



ONTARIO SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

**COUNSEL/ENDORSEMENT SLIP**

COURT FILE NO.: **BK-25-03268936-0031**

**DATE: FEB 02, 2026**

**NO. ON LIST: 3**

**TITLE OF PROCEEDING: IOVATE HEALTH SCIENCES INTERNATIONAL INC. ET AL**

**BEFORE: JUSTICE SEAN DUNPHY**

**PARTICIPANT INFORMATION**

**For Plaintiff, Applicant, Moving Party:**

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**For Defendant, Respondent, Responding Party:**

<b>Name of Person Appearing</b>	<b>Name of Party</b>	<b>Contact Info</b>
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**For Other, Self-Represented:**

<b>Name of Person Appearing</b>	<b>Name of Party</b>	<b>Contact Info</b>
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## **ENDORSEMENT OF JUSTICE SEAN DUNPHY:**

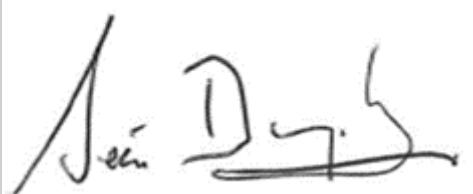
- [1] The Monitor and Applicant initially brought this motion seeking broader relief but with only a very short – 30 minute – window of time available. Kimmel J. granted the stay extension and fee approvals last week and adjourned the balance of the motion to today.
- [2] There are two remaining orders being sought. The first deals with employee incentive payments proposed to be made in connection with an on-going sales process while the second proposes a further (second) amended and restated initial order.
- [3] The employee incentive program and the key employee retention program are addressed in the Monitor’s Third Report. In a nutshell, the Monitor has been obliged by circumstances to assume a greater role in the oversight of management than was originally expected by reason of, among other things, the resignation of the CEO approximately six weeks ago while the SISP is underway.
- [4] The proposed payment amounts are designed to maintain operational stability while the sales process unfolds. Payments under the program proposed would be made beginning this month but would be subject to a potential clawback should the affected employee fail to remain for the stipulated time frame. The program is divided into two parts. The Incentive Payments described in the Monitor’s report would go to 136 employees on condition they remain for 12 months or until terminated (if without cause) in which case the payments must be returned. The total amount is \$863,000 and would be paid in February.
- [5] The Key Employee Retention Plan is addressed to 20 employees to whom a total of an additional \$514,000 is proposed to be paid. This payment would be made as to half in February and as to the second half on the earlier of September 30, 2026 and the closing of a sale. The unpaid portion of the KERP payment promised would be secured by a KERP charge in the amount of approximately \$257,000 under the Initial Order.
- [6] The amounts involved have been determined by reference to the existing incentive program although without reference to the EBITDA target which is an understandable decision in light both of the timing relative to audited year end results and the current circumstances of maintaining operations from within an insolvency proceeding. The secured lender consents to the proposal which is recommended by the Monitor.
- [7] During the course of the motion I indicated my intention to approve the proposed KERP Charge, the KERP Payment and the Incentive Payment order effective today (payments are made beginning later this month subject to the described potential clawback for employees who fail to remain for the stipulated retention period). There was however

one aspect of the relief requested that I indicated I would approve on a short term basis while I consider it further. That is the matter of a sealing order.

- [8] The Monitor provided me with a confidential appendix listing the names of each affected employee, their salary and proposed payment amount. The aggregate numbers are in the public report and are referred to above. The Monitor asks me to seal the appendix listing the individual names and amounts.
- [9] I approved the sealing order for a period of thirty days while I consider the matter further. Within that time frame I will either confirm the order as permanent or until a further hearing on that question can be convened.
- [10] The second order sought was an Amended and Restated Initial Order. While I have no objection in principle to amended and restated orders being issued, particularly when these becomes complex after having been amended multiple times, that is not the case here. The only sought amendment is to add a schedule of three payments of principal to an order that already contemplates the payment of interest to the secured lenders.
- [11] As a threshold matter, I directed that the proposed additional relief simply be presented as a stand-alone order amending the initial order. Among other things, this will make clear that the amendment is not retroactive. Down the road should it become necessary a consolidation of amendments into a single order can be made.
- [12] Turning to the proposed distribution to the Administrative Agent for the secured lenders, the three instalments of principal proposed amount to less than 3% of the principal outstanding. The Monitor has obtained security opinions regarding the proper perfection of the secured creditors' security over the principle assets of the debtors. There having been no formal claims process as of yet and the case still being relatively recent in date, it is a bit premature to form definitive opinions about the existence of claims prior to the secured lenders. That being said, the due diligence of the Monitor and the security opinions obtained provide me with a high degree of confidence that no potential unknown prior claim will be prejudiced by the payments proposed since these are small in relation to the total debt and the value of the assets currently subject to a sales process. Time and further due diligence during the sales process will enable the confidence level as to the priority of the secured lender claims to be tested and verified. It may be that a claims process will be called for – although it is too early to say.

[13] I approved the proposed schedule of principal payments to the Administrative Agent subject to this being expressed in a stand-alone order amending the Initial Order as of today.

**Date: Feb 02, 2026**



JUSTICE SEAN DUNPHY