



November 25, 2025

**First Report of
KSV Restructuring Inc.
as CCAA Monitor of
Xiwang Iovate Holdings Company
Limited, Iovate Health Sciences
International Inc., Iovate Health
Sciences U.S.A. Inc., Iovate Health
Sciences Australia PTY Ltd and
Northern Innovations Holding Corp.**

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Court File No. BK-25-03268936-0031

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF XIWANG IOVATE HOLDINGS COMPANY LIMITED, IOVATE HEALTH
SCIENCES INTERNATIONAL INC., IOVATE HEALTH SCIENCES U.S.A. INC.,
IOVATE HEALTH SCIENCES AUSTRALIA PTY LTD, and NORTHERN
INNOVATIONS HOLDING CORP.

FIRST REPORT OF THE MONITOR
KSV RESTRUCTURING INC.

NOVEMBER 25, 2025

1.0 Introduction¹

1. On September 5, 2025, Iovate Health Sciences International Inc. ("**Iovate International**"), Iovate Health Sciences U.S.A. Inc. ("**Iovate USA**") and Northern Innovations Holding Corp. ("**Northern Innovations**") and collectively, the "**NOI Applicants**") each filed a Notice of Intention to Make a Proposal (collectively the "**NOIs**", each an "**NOI**") in accordance with the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and KSV Restructuring Inc. ("**KSV**") consented to act as proposal trustee (in such capacity, the "**Proposal Trustee**").
2. On October 3, 2025, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted an order, among other things, extending the time for the NOI Applicants to file a proposal in the NOI proceedings to and including November 4, 2025.
3. On October 31, 2025, the Court granted an order (the "**Initial Order**"), that among other things:
 - a) granted a stay of proceedings in favour of the NOI Applicants, Xiwang Iovate Holdings Company Limited and Iovate Health Sciences Australia PTY Ltd (collectively, the "**Applicants**") and protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**"), as amended, to and including December 12, 2025 (the "**Stay Period**");

¹ Capitalized terms not defined herein have the meaning ascribed to them in the Affidavit of Wesley Parris sworn November 19, 2025 (the "**November 19 Affidavit**") filed in support of the Applicants' motion for the ARIO and SISP Order (as defined below).

- b) extended the benefit of the stay of proceedings to five related foreign entities (the “**Non-Applicant Stay Parties**”).² The Applicants, together with the Non-Applicant Stay Parties are collectively referred to as the “**Iovate Group**”;
 - c) granted certain charges on the Property (as defined in the Initial Order);
 - d) authorized Iovate International to continue to act as the foreign representative of the NOI Applicants in the NOI Applicants’ Chapter 15 proceedings; and
 - e) appointed KSV as the monitor of the Applicants (in such capacity, the “**Monitor**”).
4. On November 12, 2025, the United States Bankruptcy Court for the Southern District of New York (the “**New York Court**”) entered an order amending the New York Court’s prior Order entered on October 28, 2025, and recognizing and enforcing the Initial Order with respect to Iovate International, Iovate USA, Northern Innovations, Muscletech LLC, XP Sports LLC and Simplevita Nutrition LLC.
5. The hearing to approve a sale and investment solicitation process is scheduled to be heard on November 28, 2025 (the “**SISP Approval Hearing**”). At the SISP Approval Hearing, the Applicants are seeking the following orders:
- a) an order (the “**SISP Order**”) approving: (i) the sale and investment solicitation process (the “**SISP**”) to be conducted by the Monitor, with the assistance of the Applicants and the Sales Agent (as defined below), in consultation with the Administrative Agent (as defined in the SISP), and (ii) authorizing and empowering the Monitor and the Sales Agent to implement the SISP pursuant to the terms thereof; and
 - b) an Amended and Restated Initial Order (“**ARIO**”), among other things:
 - authorizing the Monitor, *nunc pro tunc*, to the exclusion of all others (including the Applicants and their respective officers and directors) to: (i) negotiate and execute the letter agreement dated November 11, 2025 between the Applicants and Origin Merchant Partners (“**Origin**” or the “**Sales Agent**”) (the “**Engagement Letter**”), on behalf of the Applicants; (ii) cause the Applicants to perform their obligations under the Engagement Letter; and (iii) perform such other functions and duties, and enter into any agreements or incur any obligations on behalf of and in the name of the Applicants, as may be necessary or incidental to the negotiation, execution and performance of the Engagement Letter by the Applicants;
 - ratifying and approving the Engagement Letter, *nunc pro tunc*, and authorizing and directing the Applicants to make the payments contemplated thereunder in accordance with the terms and conditions of the Engagement Letter;

² The Non-Applicant Stay Parties consist of: Infinity Insurance Co. Ltd., Iovate Health Sciences Europe Limited, Muscletech LLC, XP Sports LLC and Simplevita Nutrition LLC.

