any other Court Orders, prior to the Closing Time; or (iv) as consented to by the Purchaser and the Receiver, such consent not to be unreasonably withheld, conditioned or delayed: (A) the Receiver shall, subject to having sufficient funding on terms acceptable to the Receiver, cause the Purchased Entity to continue to maintain its business and operations in the normal course of business, substantially the same manner as conducted on the date of this Agreement; (B) other than any Excluded Assets, the Receiver shall not permit the Purchased Entity to, transport, remove or dispose of, any of its assets out of their current locations.

#### **5.4 Access During Interim Period**

During the Interim Period, the Receiver shall cause the Purchased Entity to give, or cause to be given, to the Purchaser, and its Representatives, reasonable access during normal business hours to the Retained Assets, including the Books and Records, to conduct such investigations, inspections, surveys or tests thereof of the Business and the Retained Assets as the Purchaser reasonably deems necessary or desirable to further familiarize themselves with the Business and the Retained Assets.

#### **5.5 Regulatory Filings**

To the extent the Purchaser, acting reasonably, considers it necessary to file any notices with any Governmental Authority in connection with the Transactions, the Receiver will reasonably cooperate and assist the Purchaser in connection with any such filings, provided that the cost of any such filings shall be borne by the Purchaser.

#### **5.6 Insurance Matters**

Until the Closing, the Receiver shall cause the Purchased Entity to keep in full force and effect all of the Purchased Entity's applicable existing insurance policies and give any notice or present any claim under any such insurance policies consistent with past practices of the Purchased Entity in the ordinary course of business, provided that the Receiver shall have sufficient funding.

#### **5.7 Books and Records**

The Purchaser shall preserve and keep the Books and Records acquired by it pursuant to this Agreement for a period of six (6) years after Closing, or for any longer periods as may be required by any Laws applicable to such Books and Records. The Purchaser shall make such Books and Records, as well as electronic copies of such Books and Records (to the extent such electronic copies exist), available to the Receiver, or any of its successors, and shall, at such party's sole expense, permit any of the foregoing persons to take copies of such Books and Records as they may reasonably require to carry out the Receiver's administration in accordance with the Appointment Order.

## 5.8 Transport of Assets

The Purchaser shall have the option, at its sole discretion, to coordinate the delivery and/or pick up of any physical assets and Personal Property that are Retained Assets at its own cost and expense from wherever situate. The Receiver shall not have any obligation to deliver to the Purchaser and/or obtain possession from third parties any physical assets or Personal Property that are Retained Assets.

## 5.9 WEPPA Claims

The Purchaser will cause the Purchased Entity to provide reasonable assistance to the Receiver (or any successor in interest thereto, and to any licensed insolvency trustee appointed in respect of Residual Co.) in its duties in connection with WEPPA and the Receiver's obligation to Non-Retained Employees who may be entitled to claim amounts pursuant to WEPPA including (i) identifying Non-Retained Employees; (ii) determining the amounts owed to Non-Retained Employees; and (iii) providing Service Canada and applicants with the information necessary to establish eligibility for payment.

## 5.10 Filing of Tax Election

The Purchaser shall cause each of the Purchased Entity and Fusion to make an election pursuant to subsection 256(9) of the Tax Act in respect of its taxation year ending as a result of the acquisition of control of the Purchased Entity and Fusion by the Purchaser.

# ARTICLE 6 CLOSING ARRANGEMENTS

## 6.1 Closing

The Closing shall take place virtually by exchange of documents in PDF format on the Closing Date, in accordance with the Closing Sequence, and shall be subject to such escrow document release arrangements as the Parties may agree.

## 6.2 Closing Sequence

On the Closing Date, Closing shall take place in the following sequence (the "Closing Sequence"):

- (a) First, Residual Co. shall assume the Excluded Liabilities, pursuant to the Excluded Liabilities Assumption Agreement, and the Receiver shall cause the Purchased Entity to transfer the Excluded Assets (if any) to Residual Co. and shall issue the Excluded Assets Bill of Sale to Residual Co.; and
- (b) Second, the Purchaser shall acquire the Purchased Shares, the Receiver shall deliver share transfers with respect to the Purchased Shares to the Purchaser in accordance with Section 6.3(c), and the Share Purchase Price shall be paid for the benefit of 965 Alberta.

### 6.3 The Receiver's Closing Deliveries

At or before the Closing (as applicable), the Receiver shall deliver or cause to be delivered to the Purchaser the following, in form and substances satisfactory to the Purchaser, acting reasonably:

- (a) a true copy of the Approval and Reverse Vesting Order, as granted by the Court;
- (b) a certificate of status, compliance, good standing or like certificate with respect to the 965 Alberta and Purchased Entity issued by the appropriate government official of its jurisdiction of incorporation, to the extent such certificate exists in such jurisdiction;
- (c) share transfers with respect to the Purchased Shares duly endorsed in blank for transfer, or accompanied by irrevocable stock transfer powers duly executed in blank, in either case, by the Receiver for and on behalf of 965 Alberta to the benefit of the Purchaser;
- (d) a bring-down certificate executed by the Receiver, in a form satisfactory to the Purchaser, acting reasonably, certifying that all of the representations and warranties of the Receiver hereunder remain true and correct in all material respects as of the Closing;
- (e) a copy of the Excluded Liabilities Assumption Agreement, signed by the Receiver on behalf of the Purchased Entity and Residual Co.; and
- (f) such other agreements, documents and instruments, including without limitation conveyance documents related to the Retained Assets, as may be reasonably required by the Purchaser to complete the Transactions provided for in this Agreement, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

### 6.4 The Purchaser's Closing Deliveries

At or before the Closing (as applicable), the Purchaser shall deliver or cause to be delivered to the Receiver, the following, in form and substance satisfactory to the Receiver, acting reasonably:

- (a) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by the appropriate government official of its jurisdiction of formation;
- (b) a bring-down certificate executed by the Purchaser, in a form satisfactory to the Receiver, acting reasonably, certifying that all of the representations and warranties of the Purchaser hereunder remain true and correct in all material respects as of the Closing;
- (c) a certificate dated as of the Closing Date and executed by an executive officer of the Purchaser confirming and certifying that each the conditions in Sections 7.2(d) and 7.2(e) have been satisfied;

- (d) the Share Purchase Price, in accordance with Section 6.2(a); and
- (e) such other agreements, documents and instruments as may be reasonably required by the Receiver to complete the Transactions provided for in this Agreement, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

## ARTICLE 7 CONDITIONS OF CLOSING

### 7.1 The Purchaser's Conditions

The Purchaser shall not be obligated to complete the Transactions contemplated by this Agreement, unless, at or before the commencement of the first step in the Closing Sequence, each of the conditions listed below in this Section 7.1 have been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Purchaser, and may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non- fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing; provided that if the Purchaser does not waive a condition(s) and completes the Closing, such condition(s) shall be deemed to have been waived by the Purchaser. The Receiver shall take, and cause the Purchased Entity to take, all such commercially reasonable actions, steps and proceedings as are reasonably within its control to ensure that the conditions listed below in this Section 7.1 are fulfilled at or before the Closing Time.

