



April 9, 2026

**Fourth 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.**

<b>Contents</b>		<b>Page</b>
1.0	Introduction .....	1
1.1	Purposes of this Fourth Report .....	4
1.2	Restrictions .....	5
1.3	Currency .....	5
2.0	Background .....	5
3.0	SISP .....	6
3.1	Conduct of the SISP .....	6
3.2	Results of the SISP and Selection of Successful Bid .....	7
4.0	Proposed Transactions.....	8
4.1	Subscription Agreement.....	8
4.2	Reverse Vesting Structure .....	10
4.3	Related Party Considerations .....	12
4.4	Proposed Releases.....	13
4.5	Monitor’s Recommendation .....	13
5.0	Sealing Order .....	14
6.0	Proposed Distribution .....	15
6.1	Distribution to the Administrative Agent.....	15
6.2	Payments in respect of the Administrative Professionals Charge .....	16
6.3	Payment to the Sales Agent.....	16
6.4	Payment of the KERP Payment .....	17
6.5	Monitor’s Recommendation .....	17
7.0	Cash Flow Forecast.....	17
8.0	Stay Extension .....	18
9.0	Monitor’s Activities.....	19
10.0	Conclusion and Recommendation .....	21

## Appendices

Appendix	Tab
Redacted Subscription Agreement .....	A
Cash Flow Forecast and the Monitor’s Report on Cash Flow .....	B
First Report of the Proposal Trustee dated September 8, 2025 .....	C
Second Report of the Proposal Trustee dated October 1, 2025.....	D
Third Report of the Proposal Trustee dated October 15, 2025.....	E
Joint Fourth Report of the Proposal Trustee and Report of the Proposed Monitor dated October 30, 2025 .....	F
First Report of the Monitor dated November 25, 2025 .....	G
Supplement to the First Report of the Monitor dated November 27, 2025.....	H
Second Report of the Monitor dated December 9, 2025 .....	I
Third Report of the Monitor dated January 23, 2026.....	J

Confidential Appendix	Tab
Summary of Phase 1 LOIs and Phase 2 Bids.....	1
Unredacted Subscription Agreement .....	2

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.

FOURTH REPORT OF THE MONITOR  
KSV RESTRUCTURING INC.

APRIL 9, 2026

## 1.0 Introduction

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 (such proceedings, the "**Proposal Proceedings**"), 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 to 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 ("**Iovate Holdings**") and Iovate Health Sciences Australia PTY Ltd ("**Iovate Australia**", collectively, the "**Applicants**") and protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**" and such proceedings, the "**CCAA Proceedings**"), as amended, to and including December 12, 2025 (the "**Stay Period**");

- b) extended the benefit of the stay of proceedings to five related foreign entities (the “**Non-Applicant Stay Parties**”).<sup>1</sup> 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 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 its 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 (such proceedings, the “**Chapter 15 Proceedings**”).
5. On November 28, 2025, the Court granted:
- 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 Royal Bank of Canada as agent (the “**Administrative Agent**”) for a syndicate of lenders (the “**Lenders**”), 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:
    - i. 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 (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;
    - ii. granting a Sales Agent Charge (as defined in the ARIO) in the maximum amount of CA \$1.75 million in respect of a fee if a transaction is agreed to by the Applicants, calculated based on the transaction value, and the Sales Agent’s expenses, which charge shall be subordinate only to the Administrative Professionals Charge and Directors’ Charge (each as defined in the ARIO); and
    - iii. extending the Stay Period to and including January 30, 2026.

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<sup>1</sup> 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.