- granting a Sales Agent's Charge in the maximum amount of CAD\$1.75 million in respect of a Transaction Fee (as defined below) and the Sales Agent's expenses, which charge shall be subordinate only to the Administrative Professionals Charge and Directors' Charge (as defined in the ARIQ);
- ordering that all claims of the Sales Agent pursuant to the Engagement Letter may not be compromised pursuant to a plan of compromise or arrangement under the CCAA (a "**Plan**") and shall be treated as unaffected in any Plan, any proposal under the BIA or any other restructuring and no such Plan, proposal or restructuring shall be approved that does not provide for the payment of all amounts due to the Sales Agent pursuant to the Engagement Letter;
- approving the sealing of the unredacted Engagement Letter pending further Order of the Court;
- authorizing the Applicants to continue to make payments to certain employees in accordance with previous contractually agreed terms relating to such employees' bonus entitlements (collectively, the "**Incentive Payments**");
- approving a key employee retention plan (the "**KERP**") and granting a KERP Charge (as defined below) in the maximum amount of \$790,000 in respect of the KERP Payment (as defined below), which charge shall be subordinate to the Administrative Professionals Charge, Directors' Charge and the Sales Agent's Charge; and
- extending the Stay Period to and including January 30, 2026.

1.1 Purposes of this First Report

1. The purposes of this report (the "**First Report**") are to:
 - a) summarize the relief sought by the Applicants at the SISP Approval Hearing;
 - b) report on the Company's updated cash flow projection for the 11-week period commencing on November 17, 2025 and ending on January 30, 2026 (the "**Cash Flow Forecast**"); and
 - c) provide the Court with an update on the Monitor's activities since the granting of the Initial Order; and
 - d) provide the Monitor's recommendations regarding the relief sought by the Applicants at the SISP Approval Hearing.

1.2 Restrictions

1. In preparing this First Report, the Monitor has relied upon the Applicants' audited and unaudited financial information, the books and records of the Applicants, and discussions with the Applicants' representatives, legal counsel and financial advisor.

2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this First Report in a manner that complies with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. The Monitor has not performed an examination of the Applicants’ Cash Flow Forecast in accordance with the standards for such work as outlined in the Chartered Professional Accountants of Canada Handbook. Future-oriented financial information relied upon in this First Report is based on the Applicants’ assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

1.3 Currency

1. Unless otherwise noted, all currency references in this First Report are in U.S. Dollars.

2.0 Background

1. The November 19 Affidavit in connection with this motion provides detailed background information with respect to the Applicants’ business and operations. Accordingly, only a summary of that information is included in this First Report.
2. The Applicants are part of the Iovate Group, a group of companies engaged in the development, production and sale of health and nutrition products in Canada, the United States and internationally. The Iovate Group’s key brands include MuscleTech™, Hydroxycut™, Six Star®, and Purely Inspired®, which are sold in over 90 countries worldwide.
3. The principal purpose of these CCAA proceedings is to create a stabilized environment to enable the Applicants to undertake a Court-supervised SISP to either refinance the Applicants’ existing debt or enter into a sale or other strategic transaction in respect of the Applicants and/or their assets.
4. All court materials filed in this matter in respect of both the NOI proceedings of the NOI Applicants and the CCAA proceedings of the Applicants are available on the Monitor’s website at the following link: <https://www.ksvadvisory.com/experience/case/iovate> (the “**Case Website**”).

3.0 SISP³

3.1 Pre-Filing Marketing Process

1. In June 2025, the Applicants engaged a sales agent to explore strategic alternatives.
2. The Applicants intend to use the SISP to continue and expand upon the strategic review and marketing work completed prior to the commencement of the NOI proceedings.

3.2 SISP

1. The purpose of the SISP is to identify the highest or otherwise best offer for a refinancing, sale or other strategic investment or transaction involving the business, assets and/or equity of the Applicants.
2. The proposed SISP was developed by the Monitor in consultation with the Applicants, the Sales Agent and the Administrative Agent.
3. The key aspects of the proposed SISP are summarized below; however, interested parties are strongly encouraged to review the full terms of the SISP attached as **Schedule “A”** to the proposed SISP Order.
4. A summary of the SISP timeline is as follows:

Milestone	Key Dates
Court approval of SISP to be sought	November 28, 2025
SISP Commencement	November 13, 2025
Phase 1 Bid Deadline	January 23, 2026
Phase 1 Bid Assessment and Notification (if any)	January 30, 2026
Phase 2 Qualified Bid Deadline (if applicable)	March 9, 2026
Auction (if applicable)	March 16, 2026
Selection of Successful Bid	March 20, 2026
Approval Order Hearing ⁴	April 3, 2026
Outside Date	June 3, 2026

5. Since the swearing of the November 19 Affidavit, the Applicants, the Monitor, the Administrative Agent and the Sales Agent have all agreed that all milestones following the SISP Commencement should be moved forward one week. The summary of the SISP timeline in the table above reflects the revised milestone dates.
6. The phased bid deadlines provide over 70 days for interested parties to submit a non-binding letter of intent (LOI), which must show a reasonable likelihood of resulting in a Qualified Bid, followed by another 40 days to prepare a binding offer.
7. Each of the SISP milestones can be extended by the Monitor in consultation with the Sales Agent and the consent of the Administrative Agent.

³ Capitalized terms in this section have the meaning provided to them in the SISP unless otherwise defined herein.

⁴ The Court dates are subject to Court availability.