- (a) Court Approval. The following conditions have been met: (i) the Approval and Reverse Vesting Order shall have been granted by the Court; and (ii) the Approval and Reverse Vesting Order shall not have been vacated, set aside or stayed.
- (b) The Receiver's Deliverables. The Receiver shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 6.3.
- (c) No Violation of Orders or Law. During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any final or non-appealable Order or Law which has: (i) the effect of making any of the Transactions illegal, or (ii) the effect of otherwise prohibiting, preventing or restraining the consummation of any of the Transactions contemplated by this Agreement; or (iii) the effect of varying, modifying or amending the Approval and Reverse Vesting Order without the consent of Purchaser.
- (d) No Material Adverse Effect. During the Interim Period, there shall have been no Material Adverse Effect.
- (e) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or the Transactions (including the Approval and Reverse Vesting Order), each of the representations and warranties contained in Sections 4.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

- (f) No Breach of Covenants. The Receiver, 965 Alberta and the Purchased Entity shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Receiver or 965 Alberta or the Purchased Entity on or before the Closing.
- (g) The Purchased Entity Employees. The Receiver shall have caused the Purchased Entity to terminate the employment of the Non-Retained Employees for, on behalf of, and in the name of, the Purchased Entity as requested by the Purchaser in its sole discretion, in accordance with this Agreement and all Excluded Employee Liabilities shall be Excluded Liabilities or shall be Discharged from the Purchased Entity and its assets, undertaking, business and properties by the Approval and Reverse Vesting Order.
- (h) Residual Co. Pursuant to the Approval and Reverse Vesting Order: (i) all Excluded Assets (if any) and Excluded Liabilities shall have been transferred to, and assumed by, Residual Co. or Discharged from the Purchased Entity and its assets, undertaking, business and properties; and (ii) the Purchased Entity, its business and property shall have been released and forever Discharged of all claims and Encumbrances (other than Retained Liabilities, and Permitted Encumbrances); such that, from and after Closing the business and property of the Purchased Entity shall exclude the Excluded Assets (if any) and the Excluded Contracts and shall not be subject to any Excluded Liabilities.
- (i) Receivership Proceedings. The Receiver shall have been discharged and the Receivership Proceedings terminated as against the Purchased Entity and its assets, undertaking, business and properties.
- (j) Disclaim Contracts. The Receiver shall have sent notices of disclaimer to counterparties to any known Excluded Contracts as set out on Schedule "D", effective as at such time as may be designated by the Purchaser.

## 7.2 The Receiver's Conditions

The Receiver shall not be obligated to complete the Transactions contemplated by this Agreement unless, at or before the commencement of the first step in the Closing Sequence, each of the conditions listed below in this Section 7.2 have been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Receiver and may be waived by the Receiver in whole or in part, without prejudice to any of its rights of termination in the event of nonfulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Receiver only if made in writing. The Purchaser shall take all such actions, steps and proceedings as are reasonably within the Purchaser's control as may be necessary to ensure that the conditions listed below in this Section 7.2 are fulfilled at or before the Closing Time.

- (a) Court Approval. The Approval and Reverse Vesting Order shall have been granted by the Court and shall not have been vacated, set aside, stayed or subject to pending appeal.

- (b) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Receiver at the Closing all the documents and payments contemplated in Section 6.4.
- (c) No Violation of Orders or Law. During the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any final or non-appealable Order or Law which has the effect of: (i) making any of the Transactions contemplated by this Agreement illegal; (ii) otherwise prohibiting, preventing or restraining the consummation of any of the Transactions contemplated by this Agreement; or (iii) varying, modifying or amending the Approval and Reverse Vesting Order without the consent of the Receiver.
- (d) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 4.3 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.
- (e) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing, except for the covenant to pay the Share Purchase Price, which shall have been performed in all respects.

### 7.3 Receiver's Certificate

When the conditions to Closing set out in Section 7.1 and Section 7.2 have been satisfied and/or waived by the Receiver or the Purchaser, as applicable, the Purchaser or the Receiver or their respective counsel will deliver to the other party to this Agreement confirmation that such conditions of Closing, as applicable, have been satisfied and/or waived (the "**Conditions Certificates**"). Upon delivery of the Conditions Certificates, the Receiver shall: (i) issue forthwith its Receiver's Certificate to the Purchaser, at which time the Closing Sequence will be deemed to have commenced and be completed in the order set out in the Closing Sequence, and Closing will be deemed to have occurred; and (ii) file as soon as practicable a copy of the Receiver's Certificate with the Court (and shall provide a true copy of such filed certificate to the Purchaser). In the case of: (i) and (ii) above, the Receiver will be relying exclusively on the basis of the Conditions Certificates without any obligation whatsoever to verify the satisfaction or waiver of the applicable conditions.

## ARTICLE 8 TERMINATION

### 8.1 Grounds for Termination

- (a) This Agreement may be terminated on or prior to the Closing Date:
  - (i) by the mutual agreement of the Receiver and the Purchaser;

- (ii) by the Purchaser, on the one hand, or the Receiver, on the other hand, at any time following the Outside Date, if Closing has not occurred on or prior to 11:59 p.m. (Mountain Daylight Saving Time) on the Outside Date, provided that the reason for the Closing not having occurred is not due to any act or omission, or breach of this Agreement, by the Party proposing to terminate this Agreement;
- (iii) by the Purchaser, on the one hand, or the Receiver, on the other hand, upon notice to the other Parties if the Court dismisses the application for the Approval and Reverse Vesting Order other than as a result of a breach of this Agreement by the Party proposing to terminate this Agreement;
- (iv) by the Receiver, if there has been a material violation or breach by the Purchaser of any agreement, covenant, representation or warranty of the Purchaser in this Agreement which would prevent the satisfaction of, or compliance with, any condition set forth in Section 7.2, as applicable, by the Outside Date and such violation or breach has not been waived by the Receiver or cured by the Purchaser or the Purchased by the Outside Date, unless the Receiver is in material breach of its obligations under this Agreement at such time; or
- (v) by the Purchaser, if there has been a material violation or breach by the Receiver of any agreement, covenant, representation or warranty which would prevent the satisfaction of, or compliance with, any condition set forth in Section 7.1, by the Outside Date and such violation or breach has not been waived by the Purchaser or cured by the Outside Date, unless the Purchaser is in material breach of its obligations under this Agreement at such time.