6. On December 12, 2025, the Court granted an order (the “**Enhanced Monitor Powers Order**”) for enhanced powers to permit the Monitor to more directly supervise and, where appropriate, manage the Applicants’ business in order to ensure the fair and transparent administration of the CCAA Proceedings and the SISP. The enhanced powers granted pursuant to this Order enable the Monitor to exercise any powers which may be properly exercised by a board of directors or any officers of the Applicants.
7. On January 6, 2026, the Monitor prepared and delivered a governance protocol (the “**Governance Protocol**”) to the senior management teams of each of the Applicants. On January 9, 2026, counsel for the Monitor also delivered the Governance Protocol to counsel for Chunhua Jingxi (Tianjin) Investment Center (Limited Partnership), and counsel for the directors and officers of each of Iovate Holdings and Matthew Zauner, a director of Iovate Australia. Among other things, the purpose of the Governance Proposal was to ensure that:
  - a) all persons previously reporting to the CEO of the Applicants thereafter report to the Monitor; and
  - b) any and all communications regarding the SISP or information requests related to the Business or Property of the Applicants was thereafter directed solely to the Monitor.
8. On January 29, 2026, the Court granted an order, among other things, extending the Stay Period to and including April 17, 2026, to allow the Monitor, with the assistance of the Applicants and the Sales Agent, to continue to carry out the Court-approved SISP.
9. On February 2, 2026, the Court granted:
  - a) an order (the “**Incentive Payments, KERP and Sealing Order**”) approving:
    - i. the payment of certain incentive payments to general and international employees;
    - ii. a key employee retention plan (“**KERP**”); and
    - iii. a charge on the Property in the amount of US \$257,000 to secure half of the payment to be made to key employees under the KERP (the “**KERP Charge**”); and
  - b) an order (the “**Principal Payments Order**”) authorizing the Applicants to make certain principal payments to the Administrative Agent on behalf of the Lenders; subject to certain conditions including the Monitor obtaining a valid security opinion and the Monitor being satisfied that the Applicants have sufficient liquidity to make such principal payment, when due.

## 1.1 Purposes of this Fourth Report

1. The purposes of this report (the “**Fourth Report**”) are to:
  - a) provide the Court with an update on the outcome and results of the SISP;
  - b) summarize the terms of the Subscription Agreement dated April 2, 2026 (the “**Subscription Agreement**”) between Iovate Holdings and 1001542267 Ontario Inc. (the “**Purchaser**”);
  - c) set out the Monitor’s basis for recommending that the Court issue an approval and reverse vesting order (the “**ARVO**”), among other things, to:
    - i. approve the Subscription Agreement and the transactions contemplated therein (the “**Transactions**”);
    - ii. grant a sealing order in respect of the Confidential Appendices (as defined herein) to this Fourth Report; and
    - iii. grant a release in favour of the current and former directors, officers, employees, consultants, legal counsel and advisors to an entity to be formed (“**Residual Co.**”), the Monitor, the Monitor’s legal counsel, Origin Merchant Partners and the Purchaser and their respective current directors, officers, partners, employees, consultants, legal counsel advisors and assignees;
  - d) recommend that the Court issue an order (the “**Distribution, Stay Extension and Ancillary Relief Order**”), among other things, to:
    - i. authorize and empower the Monitor to retain amounts to fund the Administrative Reserve (defined below);
    - ii. authorize and empower the Monitor to make one or more distributions or payments, as applicable, at such times as it deems appropriate, to: (i) the Administrative Agent; and (ii) the parties owed the Priority Amounts (defined below);
    - iii. approve the reports filed by the Proposal Trustee and the Monitor from the commencement of the Proposal Proceedings and CCAA Proceedings, respectively and the activities of the Proposal Trustee or Monitor, as applicable, described therein; and
    - iv. extend the Stay Period to June 26, 2026;
  - e) report on the Applicants’ cash flow projection for the twelve-week period commencing on April 6, 2026 and ending on June 26, 2026 (the “**Cash Flow Forecast**”); and
  - f) provide the Court with an update on the Monitor’s activities since the Third Report of the Monitor dated January 23, 2026 (“**Third Report**”).
2. Capitalized terms used but not otherwise defined in this Fourth Report have the meanings given to such terms in the ARIO.