8. The Monitor is of the view that the duration of the SISP is sufficient to allow interested parties to perform diligence and submit offers and is consistent with the timelines and structure for sales processes involving a sale of either the Business or Property of the Applicants in other comparable insolvency proceedings.
9. The SISP provides that the Administrative Agent, on behalf of the Lenders, shall be deemed to be a Phase 1 Qualified Bidder even if it does not submit a LOI or Phase 1 Qualified Bid.
10. Additionally, the SISP provides any secured creditor of the Applicants the right to bid its secured debt against the Property secured thereby; provided that any such secured creditor shall be required to pay in full in cash on closing any obligations in priority to its secured debt (unless otherwise agreed by the priority holder), and the reasonable fees and expenses of the Monitor that are necessary to complete the CCAA proceedings.

3.3 Monitor's Powers

1. As part of the SISP Order, and in connection with Section 29 of the SISP, the Applicants are seeking enhanced powers for the Monitor to, among other things, negotiate and execute the Engagement Letter on behalf of the Applicants, cause the Applicants to enter into the Engagement Letter and perform their obligations under the SISP.
2. The Monitor and the Applicants understand that Xiwang Foodstuffs Co., Ltd. ("**Xiwang Foodstuffs**"), the indirect majority shareholder of the Applicants, intends to participate in the SISP. To maintain the fairness and integrity of the SISP, particularly given the potential for a related party transaction, the Applicants and the Monitor are of the view that the enhanced powers for the Monitor are reasonable and appropriate in the circumstances.

3.4 Solicitation of Interest

1. To the extent not already done and as soon as reasonably practicable following Court approval of the SISP, the Monitor, with assistance from the Sales Agent, will prepare marketing materials and solicit interest from parties potentially interested in pursuing a transaction (each, a "**Potential Bidder**").
2. In particular, the Monitor and the Sales Agent will:
 - a. prepare and disseminate marketing materials, including a teaser, process letter and a form of non-disclosure agreement (an "**NDA**") as soon as practicable following the commencement of the SISP;
 - b. provide access to a data room containing a confidential information memorandum and other diligence information to Potential Bidders who sign an NDA; and
 - c. request that such parties submit an LOI meeting at least the requirements for a Phase 1 Qualified Bid (as described below) by the Phase 1 Bid Deadline.

3. Any party that wishes to submit an LOI that meets the requirements for a Phase 1 Qualified Bid (as described below), must deliver a written copy of its bid and other materials required by the SISP by no later than January 23, 2026, being the Phase 1 Bid Deadline.

3.5 Phase 1 Qualified Bids

1. To be a Phase 1 Qualified Bid, an LOI must meet the requirements outlined in Section 12 of the SISP, including, among other things, that it:
 - a. identifies the bidder;
 - b. describes the Property and/or Business of the Applicants that are the subject of the bid;
 - c. provides for:
 - i. in the case of a Sale Proposal:
 - a purchase price in U.S. dollars;
 - the form of consideration;
 - key assumptions supporting the purchase price valuation;
 - a specific indication of the expected structure and financing of the transaction;
 - a description of the Property subject to the proposed transaction and the Property to be excluded;
 - written evidence of ability to consummate the proposed transaction;
 - a description of any material conditions or approvals required for a final and binding offer;
 - an outline of any additional due diligence required;
 - the key terms of the order of the Court approving the proposed transaction; and
 - a description of any other material terms or conditions to the proposed transaction;
 - ii. in the case of an Investment Proposal:
 - a description of the proposed structure of the investment;
 - the aggregate amount of equity and/or debt investment to be made in the Business or the Applicants in U.S. dollars;

- key assumptions supporting the purchase price valuation and pro forma capital structure;
 - a specific indication of the expected structure and financing of the transaction;
 - the equity, if any, to be allocated to the Applicants' secured creditors;
 - written evidence of ability to consummate the proposed transaction;
 - a description of any material conditions or approvals required for a final and binding offer;
 - an outline of any additional due diligence required;
 - the key terms of the order of the Court approving the proposed transaction; and
 - a description of any other material terms or conditions to the proposed transaction;
- d. reflects a reasonable prospect of culminating in a Qualified Bid by the Qualified Bid Deadline;
- e. be received by the Phase 1 Bid Deadline;
- f. the Administrative Agent, on behalf of the Lenders, shall be deemed to be a Phase 1 Qualified Bidder even if it does not submit an LOI or Phase 1 Qualified Bid;
- g. the Administrative Agent shall notify the Monitor in writing within the ten (10) business days that follow the Phase 1 Bid Deadline if they intend to participate in Phase 2 of the SISP (a "**Participation Notice**"); and
- h. if the Administrative Agent delivers a Participation Notice to the Monitor, the Administrative Agent, their counsel and financial advisors shall not receive any information related to any Phase 2 Bid or any further information regarding any party participating in the SISP, and the Administrative Agent shall not be entitled to any further consultation rights pursuant to the SISP.