## **8.2 Effect of Termination.**

If this Agreement is terminated pursuant to Section 8.1:

- (a) all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder, except as contemplated in, 9.4 (*Public Announcements*), 9.5 (*Notices*), 9.9 (*Waiver and Amendment*), 9.12 (*Governing Law*), 9.13 (*Dispute Resolution*), 9.14 (*Attornment*), 9.15 (*Successors and Assigns*), 9.16 (*Assignment*), 9.17 (*No Liability*), and 9.18 (*Third Party Beneficiaries*), which shall survive such termination. For the avoidance of doubt, any Liability incurred by a Party prior to the termination of this Agreement shall survive such termination; and
- (b) if the Share Purchase Price has been paid to the Receiver pursuant to Section 6.2(a), and for any reason, the Closing Sequence steps set out in Sections 6.2(a) through 6.2(b) have not occurred, the Receiver shall promptly return the Share Purchase Price to the Purchaser.



**ARTICLE 9  
GENERAL**

**9.1 Tax Returns.**

The Purchaser shall: (a) prepare or cause to be prepared and file or cause to be filed all Tax Returns for the Purchased Entity and Fusion for all Tax periods ending on or prior to the Closing Date and for which Tax Returns have not been filed as of such date; and (b) cause the Purchased Entity and Fusion to duly and timely make or prepare all Tax Returns required to be made or prepared by it to duly and timely file all Tax Returns required to be filed by it for periods beginning before and ending after the Closing Date.

**9.2 Survival.**

All representations, warranties, covenants and agreements of the Receiver or the Purchaser made in this Agreement or any other agreement, certificate or instrument delivered pursuant to this Agreement shall not survive the Closing except where, and only to the extent that, the terms of any such covenant or agreement expressly provide for rights, duties or obligations extending after the Closing, or as otherwise expressly provided in this Agreement.

**9.3 Expenses.**

Except if otherwise agreed upon amongst the Parties, each Party shall be responsible for its own costs and expenses (including any Taxes imposed on such expenses) incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the Transactions (including the fees and disbursements of legal counsel, bankers, agents, investment bankers, accountants, brokers and other advisers).

**9.4 Public Announcements.**

The Receiver shall be entitled to disclose this Agreement to the Court and parties in interest in the Receivership Proceedings, other than any information which the Purchaser advises the Receiver in writing as being confidential and commercially sensitive, and this Agreement may be posted on the Receiver's website maintained in connection with the Receivership Proceedings. Other than as provided in the preceding sentence or statements made in Court (or in pleadings filed therein) or where required to meet timely disclosure obligations of 965 Alberta, the Purchased Entity or any of their Affiliates under Applicable Laws or stock exchange rules, neither the Receiver nor the Purchaser shall issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the Transactions contemplated hereby without the prior consent of the other Parties, which shall not be unreasonably withheld or delayed.

**9.5 Notices.**

- (a) Mode of Giving Notice. Any notice, direction, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if: (i) delivered personally; (ii) sent by prepaid courier service; or (iii) sent by e-mail, in each case, to the applicable address set out below:

in the case of a notice to the Purchaser at:

**Sequent AI Exchangeco Ltd.**

161 Bay Street, Suite 1310  
Toronto, Ontario  
M5J 2S1

Attention: Greg Gallagher  
Email: [greg.gallagher@sequentai.com](mailto:greg.gallagher@sequentai.com)

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

**Blake, Cassels & Graydon LLP**

199 Bay Street, Suite 4000  
Toronto, Ontario M5L 1A9

Attention: Linc Rogers  
Email: [linc.rogers@blakes.com](mailto:linc.rogers@blakes.com)

in the case of a notice to the Receiver at:

**KSV Restructuring Inc.**

150 King Street West, Suite 2308  
Toronto, Ontario, M5H 1J9  
Canada

Attention: David Sieradzki  
Email: [dsieradzki@ksvadvisory.com](mailto:dsieradzki@ksvadvisory.com)

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

**McMillan LLP**

421 7th Avenue Southwest, Suite 1700  
Calgary, Alberta T2P 4K9

Attention: Adam Maerov  
Email: [adam.maerov@mcmillan.ca](mailto:adam.maerov@mcmillan.ca)

- (b) Deemed Delivery of Notice. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of e-mailing, provided that such day in either event is a Business Day and the communication is so delivered, e-mailed or sent before 5:00 p.m. Mountain Daylight Saving Time on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

- (c) Change of Address. Any Party may from time to time change its address under this Section 9.5 by notice to the other Parties given in the manner provided by this Section 9.5.

**9.6 Time of Essence.**

Time shall be of the essence of this Agreement in all respects.

**9.7 Further Assurances.**

The Receiver and the Purchaser shall, at the sole expense of the requesting Party, from time to time promptly execute and deliver or cause to be executed and delivered all such further documents and instruments and shall do or cause to be done all such further acts and things in connection with this Agreement that the other Parties may reasonably require as being necessary or desirable in order to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement or any provision hereof.

**9.8 Entire Agreement.**

This Agreement and the deliverables delivered by the Parties in connection with the Transactions contemplated herein constitute the entire agreement between the Parties or any of them pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, representations, warranties, obligations or other agreements between the Parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as explicitly set out in this Agreement.

**9.9 Waiver and Amendment.**

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the Purchaser and the Receiver (including by way of email). No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

**9.10 Severability.**

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

**9.11 Remedies Cumulative.**

The rights, remedies, powers and privileges herein provided to a Party are cumulative and in addition to and not exclusive of or in substitution for any rights, remedies, powers and privileges otherwise available to that Party.

**9.12 Governing Law.**

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Alberta and the Laws of Canada applicable therein.

**9.13 Dispute Resolution.**

If any dispute arises with respect to the interpretation or enforcement of this Agreement, including as to what constitutes a breach or material breach of this Agreement for the purposes of Article 8, such dispute shall be determined by the Court within the Receivership Proceedings, or by such other Person or in such other manner as the Court may direct.

**9.14 Attornment.**

Each Party agrees: (a) that any Legal Proceeding relating to this Agreement shall be brought in the Court, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of the Court; (b) that it irrevocably waives any right to, and shall not, oppose any such Legal Proceeding in the Court on any jurisdictional basis, including *forum non conveniens*; and (c) not to oppose the enforcement against it in any other jurisdiction of any Order duly obtained from the Court as contemplated by this Section 9.14. Each Party agrees that service of process on such Party as provided in this Section 9.14 shall be deemed effective service of process on such Party.

**9.15 Successors and Assigns.**

This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns.

**9.16 Assignment.**

Prior to Closing, the Purchaser may assign, upon notice to the Receiver, all or any portion of its rights and obligations under this Agreement to an Affiliate, including the rights of the Purchaser to purchase from the Receiver the Purchased Shares prior to the issuance of the Approval and Reverse Vesting Order; provided that no such assignment shall relieve the Purchaser of any of its obligations or Liabilities under this Agreement (including the obligation to pay the Share Purchase Price at Closing). Prior to Closing, the Receiver may not assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement. Following Closing, the Receiver shall have the authority to assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement.

**9.17 No Liability.**

The Purchaser acknowledges and agrees that the Receiver, acting in its capacity as the Receiver of the Purchased Entity and the other parties in the Receivership Proceedings, and the Receiver's Affiliates will have no Liability in connection with this Agreement whatsoever in their capacity as Receiver, in their personal capacity or otherwise.