## 1.2 Restrictions

1. In preparing this Fourth 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 and legal counsel.
2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Fourth 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 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 Fourth 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 Fourth Report are in U.S. Dollars.

## 2.0 Background

1. The Applicants are part of the lovate 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 lovate Group's key brands include MuscleTech™, Hydroxycut™, Six Star®, and Purely Inspired®, which are sold in over 90 countries worldwide.
2. The principal purpose of these CCAA Proceedings was to create a stabilized environment to enable the Applicants to undertake a Court-supervised SISF 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.
3. All court materials filed in this matter in respect of the Proposal Proceedings of the NOI Applicants, the CCAA Proceedings of the Applicants and the Chapter 15 Proceedings are available on the Monitor's website at the following link: <https://www.ksvadvisory.com/experience/case/lovate> (the "**Case Website**").

## 3.0 SISP

### 3.1 Conduct of the SISP

1. The Monitor, with the assistance of the Applicants and the Sales Agent, in consultation with the Administrative Agent, has carried out the SISP in accordance with the SISP Order. The SISP provided for an extensive marketing process to solicit interest in an investment in or acquisition of the Applicants' business.
2. As discussed in the Third Report, to allow for additional negotiations in the interest of maximizing value, the Monitor, in consultation with the Sales Agent and with the consent of the Administrative Agent, extended the SISP milestones as follows:

Milestone	Original Dates	Revised Dates
Court approval of SISP	November 28, 2025	November 28, 2025
SISP Commencement	November 13, 2025	November 13, 2025
Phase 1 Bid Deadline	January 23, 2026	February 4, 2026
Phase 1 Bid Assessment and Notification (if any)	January 30, 2026	February 11, 2026
Phase 2 Qualified Bid Deadline (if applicable)	March 9, 2026	March 20, 2026
Auction (if applicable)	March 16, 2026	March 27, 2026
Selection of Successful Bid	March 20, 2026	April 1, 2026
Approval Order Hearing	April 1, 2026	April 15, 2026
Outside Date	June 3, 2026	June 17, 2026

3. The SISP was to be conducted in two phases. A summary of Phase 1 of the SISP is as follows:
  - a) the Monitor, with the assistance of the Sales Agent, commenced the marketing process for the SISP on November 13, 2025;
  - b) commencing on December 4, 2025, the Sales Agent sent an interest solicitation letter outlining the acquisition opportunity (the "**Teaser Letter**") to 196 potential buyers, of which 160 were financial sponsors and 36 were strategic buyers;
  - c) 61 potential buyers executed non-disclosure agreements ("**NDAs**"), of which 49 were executed by financial sponsors and 12 were executed by strategic buyers (collectively, the "**Potential Bidders**");
  - d) each Potential Bidder was provided: (i) a confidential information memorandum prepared by the Sales Agent, with the assistance of the Monitor, which included a detailed overview of the acquisition opportunity; and (ii) access to a virtual data room populated and managed by the Sales Agent, under the supervision of the Monitor, containing financial details and qualitative information relevant to the acquisition opportunities;
  - e) on January 16, 2026, the Sales Agent issued a SISP Process Letter to each Potential Bidder, describing the key terms and requirements of the SISP pursuant to the SISP Order;
  - f) pursuant to the revised timelines under the SISP, the deadline for Potential Bidders to submit a letter of intent was February 4, 2026 (the "**LOI Deadline**"); and

- g) ten letters of intent (“**LOIs**”) were received on the LOI Deadline, of which seven were advanced to Phase 2 after satisfying the Phase 1 Bid requirements (a “**Phase 1 Qualified Bid**”, and such party, a “**Phase 1 Qualified Bidder**”). A summary of such LOIs is included in **Confidential Appendix “1”**. The Monitor’s recommendation with respect to sealing this information is provided in Section 5.0 below.
4. In accordance with the timelines under the SISP, on February 11, 2026, the Sales Agent sent each Phase 1 Qualified Bidder a Phase 2 SISP Process Letter describing the key terms and requirements of the SISP with respect to Phase 2 specifically, pursuant to the SISP Order.
5. During Phase 2 of the SISP, the Monitor and the Sales Agent worked closely together and with the Applicants’ management to address extensive due diligence requests from Phase 1 Qualified Bidders.