3.6 Phase 2 Qualified Bids

1. To be a "Qualified Bid" in Phase 2, a bid must, among other things, meet the following requirements (as set out in Section 18 of the SISP):
 - a. be accompanied by a cash deposit equal to 10% of the Cash Consideration Value, which Deposit shall be retained by the Monitor in a non-interest-bearing trust account in accordance with the SISP;

- b. contains executed and binding transaction agreements, including a redline to the form of transaction agreement for a Sale Proposal provided by the Monitor, or in the case of an Investment Proposal, in the form of a plan of arrangement and all documentation contemplated to be executed in connection therewith;
 - c. not include a provision making the offer conditional on obtaining financing, obtaining any board of directors or similar governing body or equityholder approval or on the outcome of any due diligence;
 - d. not include any request or entitlement to any termination or break fee, expense reimbursement or similar type of payment;
 - e. provide evidence of commitment of financing or other evidence of ability to consummate the proposed transaction;
 - f. includes full details of the bidder's intended treatment of the Applicants' employees, customers, contracts and vendors under the proposed bid;
 - g. includes a cash payment in an amount reasonably acceptable to the Monitor and the Administrative Agent, taking into account the amounts then-outstanding under the Administrative Professionals Charge (as defined in the Initial Order), to be paid to the Monitor on closing for any professional fees to be incurred by the Monitor in connection with the wind-down of the CCAA Proceedings (and any subsequent proceedings); and
 - h. be received by the Qualified Bid Deadline.
2. After the Qualified Bid Deadline, the Monitor and the Sales Agent, in consultation with the Administrative Agent (subject to Section 27 of the SISP), will review any Phase 2 Bids received to confirm whether they constitute a Qualified Bid.

3.7 Selection of Successful Bid

- 1. If no Qualified Bid has been received by the Monitor and the Sales Agent on or before the Qualified Bid Deadline, then the SISP shall be terminated and the Monitor may seek advice and directions from the Court.
- 2. If one or more Qualified Bids has been received by the Monitor and the Sales Agent on or before the Qualified Bid Deadline, the Monitor, in consultation with the Administrative Agent, may elect to proceed with an auction process to determine the Successful Bid(s) (the "**Auction**"), which Auction shall be administered in accordance with auction procedures determined by the Monitor and the Sales Agent, in consultation with the Administrative Agent, and provided to all Qualified Bidders at least 24 hours prior to the commencement of the Auction. The Monitor, in consultation with the Sales Agent and the Administrative Agent, may select the bid(s) at the Auction as the Successful Bid.

3. The Monitor, in consultation with the Sales Agent and the Administrative Agent, reserves the right not to accept any Qualified Bid or to otherwise terminate the SISP. The Monitor and the Sales Agent, in consultation with the Administrative Agent, reserves the right to deal with one or more Qualified Bidders to the exclusion of others, to accept a Qualified Bid for different parts of the Applicants' Business and/or Property or to accept multiple Qualified Bids as a Successful Bid, and enter into definitive agreements in respect of all such bids.

3.8 Access to Information

1. Additional safeguards are incorporated into the SISP to further assist in ensuring its fairness and integrity.
2. In connection with paragraph 3.5(1)(h) above, if the Administrative Agent delivers a Participation Notice in the form required by the SISP, the Administrative Agent's counsel and financial advisors shall not receive any information related to any Phase 2 Bid or any further information regarding any party participating in the SISP. The Administrative Agent will also not be entitled to any further consultation rights pursuant to the SISP. If the Administrative Agent does not deliver a Participation Notice in accordance with the terms of the SISP, the Administrative Agent, their counsel and financial advisors shall be entitled to continue to receive all confidential information in respect of the SISP on a confidential basis in accordance with the terms of the SISP.
3. Further, the SISP imposes restrictions on the Applicants' communications and sharing of information with potentially interested parties during the SISP. The Applicants are prohibited from communicating directly or indirectly with any potentially interested parties regarding the SISP unless the Monitor or the Sales Agent are either participating in the communications or copied (if communicating by written correspondence, including email).
4. The Monitor has the authority to provide updates and information to Stakeholders on a confidential basis upon: (i) confirmation in writing from the Stakeholder that they will not submit any bid in the SISP or on the termination of the SISP, and (ii) the Stakeholder executing a confidentiality agreement or undertaking, in a form and substance that is satisfactory to the Monitor.

3.9 SISP Recommendation

1. The Monitor recommends that this Court issue an order approving the SISP for the following reasons:
 - a. the SISP provides for a comprehensive marketing of the Applicants' Business and Property with the assistance of the Sales Agent, which is a highly qualified financial advisory and investment banking firm with experience in distressed sale processes;
 - b. the SISP provides an opportunity to complete a transaction that will benefit all stakeholders;

- c. in the Monitor's view, the duration of the SISP is sufficient to allow interested parties to perform the required diligence and submit Qualified Bids. The Sales Agent has already prepared the Marketing Materials and begun distributing same;
- d. the SISP contains procedural safeguards to ensure the fairness and integrity of the SISP;
- e. as at the date of the First Report, the Monitor is not aware of any objections to the SISP; and
- f. the Lenders support the SISP.