**9.18 Third Party Beneficiaries**

Except with respect to the express consent rights afforded to the Lender herein, this Agreement is for the sole benefit of the Parties, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

**9.19 Counterparts.**

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Parties by e-mail in pdf format or by other electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.


*[Remainder of page intentionally left blank. Signature page follows.]*

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date indicated below.

**KSV RESTRUCTURING INC.**, solely in its capacity as court-appointed receiver of the assets, undertakings and properties of **GENESIS INTEGRATION INC.** and **965591 ALBERTA LTD.** and not in its personal or corporate capacity

By: \_\_\_\_\_  
Name:  
Title:  
Date:

**SEQUENT AI EXCHANGE CO LTD.**

By:  \_\_\_\_\_  
Name: Kyle Lanzinger  
Title: President  
Date July 25, 2022

**SCHEDULE "A"**

**FORM OF APPROVAL AND REVERSE VESTING ORDER**

COURT FILE NUMBER 2201 -

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT CORTLAND CREDIT LENDING CORPORATION

RESPONDENTS GENESIS INTEGRATION INC., and 965591 ALBERTA LTD.

DOCUMENT **APPROVAL AND REVERSE VESTING ORDER (Sale by Receiver)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTIES FILING THIS DOCUMENT DENTONS CANADA 77 KING STREET WEST, SUITE 400 TORONTO, ON M5K 0A1 LLP  
**ATTN: JOHN SALMAS**  
TEL: (416) 863-4737  
EMAIL: JOHN.SALMAS@DENTONS.COM

DATE ON WHICH ORDER WAS PRONOUNCED: [●], 2022

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta (via Webex)

NAME OF JUSTICE WHO MADE THIS ORDER: \_\_\_\_\_

**UPON THE APPLICATION** of Cortland Credit Lending Corporation for an Order:

(i) approving the transactions (the "**Transactions**") contemplated by a share purchase agreement (the "**SPA**") between KSV Restructuring Inc., in its capacity as receiver (the "**Receiver**") of Genesis Integration Inc. ("**Genesis**"), and 965591 Alberta Ltd. ("**965 Alberta**", and collectively the "**Debtors**"), as vendor, and Sequent AI Exchangeco Limited or its designee, Sequent AI Exchangeco Limited as purchaser (the "**Purchaser**"), dated August [●], 2022, a copy of which is appended to the Pre-Appointment Report of the Receiver, dated [●], 2022 (the "**Pre-Appointment Report**");

(ii) vesting in Residual Co. all of Genesis' right, title and interest in and to the Excluded Assets (if any), and the Excluded Liabilities (as those terms are defined in the SPA);

(iii) vesting in the Purchaser all of the outstanding shares in the capital of Genesis (the "**Purchased Shares**") free and clear of all Claims and Encumbrances, except the Permitted Encumbrances (as defined below); and

(iv) terminating these receivership proceedings as against Genesis;

**AND UPON** reviewing the Receivership Order in this proceeding granted [●], 2022 (the "**Receivership Order**"), the SPA and the Pre-Appointment Report;

**AND UPON** hearing from counsel for the Receiver, the Purchaser and any other interested party appearing at the application;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

#### **INTERPRETATION**

1. Capitalized terms used herein that are not otherwise defined have the meanings given to them in the SPA.

#### **SERVICE**

2. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

#### **APPROVAL OF TRANSACTIONS**

3. The Transactions and SPA are hereby approved and the execution of the SPA by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver and the Purchaser may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transactions. In the event of any conflict between the terms of the SPA and this Order, this Order shall govern.



## VESTING OF ASSETS, LIABILITIES AND SHARES

4. Upon delivery of the Receiver's Certificate (the "**Receiver's Certificate**") substantially in the form attached as Schedule "**A**" hereto, to the Purchaser, the following shall occur or be deemed to occur (the "**Effective Time**"), as applicable, in the following sequence:
- (a) All Excluded Liabilities shall be transferred to and shall be assumed by and shall vest absolutely and exclusively without recourse in Residual Co.
  - (b) All right, title, and interest of Genesis in and to the Excluded Assets (if any) shall be transferred to and shall vest absolutely and exclusively in Residual Co.
  - (c) All Excluded Liabilities shall be irrevocably and forever expunged, released and discharged as against the Purchaser, the Debtors and the Retained Assets.
  - (d) All right, title and interest in and to the Purchased Shares, shall vest absolutely in the name of the Purchaser, free and clear of and from any and all caveats, security interest, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, "**Claims**") including, without limiting the generality of the foregoing:
    - (i) any encumbrances or charges created by the Receivership Order;
    - (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
    - (iii) any liens or claims of lien under the *Builders' Lien Act* (Alberta); and
    - (iv) those Claims listed in Schedule "**B**" hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in Schedule "**C**" (collectively, "**Permitted Encumbrances**").

- (e) All Claims and Encumbrances, other than the Permitted Encumbrances, affecting or relating to the Purchased Shares shall be, and are hereby, expunged, discharged, and terminated as against the Purchased Shares.
  - (f) Genesis shall cease to be a Respondent in this Action and shall be released from the scope and effect of the Receivership Order and all other orders of this Court granted in these proceedings. The style of cause in these proceedings shall be amended to delete Genesis Integration Inc. as Respondent.
5. As of the Effective Time:
- (a) Genesis shall continue to hold all right, title, and interest in and to the Retained Assets, free and clear of all Excluded Liabilities.
  - (b) The Retained Liabilities and Retained Contracts shall remain with Genesis as provided for in the SPA.
  - (c) Genesis shall be deemed to have disposed of the Excluded Assets (if any) and shall have no right, title or interest in or to any of the Excluded Assets.
6. For greater certainty, any person that, prior to the Effective Time:
- (a) had a Claim or Encumbrance in respect of the Excluded Liabilities (but specifically excluding the Retained Liabilities and Permitted Encumbrances) against Genesis or its assets, properties or undertakings, shall, as of the Effective Time, no longer have any such Claim or Encumbrance in respect of the Excluded Liabilities as against or in respect of Genesis or the Retained Assets, but shall have an equivalent Claim or Encumbrance, as applicable, against the Excluded Assets (if any) and Residual Co., with the same attributes, rights, security, nature and priority as such Claim or Encumbrance had immediately prior to its transfer to Residual Co. Nothing in this Order limits, lessens, modifies (other than by change in debtor) or extinguishes the Claim or Encumbrance of any person as against the Excluded Assets (if any); and
  - (b) had a Claim or Encumbrance against the Purchased Shares, shall, as of the Effective Time, no longer have any such Claim or Encumbrance as against the Purchased Shares other than with respect to Permitted Encumbrances, but shall have an equivalent Claim or Encumbrance, as applicable, against the net proceeds from the sale of the Purchased Shares with the same priority as they had with respect to the

Purchased Shares immediately prior to the sale, as if the Transactions had not been consummated and the Purchased Shares remained in the possession or control of 965 Alberta.