### **3.2 Results of the SISP and Selection of Successful Bid**

1. On or around March 20, 2026, the Sales Agent received four offers, of which two were in the form of definitive documents as required by the SISP. A summary of such offers is included in Confidential Appendix “1”. The Monitor’s recommendation with respect to sealing this information is provided in Section 5.0 below.
2. As contemplated by the SISP and following consultation with the Administrative Agent, the Monitor and the Sales Agent engaged with each of the interested parties that submitted offers by the Phase 2 Qualified Bid Deadline and subsequently requested those interested parties to improve their bids.
3. The Monitor, in consultation with the Sales Agent and the Administrative Agent, reviewed the offers received by the Phase 2 Qualified Bid Deadline, including amendments made to certain of those offers following subsequent discussions between the interested parties and the Sales Agent.
4. On April 1, 2026, the Monitor, in consultation with the Sales Agent and the Administrative Agent, selected the bid submitted by the Purchaser, as the successful bid (the “**Successful Bid**”). The Successful Bid is to be implemented pursuant to a Subscription Agreement, which is more particularly described below. At the time of the selection of the Successful Bid, the Monitor understands that the Purchaser was affiliated with Xiwang Foodstuffs Co. Ltd.
5. The Monitor understands that following execution of the Subscription Agreement on April 2, 2026, the beneficial ownership of the Purchaser has changed. The Monitor is advised by counsel to the Purchaser that the Purchaser is no longer related to Iovate Holdings (as contemplated by subsections 36(4) and 36(5) of the CCAA).

- In consultation with the Sales Agent and the Administrative Agent, the Monitor considered whether it would be appropriate to identify and advance a back-up bidder in connection with the SISP. Following those discussions, the Monitor ultimately determined that proceeding without a back-up bidder was appropriate in the circumstances. Advancing a back-up bid would have required additional time and professional fees to negotiate commercially feasible terms and to finalize definitive agreements, which would have delayed seeking Court approval of the Successful Bid. The Monitor therefore determined that it was in the best interests of the stakeholders to proceed expeditiously with seeking approval of the Successful Bid without designating a back-up bidder.

## 4.0 Proposed Transactions<sup>2</sup>

### 4.1 Subscription Agreement

- The terms of the Transactions are set forth in the Subscription Agreement. A redacted copy of the Subscription Agreement is attached as **Appendix “A”**. The unredacted copy is attached as **Confidential Appendix “2”**.
- The following table sets out the key terms of the Subscription Agreement and the Transactions:

<b>Key Terms of the Subscription Agreement</b>	
Parties	Xiwang Iovate Holdings Company Limited, as the Company.  1001542267 Ontario Inc., as the Purchaser.
Transaction Structure	The Transaction is structured as a reverse vesting transaction whereby: <ul style="list-style-type: none"> <li>at Closing, the Purchaser will subscribe for and acquire 100 common shares in the capital of the Company (the <b>"Purchased Shares"</b>), free and clear of all Encumbrances (other than Permitted Encumbrances);</li> <li>the Existing Shares and all related plans, agreements, options, and rights will be terminated and cancelled for no consideration;</li> <li>the Excluded Assets, Excluded Contracts and Excluded Liabilities will be transferred to and vested in Residual Co. pursuant to the ARVO; and</li> <li>the Principal Entities (being, the Company, Iovate International, Iovate USA, Northern Innovations and Iovate Australia) will retain the Retained Assets and Retained Liabilities.</li> </ul>
Purchase Price	<ul style="list-style-type: none"> <li>Redacted given commercial sensitivity. The amount of the Purchase Price is provided in the unredacted version of the Subscription Agreement attached as Confidential Appendix “2”.</li> </ul>

<sup>2</sup> Capitalized terms used in this section but not defined herein have the meaning ascribed to them in the Subscription Agreement.