4.0 Sales Agent

4.1 Origin Merchant Partners

1. The Applicants are seeking the Court's approval to retain Origin as the Sales Agent to assist in implementing and conducting the proposed SISP.
2. The Monitor approached three investment-banking firms to submit proposals to act as the investment bank to assist in conducting the SISP. Three proposals were received during the last week of October 2025.
3. After reviewing the proposals, Origin was selected as the Sales Agent. Origin is a middle market investment bank with extensive experience providing advisory services to companies considering strategic alternatives, including in the consumer and healthcare industries.

4.2 Engagement Letter

1. A redacted copy of the Engagement Letter is attached as Exhibit "E" to the November 19 Affidavit. The relevant financial terms of the Engagement Letter are as follows:
 - a) **Work Fee:** the Applicants will pay a monthly work fee to Origin each month starting in November 2025 (the "**Work Fee**"). The Work Fee will be credited against any Transaction Fee (described below); and
 - b) **Transaction Fee:** if a transaction is agreed to by the Applicants during the term of Origin's engagement, a transaction fee (the "**Transaction Fee**") calculated based on the Transaction Value shall be payable to Origin on the earlier of Closing or any change of control of the Applicants or ownership of any of their assets.
2. The proposed ARIO provides for a charge to Origin in the amount of CAD\$1.75 million to secure the payment of the Transaction Fee ultimately payable (the "**Sales Agent's Charge**") over the Applicants' property. The Sales Agent's Charge is proposed to rank subordinate to each of the Administrative Professionals Charge and the Directors' Charge.

3. The Sales Agent's entitlements under the Engagement Letter, including the Work Fee, Transaction Fee, and expenses, shall be unaffected by any Plan pursuant to the CCAA or proposal pursuant to the BIA and must be paid in full in accordance with the Engagement Letter and the ARIO, with the Sales Agent's Charge continuing to secure such obligations.
4. The Monitor recommends that the Court approve the Engagement Letter and the Sales Agent's Charge for the following reasons:
 - a) the Sales Agent is highly qualified;
 - b) the Sales Agent was selected after participating in a competitive process;
 - c) the Monitor was involved in the negotiation of the Work Fee, the Transaction Fee and the quantification of the Sales Agent Charge;
 - d) in the Monitor's view, the Work Fee and the Transaction Fee payable to the Sales Agent, and the quantification of the Sales Agent Charge, are commercially reasonable and consistent with the market for compensation of this nature;
 - e) in the Monitor's view, it is appropriate and consistent with existing practice in CCAA proceedings for the Sales Agent to have the benefit of a Court-approved charge to secure the Transaction Fee; and
 - f) the Lenders support the retention of the Sales Agent pursuant to the Engagement Letter.

5.0 Sealing

1. The Applicants are requesting a sealing order in respect of Confidential Appendix "1", which includes fees that give an indication of the Sales Agent's view on the value of the Applicants' Business and/or Property. The Monitor believes it is appropriate to seal the unredacted Engagement Letter until the closing of a transaction or further Court order, in order to avoid prejudicing the SISP and any negotiations with Potential Bidders.

6.0 Incentive Payments and Key Employee Retention Payments

1. As of October 20, 2025, the Iovate Group employed approximately 159 people in Canada and 2 people in the United Kingdom through Iovate International, as well as 10 people in the United States and Canada through Iovate USA.
2. The KERP was developed by the Applicants, with the assistance of the Monitor, to incentivize employees to remain with the Applicants through different milestone dates, including for certain key employees to remain with the Applicants through the completion of a transaction.

6.1 Incentive Plan and Key Employee Retention Plan

1. The retention of employees is vital to maintaining the ongoing business operations of the Applicants, pursuing the SISP, and completing a transaction for the benefit of all stakeholders. The Incentive Plan and KERP are intended to stabilize the workforce during this period of uncertainty.
2. The primary purpose of seeking authorization to make the Incentive Payments and approval of the KERP is to retain the Applicants' employees (the "**Employees**") who may otherwise seek other employment opportunities given the circumstances of the CCAA proceedings by offering them as follows:
 - a) General and International Employees: The Applicants propose to make the Incentive Payments in the aggregate amount of approximately \$1.02 million to approximately 130 general and international employees in the month of February 2026. The quantum of the Incentive Payments was calculated in accordance with such Employees' existing contractual bonus entitlements.
 - i. To receive the Incentive Payments, such Employees must (A) be employed at the time of payment; (B) the Applicants must achieve a minimum adjusted EBITDA of approximately \$16.288 million (the "EBITDA Condition"); and (C) such Employees are required to agree that they will remain employed for at least 12 months following payment and, if an Employee leaves before the 12-month period expires (other than for being terminated without cause), any Incentive Payments made must be repaid.
 - b) Key Employees: The Applicants propose to pay approximately \$1.58 million to approximately 20 key employees (the "**Key Employees**") as part of the KERP. Half of this payment (the "**Key Employee Incentive Payment**") shall be paid to Key Employees in February 2026, and the other half of this payment (the "**KERP Payment**") shall be paid at the earlier of two weeks after the closing of a successful transaction resulting from the SISP and September 30, 2026. This payment is also conditional on the EBITDA Condition. The quantum of the Key Employee Incentive Payment was calculated in accordance with such Key Employees' existing contractual bonus entitlements, while the KERP Payment was calculated on the basis of incentivizing the Key Employees to continue their employment through the completion of a transaction resulting from the SISP.
 - i. To receive the Key Employee Incentive Payment, the Key Employees must (A) be employed at the time of payment, unless they are terminated without cause, and (B) the Key Employees are required to agree that they will remain employed for at least 12 months following payment and if a Key Employee leaves before the 12-month period expires (other than for being terminated without cause), any Key Employee Incentive Payment must be repaid.
 - ii. To receive the KERP Payment, the Key Employees must (A) be employed at the time of payment, and (B) continue to be employed at the time of the closing of a successful transaction resulting from the SISP or September 30, 2026. The Applicants propose to secure the KERP Payment in the amount of approximately \$790,000 by a charge over the Applicants' property (the "**KERP Charge**").