7. From and after the Effective Time, the Purchaser and/or the Receiver shall be authorized to take all steps as may be necessary to effect the discharge and release:
  - (a) as against Genesis and the Retained Assets, all of the Excluded Liabilities that are transferred to and vested in Residual Co. pursuant to this Order; and
  - (b) as against 965 Alberta, all of Claims and Encumbrances, other than Permitted Encumbrances, with respect to the Purchased Shares.
8. From and after the Effective Time and notwithstanding Genesis ceasing to be a Respondent in this Action and/or any discharge of the Receiver, the Receiver (or any successor in interest thereto and any licensed insolvency trustee appointed in respect of Residual Co.) shall be authorized to take all steps as may be necessary to uphold any and all obligations arising from the *Wage Earner Protection Program Act*, SC 2005, c 47 (“**WEPPA**”), including: (i) working with Genesis’ management to identify Non-Retained Employees; (ii) working with Genesis’ management to determine the amounts owed to Non-Retained Employees; (iii) providing Service Canada and Non-Retained Employees with information necessary to establish eligibility for payment pursuant to WEPPA; and (iv) administering the WEPPA claims process generally.

## **RELEASES**

9. Except as expressly provided for in the SPA, the Purchaser shall not, by completion of the Transactions, have liability of any kind whatsoever in respect of any Claims or Encumbrances against the Debtors.
10. Except as expressly provided for in the SPA, the Debtors shall not, by completion of the Transactions, have liability of any kind whatsoever in respect of any Excluded Liabilities.
11. Except as expressly provided for in the SPA, the Debtors shall not, by completion of the Transactions, have liability of any kind whatsoever in respect of any Excluded Contracts.
12. From and after the Effective Time, all persons shall be absolutely and forever barred, estopped, foreclosed and permanently enjoined from pursuing, asserting, exercising, enforcing, issuing, or continuing any steps or proceedings, or relying on any rights, remedies,

claims or benefits in respect of or against the Receiver, the Purchaser, the Debtors, the Purchased Shares or the Retained Assets, in any way relating to, arising from or in respect of:

- (a) other than with respect to Permitted Encumbrances, any and all Claims or Encumbrances against or relating to the Debtors existing immediately prior to the Effective Time, other than in relation to the Retained Liabilities and Retained Contracts;
  - (b) the insolvency of the Debtors prior to the Effective Time;
  - (c) the commencement or existence of these receivership proceedings; or
  - (d) the completion of the Transactions.
13. Except to the extent expressly contemplated by the SPA, upon delivery of the Receiver's Certificate, all Retained Contracts will be and remain in full force and effect upon and following delivery of the Receiver's Certificate and no Person who is a party to any such Retained Contract may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of
- (a) any event that occurred on or prior to the delivery of the Receiver's Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies;
  - (b) the insolvency of any Debtor or the fact that the Debtors are or were in receivership;
  - (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the SPA, the Transactions or the provisions of this Order, or any other Order of the Court in these proceedings; or
  - (d) any transfer or assignment, or any change of control of the Purchased Entity arising from the implementation of the SPA, the Transactions or the provisions of this Order.

## **MISCELLANEOUS MATTERS**

14. The Receiver is directed to file with the Court a copy of the Receiver's Certificate forthwith after delivery thereof to the Purchaser.

15. Notwithstanding:

- (a) the pendency of these proceedings;
- (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985 c B-3, as amended (the “**BIA**”), and any bankruptcy order issued pursuant to any such applications; and
- (c) the provisions of any federal or provincial statute:

the vesting of the Purchased Shares and the implementation of the Transactions shall be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Debtors and/or Residual Co. and shall not be void or voidable by creditors of the Debtors or Residual Co., nor shall it constitute nor be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transactions under the BIA or any other applicable federal or provincial legislation or at common law, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

16. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transactions.

17. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

18. This Court shall retain exclusive jurisdiction to, among other things, interpret, implement, and enforce the terms and provisions of this Order, the SPA and all amendments thereto, in connection with any dispute involving the Debtors and to adjudicate, if necessary, any disputes concerning the Debtors related in any way to the Transactions.

19. Service of this Order shall be deemed good and sufficient by:
- (a) serving the same on:
    - (i) the persons listed on the service list created in these proceedings;
    - (ii) any other person served with notice of the application for this Order;
    - (iii) any other parties attending or represented at the application for this Order;
    - (iv) the Purchaser or the Purchaser's solicitors; and
  - (b) Posting a copy of this Order on the Receiver's website at: [●],
- and service on any other person is hereby dispensed with.
20. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

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Justice of the Court of Queen's Bench of Alberta

**SCHEDULE "A"**

**FORM OF RECEIVER'S CERTIFICATE**

COURT FILE NUMBER 2201 -

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT CORTLAND CREDIT LENDING CORPORATION

RESPONDENTS GENESIS INTEGRATION INC. AND 965591 ALBERTA LTD.

DOCUMENT **RECEIVER'S CERTIFICATE**

PARTY FILING THIS DOCUMENT KSV RESTRUCTURING INC.

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTIES FILING THIS DOCUMENT DENTONS CANADA 77 KING STREET WEST, SUITE 400 TORONTO, ON M5K 0A1  
LLP  
**ATTN: JOHN SALMAS**  
TEL: (416) 863-4737  
EMAIL: JOHN.SALMAS@DENTONS.COM

**RECITALS**

- A. Pursuant to an Order of [●] of the Court of Queen's Bench of Alberta (the "**Court**"), dated [●], 2022, KSV Restructuring Inc. was appointed receiver (in such capacity, the "**Receiver**") of all current and future assets, undertakings, and properties of every nature and kind whatsoever and wherever situate of Genesis Integration Inc. and 965591 Alberta Ltd. (collectively, the "**Debtors**").
- B. Pursuant to an Approval and Reverse Vesting Order granted by [●], on [●], 2022 (the "**Order**"), the Court approved a share purchase agreement (the "**SPA**") between the

Receiver and Sequent AI Exchangeco Limited (the “**Purchaser**”), dated August [●], 2022.  
This Receiver’s Certificate is the certificate referred to in paragraph [4] of the Order.

- C. Capitalized terms used but not otherwise defined herein shall have the meanings set out in the SPA.

**THEREFORE, THE RECEIVER CERTIFIES THE FOLLOWING:**

1. The Receiver has received the Purchase Price from or on behalf of the Purchaser.
2. The conditions to Closing as set out in the SPA have been satisfied or waived by the Receiver and Purchaser.
3. The style of cause in these proceedings are to be changed to the following:

COURT FILE NUMBER	2201 -
COURT OF QUEEN’S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY
APPLICANT	CORTLAND CREDIT LENDING CORPORATION
RESPONDENTS	965591 ALBERTA LTD.

4. This Certificate was issued by the Receiver at Toronto, Ontario on [Time], [Date], 202\_\_.

**KSV RESTRUCTURING INC.**, solely in its capacity as court-appointed receiver of the assets, undertakings and properties of **GENESIS INTEGRATION INC.** and **965591 ALBERTA LTD.** and not in its personal or corporate capacity

---

Name:

Title:



**SCHEDULE "B"**  
**ENCUMBRANCES**

NIL.

## SCHEDULE "C"

### PERMITTED ENCUMBRANCES

#### Alberta Personal Property Security Act:

1. The security evidenced by registration number 19031326829 in favour of The Bank of Nova Scotia against a motor vehicle owned by Genesis.
2. The security evidenced by registration number 20013004429 in favour of Crestron Electronics, Inc. against the collateral of Genesis.
3. The security evidenced by registration number 20121510597 in favour of Cortland Credit Lending Corporation against the collateral of Genesis.

#### Ontario Personal Property Security Act:

1. The security evidenced by registration number 20201215 0930 1862 7125 in favour of Cortland Credit Lending Corporation, as agent against the collateral of Genesis.

#### British Columbia Personal Property Security Act:

1. The security evidenced by registration number 654867M in favor of Cortland Credit Lending Corporation, as agent against the collateral of Genesis.
2. The security evidenced by registration number 654917M in favour Cortland Credit Lending Corporation, as agent against the collateral of 965 Alberta.
3. The security evidenced by registration number 654811M in favour of Cortland Credit Lending Corporation, as agent against the collateral of FC Canada UV Solutions Inc.
4. The security evidenced by registration numbers 294509K, 294550K, 349827K, 032065L, 798721L and 798899L in favour of Meridian Onecap Credit Corp. as agent against the collateral of Fusion Cine Sales & Rentals Inc.
5. The security evidenced by registration number 982114L in favour of De Lage Landen Financial Services Canada Inc. as agent against the collateral of Fusion Cine Sales & Rentals Inc.
6. The security evidenced by registration number 654836M in favour of Cortland Credit Lending Corporation, as agent against the collateral of Fusion Cine Sales & Rentals Inc.

## SCHEDULE "B"

### CRITICAL SUPPLIERS

The Critical Suppliers are as follows:

**Critical Supplier Name in CDN**

Action Customs Services Inc.  
Aeonex  
Ai-Media Inc  
Alectra Utilities Corporation  
AMX Canada Ltd  
Anixter Canada Ltd.  
Audio-Technica Canada, Inc.  
Beanfield Metroconnect  
Bell Canada  
Bell Mobility Inc.  
BM Workshop  
Cable Factory  
Canadian Corps of Commissionaires  
Christie Lites Sales  
D&H Canada  
Data Visual Marketing  
DM Millwork Ltd.  
Duoson Multimedia  
Enbridge Gas (Distribution)  
Enbridge Gas (Union Gas)  
Erikson Audio / Pro-Audio  
Esso - Imperial Oil  
FlexITy Systems Ltd.  
Holland Audio Productions  
Hudson Energy Canada Corp.  
Intrado Canada, Inc.  
Kramer Electronics Canada Ltd.  
Legrand AV Canada ULC  
LighTVu Inc.  
Lin Haw International Co. Ltd.  
Ministere du Revenu  
Mont Bel-Air  
Neatframe Limited, NEAT  
Omex of Canada  
PJS Systems Inc.  
Primus

Product Solutions Group - GUELPH  
Purolator Courier Ltd.  
QC Solver  
Rogers  
Royal Bank Visa  
SF Marketing Inc.  
Sharp Electronics  
Shaw Television Limited Partnership  
Skyline Commercial Management  
Solutions 360 Inc.  
Sound Plus A/V Integration  
Stantec Inc.  
Staples Business Depot  
Staub Electronics  
Super Save Disposal (Alberta) Ltd.  
Synnex Canada  
Techni+Contact  
Technoplaque Inc.  
Telus Communications (BC) Inc.  
Theatrixx Techonologies  
The Streaming Network  
Total Auto  
United Parcel Service  
Université Concordia  
University of Victoria  
Venus Audio Visual  
Videotron Ltée  
Waletric Industries Inc.  
Waterlogic Canada, Inc.  
Westland Insurance Group Ltd.  
WolfVision Canada Inc.  
Worker's Compensation Board of Nova Scotia  
Workplace Safety & Insurance Board  
Yealink Network Technology Co., Ltd.

**Critical Supplier Name in USD**

Audio Enhancement  
Biamp Systems  
Crestron Electronics Inc.  
HubSpot  
Inogeni  
Intrado Enterprise Collaboration, Inc.

Mobile Video Devices, Inc.  
Newline Interactive Inc.  
Pexip Inc.  
Planar Systems, Inc.  
Plantronics  
Professional Systems Network, Inc.  
Qumu  
ScanSource Communications Inc.  
Trafalgar Capital Partners LLC.  
Vyopta  
WaveWare Technologies, Inc..  
ZoomInfo Technologies, LLC

**SCHEDULE "C"**

**EXCLUDED ASSETS**

The Excluded Assets shall include:

NIL.

## **SCHEDULE "D"**

### **EXCLUDED CONTRACTS**

The Excluded Contracts shall include:

1. The following Real Property Leases:

- a. The lease agreement between Manchester Syndication Ltd. and Genesis, dated March 22, 2017, for the real property municipally known as Unit 13, 6143 – 4 Street SE, Calgary, as later amended by the lease amending renewal agreement dated March 25, 2022.
- b. The lease agreement between Patrick Kelly McCarthy and Genesis, dated March 30, 2021, for the real property municipally known as 14721-123 Avenue, Edmonton, AB.
- c. The sub-lease agreement between Patrick Kelly McCarthy, Genesis, and Monster Pro Wrestling Inc., dated April 9, 2021, for the real property municipally known as 14721-123 Avenue, Edmonton, AB.
- d. The lease agreement between H& R Properties Limited and Genesis, dated August 7, 2018, for the real properties municipally known as 2740 Matheson Boulevard East, Units 5 and 5A, Mississauga, ON.
- e. The sub-lease agreement between Westhill Project Services Group Ltd. and Genesis, dated January 7, 2022, for the real properties municipally known as 2740 Matheson Boulevard East, Units 5 and 5A, Mississauga, ON.
- f. The lease agreement between Trasolini Developments Ltd. and Fusion, dated February 19, 2013, for the real property legally described as PID: 002-558-203, Lot K, Block 23, Subdivision B, District Lot 182, Plan 20634, as later amended by the renewal of lease agreement dated March 5, 2018.
- g. The lease agreement between Skyline Commercial Real Estate Holdings Inc. and Genesis, dated August 1, 2020, for the real property municipally described as Units 3-4, 22 Gurdwara Road, Ottawa, ON.
- h. The lease agreement between La Societe Immobiliere Jean-Yves Dupont Inc., Sono Video Inc. and Genesis, dated January 17, 2000, for the real property municipally described as 771, rue Des Rocailles a Quebec, QC, as later amended by a lease amendment of lease agreements dated April 22, 2004, April 15, 2009, September 30, 2014, January 16, 2017, and August 25, 2021.
- i. The verbal lease agreement between Bastone & Associates Inc. and Genesis, certain terms of which are defined by correspondence between Robert Belisle and Marc Vinet dated October 1, 2020, for the real property municipally described as 5005 Met., 2nd Floor, Montreal, QC.