6.2 Incentive Plan and Key Employee Retention Plan Recommendation

1. The Applicant is seeking authorization to make the Incentive Payments, approval of the KERP and a corresponding KERP Charge in the maximum amount of \$790,000 to secure the KERP Payment.
2. The Monitor supports the granting of such relief for the following reasons:
 - a) the purpose of the Incentive Payments, the KERP and the KERP Charge is to address retention concerns in light of recent key employee departures;
 - b) the continued involvement and cooperation of the Employees is critical to the success of the Applicants' restructuring, and the proposed Incentive Payments and proposed payments under the KERP are required to increase the likelihood that the Employees will continue to facilitate the Applicants' operations and the conduct of the SISF during the pendency of these CCAA proceedings;
 - c) each of the Employees will contribute to these CCAA proceedings by using their existing company knowledge and expertise in their respective roles to continue normal course operations and preserve value. In certain cases, the Employees are also critical to the conduct of the SISF and restructuring efforts generally;
 - d) in the Monitor's view, the Incentive Payments and the Key Employee Incentive Payments are reasonable as they are calculated in accordance with such Employees' existing contractual bonus entitlements. The KERP Payment is reasonable and in line with the quantum of retention payments approved in other CCAA proceedings; and
 - e) the KERP Charge is appropriate to provide the Key Employees with comfort that the amounts payable to them under the KERP Payment will be paid.

7.0 Cash Flow Forecast

1. The Applicants, in consultation with the Monitor, have prepared the Cash Flow Forecast for the 11-week period from November 17, 2025 to January 30, 2026, to align with the request for an extension of the Stay Period. The Cash Flow Forecast and the Company's statutory representations on the cash flow pursuant to Section 10(2)(b) of the CCAA are attached as **Appendix "A"**.
2. A summary of the Cash Flow Forecast is provided below:

(unaudited; \$000s)	Nov 17, 2025 – Jan 30, 2026
Receipts	
Collections	43,675
Total Receipts	43,675
Disbursements	
Inventory Purchases	(36,407)
Operating Expenses	(9,992)
Payroll and Benefits	(4,005)
Occupancy Costs	(300)
Other Expenses	132
Total Disbursements	(50,572)
Net Cash Flow Before the Undernoted	(6,897)
Professional Fees	(4,654)
Interest	(4,632)
Net Cash Flow	(16,183)
Opening Cash Balance	25,960
Net Cash Flow	(16,183)
Closing Cash Balance	9,777

3. The Cash Flow Forecast indicates that the Applicants are projected to have sufficient liquidity to operate through the proposed Stay Period, if extended. Based on the Monitor's review of the Cash Flow Forecast, the assumptions appear reasonable. The Monitor's statutory report on the Cash Flow Forecast is attached as **Appendix "B"**.

8.0 Stay Extension

1. Pursuant to the Initial Order, the Court granted the initial Stay Period to and including December 12, 2025. The Applicants are requesting an extension of the Stay Period to and including January 30, 2026.
2. The Monitor supports the request for an extension of the Stay Period and believes that it is appropriate in the circumstances for the following reasons:
 - a. the Applicants are acting in good faith and with due diligence;
 - b. the proposed extension would allow the Applicants the necessary time to conduct and complete the SISF;
 - c. the Monitor does not believe that any creditor will be materially prejudiced by the proposed extension of the Stay of Proceedings;
 - d. the Lenders support the extension of the Stay Period;
 - e. as of the date of this First Report, the Monitor is not aware of any party opposed to an extension of the Stay of Proceedings; and

- f. the Cash Flow Forecast included in this First Report reflects that the Applicants will have sufficient liquidity to fund their operations and the costs of these CCAA proceedings through the proposed extension period.