2. The Hosting Agreement between Genesis and Voysis IP Solutions dated August 3, 2018;
3. The Master Subcontract Agreement between Genesis and Convergent as entered into on or around December 19, 2018;
4. Any contracts with suppliers that are not Critical Suppliers including any contracts with the following vendors/suppliers:
  - a. ADI – Burtek;
  - b. AiCQ - Association des Informaticiens des Collèges;
  - c. Air Inuit;
  - d. Alberta Technology Leaders in Education;
  - e. AMTRA Solutions;
  - f. Blueshore Leasing Ltd.;
  - g. Casio Canada Ltd.;
  - h. Christie Digital Systems SONO;
  - i. Christie Digital Systems Canada Inc.;
  - j. Christie Digital Systems, Inc.;
  - k. Concept JP Inc.;
  - l. Convergent;
  - m. École Louis-Joseph-Papineau;
  - n. Exertis Pro AV;
  - o. FMAV;
  - p. Genetec;
  - q. ICA Wireless;
  - r. Macgregor Communications;
  - s. Manoir des Sables-Villegia;



- t. Mason Group Inc.;
- u. The Megatech Integrated Services;
- v. Mitsubishi Electric;
- w. NAI Advent Commercial Real Estate Corp.;
- x. Nancy Watt Communications;
- y. Opti-Net J;
- z. Roche Securities Limited;
- aa. Shaw Television Limited Partnership;
- bb. Sherwood Audio Inc.;
- cc. Sonic Shock Corporation;
- dd. Voysis IP Solutions;
- ee. Atlona Inc.;
- ff. Elpas;
- gg. L3 SYSTEMS;
- hh. Mersive Inc.;
- ii. PSA Security Network;
- jj. Sonic Foundry, Inc.

## **SCHEDULE "E"**

### **EXCLUDED LIABILITIES**

Excluded Employee Liabilities and any and all Liabilities other than Retained Liabilities including any and all Liabilities related to:

- Any Liability arising from the Action commenced by Convergent Technologies Ltd. against Genesis Integration Inc. Court File No. 42661/20
- Any Liability arising from the Action commenced by Daniel Langelier against Genesis Integration Inc. Court File No. 40968-1
- Any Liability arising from the Action commenced by Yvon Carrière against Genesis Integration Inc. Court File No. 40969-1
- Any Liability arising from the Action commenced by Katrina Ho against Genesis Integration Inc. Court File No. P2190101672
- Excluded Contracts
- Liabilities related to suppliers to the Purchased Entity that are not Critical Suppliers

## SCHEDULE "F"

### PERMITTED ENCUMBRANCES

#### **Alberta Personal Property Security Act:**

1. The security evidenced by registration number 19031326829 in favour of The Bank of Nova Scotia against a motor vehicle owned by Genesis.
2. The security evidenced by registration number 20013004429 in favour of Crestron Electronics, Inc. against the collateral of Genesis.
3. The security evidenced by registration number 20121510597 in favour of Cortland Credit Lending Corporation against the collateral of Genesis.

#### **Ontario Personal Property Security Act:**

1. The security evidenced by registration number 20201215 0930 1862 7125 in favour of Cortland Credit Lending Corporation, as agent against the collateral of Genesis.

#### **British Columbia Personal Property Security Act:**

1. The security evidenced by registration number 654867M in favor of Cortland Credit Lending Corporation, as agent against the collateral of Genesis.
2. The security evidenced by registration number 654917M in favour Cortland Credit Lending Corporation, as agent against the collateral of 965 Alberta.
3. The security evidenced by registration number 654811M in favour of Cortland Credit Lending Corporation, as agent against the collateral of FC Canada UV Solutions Inc.
4. The security evidenced by registration numbers 294509K, 294550K, 349827K, 032065L, 798721L and 798899L in favour of Meridian Onecap Credit Corp. as agent against the collateral of Fusion Cine Sales & Rentals Inc.
5. The security evidenced by registration number 982114L in favour of De Lage Landen Financial Services Canada Inc. as agent against the collateral of Fusion Cine Sales & Rentals Inc.
6. The security evidenced by registration number 654836M in favour of Cortland Credit Lending Corporation, as agent against the collateral of Fusion Cine Sales & Rentals Inc.

## SCHEDULE "G"

### REAL PROPERTY LEASES

1. The lease agreement between Manchester Syndication Ltd. and Genesis, dated March 17, 2017, for the real property municipally described as 6143-4 Street SE, Unit 13, Calgary, Alberta, as later amended by a lease amending agreement dated March 25, 2022.
2. The lease agreement between Patrick Kelly McCarthy and Genesis dated March 30, 2021, for the Edmonton Property.
3. The sub-lease agreement between Patrick Kelly McCarthy, Genesis, and Monster Pro Wrestling Inc., dated April 9, 2021, for the real property municipally known as 14721-123 Avenue, Edmonton, AB.
4. The lease agreement between H&R Properties Limited and Genesis, dated August 7, 2018 for the real property municipally known as 2740 Matheson Boulevard East, Units 5 and 5A, Mississauga, Ontario, subject to an agreement to sublease between Westhill Project Services Group Ltd. and Genesis dated January 7, 2022.
5. The sub-lease agreement between Westhill Project Services Group Ltd. and Genesis, dated January 7, 2022, for the real properties municipally known as 2740 Matheson Boulevard East, Units 5 and 5A, Mississauga, ON.
6. The lease agreement between Trasolini Developments Ltd. and Fusion Ciner Sales and Rentals Inc. dated February 19, 2013 for the real property municipally described as 1465 and 1469 Venables Street, Vancouver, British Columbia, as extended pursuant to a Renewal dated March 5, 2018.
7. The lease agreement between Skyline Commercial Real Estate Holdings Inc. and Genesis, dated March 31, 2020 for the real property municipally described as 22 Gurdwara Road, units 3-6, Ottawa, Ontario.
8. The lease agreement between La Societe Immobiliere Jean-Yves Dupont Inc., Sono Video Inc. and Genesis, dated January 17, 2000, for the real property municipally described as 771, rue Des Rocailles a Quebec, QC, as later amended by a lease amendment of lease agreements dated April 22, 2004, April 15, 2009, September 30, 2014. January 16, 2017, and August 25, 2021.
9. The verbal lease agreement between Bastone & Associates Inc. and Genesis, certain terms of which are defined by correspondence between Robert Belisle and Marc Vinet dated October 1, 2020, for the real property municipally described as 5005 Met., 2nd Floor, Montreal, QC.

**SCHEDULE "H"**

**RETAINED ASSETS**

1. all inventory and accounts receivable;
2. all Retained Contracts
3. all Intellectual Property, including without limitation:
  - (a) Domains

[www.audability.ca](http://www.audability.ca)  
[www.audability.com](http://www.audability.com)  
[www.audability.video](http://www.audability.video)  
[www.audable.ca](http://www.audable.ca)  
[www.edcom.ca](http://www.edcom.ca)  
[www.geniscall.com](http://www.geniscall.com)  
[www.genesisintegration.com](http://www.genesisintegration.com)  
[www.genint.ca](http://www.genint.ca)  
[www.genint.com](http://www.genint.com)  
[www.hostvideo.ca](http://www.hostvideo.ca)  
[www.managedvideo.ca](http://www.managedvideo.ca)  
[www.meetme.video](http://www.meetme.video)  
[www.sonovideo.ca](http://www.sonovideo.ca)  
[www.sonovideo.com](http://www.sonovideo.com)

- (b) Trademarks

Citation	Status	Owner Name
GENESIS INTEGRATION <b>CompuMark Trademark:</b> GENESIS INTEGRATION 42	Registered <b>App</b> 1466838 <b>App</b> 22-JAN-2010 <b>Reg</b> TMA796617 <b>Reg</b> 04-MAY-2011	Genesis Integration Inc. 14721 123 Avenue Edmonton ALBERTA T5L 2Y6
FUSION CINE <b>CompuMark Trademark:</b> FUSION CINE 35 41	Registered <b>App</b> 1597907 <b>App</b> 11-OCT-2012 <b>Reg</b> TMA864839 <b>Reg</b> 12-NOV-2013	FUSION CINE SALES & RENTALS INC. #123 - West 7th Avenue Vancouver BRITISH COLUMBIA V5Y 1L8
stylized circles within circle 35 41	Registered <b>App</b> 1597913	FUSION CINE SALES & RENTALS INC.

Citation	Status	Owner Name
	<b>App</b> 11-OCT-2012 <b>Reg</b> TMA864838 <b>Reg</b> 12-NOV-2013	#123 - West 7th Avenue Vancouver BRITISH COLUMBIA V5Y 1L8

(c) Patents

Country	Application Registration Number	Description
CA		
US		

4. all furniture, fixtures and equipment, including, without limitation, the following;
  - (a) Office furniture;
  - (b) Office supplies;
  - (c) All Genesis and Fusion branded apparel & branded assets; and
  - (d) All Genesis and Fusion branded presentation materials;
5. all rights under non-disclosure or confidentiality, non-compete or non-solicitation agreements with Employees and agents or with third parties;
6. any rights, claims or causes of action for claims arising out of the operation of the Business;
7. all goodwill and other intangibles;
8. the Fusion Shares;
9. all other Personal Property not contemplated by the foregoing;

## SCHEDULE "I"

### RETAINED LIABILITIES

The Retained Liabilities shall include:

1. ***Obligations under the Credit Agreement*** – all Liability (including any Appointment Costs) of the Purchased Entity pursuant to and in accordance with the terms of the Credit Agreement and any related guarantees, security documents related thereto and any similar or analogous loan documents to which the Purchased Entity may be a party.
2. ***Obligations under Retained Contracts etc.*** - all of the Purchased Entity's and/or the Receiver's Liabilities and obligations arising on or after the Closing Date under the Retained Contracts, Permits and Licenses and Permitted Encumbrances, and all payments or obligations required to be paid, performed or discharged in connection with the assignment of such Contracts.
3. ***Obligations owing to Critical Suppliers*** – without duplication, all of the Purchased Entity's and/or Receivers' Liabilities to Critical Suppliers pursuant to any purchase order or related invoice in the amounts more particularly set out on Schedule "B".
4. ***Employee Matters*** – Retained Employee Liabilities.
5. ***Tax Matters*** – Any Liabilities of the Purchased Entity owing in respect of Taxes or similar remittances, payments, dues or levies owing to any Governmental Authority.
6. ***Receivership Fees and Expenses*** – any documented fees and expenses of the Receiver outstanding as at Closing, including any fees in respect of the Receiver's independent legal counsel.

## **Appendix “C”**



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**From:** Kelly McCarthy <kelly@genint.com>  
**Sent:** Monday, August 29, 2022 8:30 PM  
**To:** Kelly McCarthy  
**Cc:** Kelly McCarthy  
**Subject:** Notice of Court Hearing September 13, 2022

Dear Sir/Madam,

We write to provide you with advance notice that a court hearing has been scheduled by video-conference before Justice D.B Nixon of the Court of Queen's Bench of Alberta in the City of Calgary for Tuesday, September 13, 2022 at 10 a.m. (Calgary time) (the "**Hearing**"). The Hearing is to, among other things, (i) appoint KSV Restructuring Inc. as receiver over the assets, undertakings and liabilities of Genesis Integration Inc. ("**Genesis**") and its inactive parent company, 965591 Alberta Ltd. ("**965 Alberta**"), and (ii) approve a transaction for the sale of the Shares of Genesis as discussed below. We expect that the application materials in respect of the Hearing will be served upon all interested parties, including you, on or before September 6, 2022.

As you may be aware, in order to address its untenable financial circumstances, Genesis has been undergoing a sale and investment solicitation process ("**SISP**"). The SISP was developed and implemented to seek out a transaction for the sale of all of Genesis' assets or outstanding and issued shares (the "**Shares**") by Friday, August 26, 2022 at 5:00 p.m. Mountain time (the "**SISP Deadline**").

As part of the SISP, Sequent AI Exchangeco Ltd. ("**Sequent**") provided an offer to purchase all of the Shares from 965 Alberta pursuant to a Share Purchase Agreement executed by Sequent on July 25, 2022 (the "**SPA**"). The SPA acted as a "stalking horse" offer in the SISP to determine if there was a higher and/or better offer available for the Shares or assets of Genesis, than that provided by Sequent in the SPA (such offer, a "**Superior Bid**"). No Superior Bid was submitted by the SISP Deadline. Therefore, subject to court approval, Sequent's offer will be consummated pursuant to the above referenced receivership application brought by Genesis' and 965 Alberta's senior secured ranking creditor, Cortland Credit Lending Corporation ("**Cortland**"). Genesis and 965 Alberta have consented to the receivership application and Cortland has consented to the transaction contemplated by the SPA.

Sequent is only prepared to complete the transactions contemplated by the SPA pursuant to a court supervised receivership sale and a reverse vesting order ("**RVO**") that allows Sequent to acquire the Shares and certain retained assets of Genesis free and clear of all obligations and liabilities other than those expressly to be retained by Genesis pursuant to the SPA.

The SPA provides that the any obligations owing to you will constitute an “Excluded Liability” and will not be retained by Genesis or otherwise paid by the Purchaser.

Genesis has worked hard over the last several years to reduce its costs and to mitigate against the negative effects the COVID-19 Pandemic had on its business. However, despite its efforts, Genesis has determined that this consensual receivership process and synergistic transaction with Sequent is the only option available to it at this time.

Yours very truly,

GENESIS INTEGRATION INC.

Per: Kelly McCarthy  
President