9.0 Monitor's Activities since the Initial Order

1. Since the delivery of the Fourth Report of the Proposal Trustee and the Pre-Filing Report of the Proposed Monitor dated October 30, 2025 (the "**Joint Report**"), the Monitor has engaged in the following activities, certain of which are detailed further in the sections below:
 - a) corresponded regularly with the Applicants' legal counsel and management team and its own counsel regarding all aspects of these CCAA Proceedings, including assisting the Applicants in the operation of their day-to-day business;
 - b) worked with the Applicants and their advisors to develop and execute a stakeholder communication strategy;
 - c) monitored the Chapter 15 Proceedings;
 - d) assisted the Applicants in the preparation and design of the proposed SISP;
 - e) assisted the Applicants in the design of the Incentive Payments and the KERP;
 - f) engaged with investment-banking firms to submit proposals in connection with the proposed SISP;
 - g) negotiated the Engagement Letter;
 - h) mailed the CCAA notice to the Applicants' known creditors and filed Forms 1 and 2 with the Office of the Superintendent of Bankruptcy, as required under the CCAA and the Initial Order, as applicable;
 - i) posted the CCAA notice, list of creditors and other Court materials on the Case Website;
 - j) arranged for notice of these CCAA Proceedings to be published in the Globe and Mail as required under the Initial Order; and
 - k) with the assistance of its legal counsel, drafted this First Report.

10.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the SISP Order and the ARIO as requested by the Applicants.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR OF
XIWANG IOVATE HOLDINGS COMPANY LIMITED
IOVATE HEALTH SCIENCES INTERNATIONAL INC.,
IOVATE HEALTH SCIENCES U.S.A. INC., IOVATE
HEALTH SCIENCES AUSTRALIA PTY LTD AND
NORTHERN INNOVATIONS HOLDING CORP.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

Xiwang Iovate Holdings Company Limited, Iovate Health Sciences International Inc., Iovate Health Sciences U.S.A. Inc., Iovate Health Sciences Australia Pty Ltd, and Northern Innovations Holding Corp. (collectively, the "Company")

Projected Weekly Cash Flow

For the 11-Week Period Ending January 30, 2026

(Unaudited; \$USD)

		Week Ending											
	Note	21-Nov	28-Nov	5-Dec	12-Dec	19-Dec	26-Dec	2-Jan	9-Jan	16-Jan	23-Jan	30-Jan	Total
Receipts	1												
Collections	2	5,329,261	2,616,828	2,542,056	1,912,703	2,467,547	4,522,822	4,691,391	4,073,455	4,391,439	4,294,656	6,833,214	43,675,371
Total Receipts		5,329,261	2,616,828	2,542,056	1,912,703	2,467,547	4,522,822	4,691,391	4,073,455	4,391,439	4,294,656	6,833,214	43,675,371
Disbursements													
Inventory Purchases	3	(5,262,956)	(3,144,271)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,500,000)	(3,500,000)	(36,407,227)
Operating Expenses	4	(1,123,464)	(543,510)	(876,373)	(684,912)	(1,125,867)	(1,248,867)	(1,145,301)	(924,373)	(771,186)	(739,186)	(809,186)	(9,992,225)
Payroll and Benefits	5	(326,413)	(363,402)	(326,413)	(326,413)	(326,413)	(326,413)	(326,413)	(792,076)	(297,076)	(297,076)	(297,076)	(4,005,185)
Occupancy costs	6	-	(100,000)	-	-	-	(100,000)	-	-	-	-	(100,000)	(300,000)
Other Expenses	7	351,500	-	-	(34,928)	(20,000)	(50,000)	-	-	(54,825)	-	(60,000)	131,747
Total disbursements		(6,361,333)	(4,151,183)	(4,202,786)	(4,046,253)	(4,472,279)	(4,725,279)	(4,471,714)	(4,716,450)	(4,123,087)	(4,536,262)	(4,766,262)	(50,572,890)
Net Cash Flow before the Undemoted		(1,032,071)	(1,534,355)	(1,660,731)	(2,133,550)	(2,004,733)	(202,457)	219,677	(642,995)	268,351	(241,606)	2,066,951	(6,897,519)
Professional Fees	8	(1,175,695)	(398,695)	-	-	(1,190,000)	(250,000)	-	-	(1,040,000)	(600,000)	-	(4,654,390)
Interest	9	-	(1,138,560)	-	-	(1,157,998)	-	(1,176,512)	-	-	-	(1,158,429)	(4,631,500)
Net Cash Flow		(2,207,766)	(3,071,610)	(1,660,731)	(2,133,550)	(4,352,731)	(452,457)	(956,836)	(642,995)	(771,649)	(841,606)	908,522	(16,183,408)
Opening Cash balance / (Deficit)		25,959,545	23,751,779	20,680,169	19,019,439	16,885,888	12,533,157	12,080,700	11,123,864	10,480,869	9,709,221	8,867,615	25,959,545
Net Cash Flow		(2,207,766)	(3,071,610)	(1,660,731)	(2,133,550)	(4,352,731)	(452,457)	(956,836)	(642,995)	(771,649)	(841,606)	908,522	(16,183,408)
Closing cash balance / (Deficit)		23,751,779	20,680,169	19,019,439	16,885,888	12,533,157	12,080,700	11,123,864	10,480,869	9,709,221	8,867,615	9,776,137	9,776,137

Xiwang Iovate Holdings Company Limited, Iovate Health Sciences International Inc., Iovate Health Sciences U.S.A. Inc., Iovate Health Sciences Australia Pty Ltd, and Northern Innovations Holding Corp. (collectively, the "Company")

Notes to Projected Weekly Cash Flow

For the 11-Week Period Ending January 30, 2026

(Unaudited; \$USD)

Purpose and General Assumptions

1. The purpose of the projection is to present a consolidated eleven-week forecast of the Company for the period November 17, 2025 to January 30, 2026 (the "Period") in connection with the Company's proceedings under the Companies' Creditors Arrangement Act ("CCAA").

The cash flow projection has been prepared based on hypothetical and most probable assumptions.

Hypothetical Assumptions

2. Reflects the estimated collections from the Company's sales in the normal course.

Probable Assumptions

3. Represents the estimated payments for inventory purchases.
4. Reflects estimated payments for operating expenses, including warehousing, freight, marketing and selling, general and administrative expenses.
5. Represents the gross payroll obligations for the Company's employees.
6. Reflects the Company's occupancy costs for headquarters in Oakville, Ontario.
7. Reflects payments for other expenses, including insurance, capital expenditures and post-filing sales taxes. The amount in the week ending November 21, 2025 reflects an estimated insurance refund.
8. Reflects estimated professional fees of the proposed Monitor, the Monitor's counsel, the Company's Canadian and US counsel, the Company's secured lender's Canadian and US counsel and the lender's financial advisor. The estimate also includes a monthly work fee for the Company's sales agent.
9. Reflects interest payable on the Company's senior secured debt. The amount in the week ending December 19, 2025 represents a catch-up payment for September interest.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF XIWANG IOVATE HOLDINGS COMPANY
LIMITED, IOVATE HEALTH SCIENCES INTERNATIONAL INC.,
IOVATE HEALTH SCIENCES U.S.A. INC., IOVATE HEALTH
SCIENCES AUSTRALIA PTY LTD, and NORTHERN
INNOVATIONS HOLDING CORP.

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)

The management of Xiwang Iovate Holdings Company Limited, Iovate Health Sciences International Inc., Iovate Health Sciences U.S.A. Inc., Iovate Health Sciences Australia Pty Ltd, And Northern Innovations Holding Corp. (collectively, the "Applicants") has developed the assumptions and prepared the attached consolidated statement of projected cash flow as of the 24th day of November, 2025, for the period November 17, 2025 to January 30, 2026 (the "Cash Flow Forecast"). All such assumptions are disclosed in the notes to the Cash Flow Forecast.

The hypothetical assumptions are suitably supported and consistent with the purpose of the Cash Flow Forecast as described in Note 1 to the Cash Flow Forecast, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow Forecast.

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

The Cash Flow Forecast has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.

Dated at Toronto, ON this 24th day of November, 2025.

XIWANG IOVATE HOLDINGS COMPANY LIMITED, IOVATE HEALTH SCIENCES INTERNATIONAL INC., IOVATE HEALTH SCIENCES U.S.A. INC., IOVATE HEALTH SCIENCES AUSTRALIA PTY LTD, AND NORTHERN INNOVATIONS HOLDING CORP.



Per: Wes Parris

Appendix “B”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF XIWANG IOVATE HOLDINGS COMPANY
LIMITED, IOVATE HEALTH SCIENCES INTERNATIONAL INC.,
IOVATE HEALTH SCIENCES U.S.A. INC., IOVATE HEALTH
SCIENCES AUSTRALIA PTY LTD, and NORTHERN
INNOVATIONS HOLDING CORP.**

**MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)**

The attached consolidated statement of projected cash-flow of Xiwang Iovate Holdings Company Limited, Iovate Health Sciences International Inc., Iovate Health Sciences U.S.A. Inc., Iovate Health Sciences Australia Pty Ltd, and Northern Innovations Holding Corp. (collectively, the "Applicants"), Infinity Insurance Co. Ltd., Iovate Health Sciences Europe Limited, Muscletech LLC, XP Sports LLC, and Simplevita Nutrition LLC (collectively, the "Non-Applicant Stay Parties", and together with the Applicants, the "Iovate Group") as of the 24th day of November, 2025, consisting of a weekly projected cash flow statement for the period November 17, 2025 to January 30, 2026 (the "Cash Flow Forecast") has been prepared by the management of the Applicants for the purpose described in Note 1, using probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management of the Applicants. We have reviewed the support provided by management for the probable and hypothetical assumptions and the preparation and presentation of the Cash Flow Forecast.

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

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

Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow Forecast will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow Forecast has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, ON this 25th day of November, 2025.

KSV Restructuring Inc.

KSV RESTRUCTURING INC.,
solely in its capacity as monitor of
Xiwang Iovate Holdings Company Limited,
Iovate Health Sciences International Inc.,
Iovate Health Sciences U.S.A. Inc.,
Iovate Health Sciences Australia Pty Ltd,
and Northern Innovations Holding Corp.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF XIWANG IOVATE HOLDINGS COMPANY LIMITED, IOVATE HEALTH SCIENCES INTERNATIONAL INC., IOVATE HEALTH SCIENCES U.S.A. INC., IOVATE HEALTH SCIENCES AUSTRALIA PTY LTD, AND NORTHERN INNOVATIONS HOLDING CORP.

Court File No. BK-25-03268936-0031

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at: TORONTO

FIRST REPORT OF THE MONITOR
DATED NOVEMBER 25, 2025

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