Deposit	The Purchaser has paid to the Monitor a Deposit representing approximately 10% of the Purchase Price.
Retained Assets	All assets, properties, Business Intellectual Property, Retained Contracts, undertakings and rights of every kind owned by the Principal Entities as of Closing, as set forth in Schedule 1.1(cccc), and not including the Excluded Assets.
Excluded Assets	Excluded Assets include: <ul style="list-style-type: none"> <li>• tax records and Books and Records relating to Excluded Liabilities;</li> <li>• Excluded Contracts;</li> <li>• the Closing Payment;</li> <li>• rights in favour of Residual Co. under the Subscription Agreement;</li> <li>• assets specifically set forth in Schedule 2.2;</li> <li>• any other assets identified by the Purchaser as Excluded Assets no later than two business days before Closing.</li> </ul>
Retained Liabilities	The following liabilities shall be retained by the Principal Entities: <ul style="list-style-type: none"> <li>• all Post-Filing Claims;</li> <li>• all Liabilities under the Retained Contracts arising from and after Closing;</li> <li>• Cure Costs;</li> <li>• Tax Liabilities for any period from and after Closing;</li> <li>• demand promissory notes owing by the Company to Xiwang Foodstuffs (Qingdao) Co., Ltd and Xiwang Foodstuffs Co. Ltd. in the aggregate amount of approximately US \$49 million;</li> <li>• certain pre-filing accounts payable as determined by the Purchaser; and</li> <li>• any other Liabilities identified by the Purchaser as Retained Liabilities no later than two business days before Closing.</li> </ul>
Excluded Liabilities	Excluded Liabilities (set forth in Schedule 2.4) will be transferred to Residual Co. pursuant to the Approval and Reverse Vesting Order.
Retained Contracts	The Contracts of the Principal Entities specified in Schedule 1.1(dddd). A detailed list will follow no later than two Business Days prior to the Closing Date; all other Contracts shall be Excluded Contracts.
Employee Matters	The Company shall cause the applicable Principal Entity to terminate the employment of each Terminated Employee effective immediately prior to the Closing Time. The Purchaser may designate Terminated Employees no later than (2) days before Closing.
“As is, where is”	The Purchaser will subscribe for and purchase the Purchased Shares on an “as is, where is” basis.

Court Approvals	The Transactions are subject to obtaining the following orders: <ul style="list-style-type: none"> <li>the ARVO; and</li> <li>an Order of the New York Court in the Chapter 15 Proceedings recognizing and giving effect to the ARVO.</li> </ul>
Releases	Effective at Closing: <ul style="list-style-type: none"> <li>the Purchaser releases the Monitor and its affiliates, officers, directors, employees and advisors from all Released Claims; and</li> <li>the Company releases the Purchaser, the Monitor and their respective affiliates, officers, directors and advisors from all Released Claims.</li> </ul>
Outside Date	May 29, 2026.
Termination	The Subscription Agreement may be terminated: <ul style="list-style-type: none"> <li>by either party if Closing does not occur by the Outside Date (provided the terminating party did not cause the failure);</li> <li>by mutual written consent of the parties, with the consent of the Monitor;</li> <li>by either party upon issuance of a Final Order prohibiting the Transactions;</li> <li>by either party upon termination, dismissal or conversion of the CCAA Proceedings;</li> <li>by the Company upon material breach by the Purchaser that is not cured within 10 days;</li> <li>by the Purchaser upon material breach by the Company that is not cured within 10 days; and</li> <li>by either party if the Court declines to grant the ARVO or the New York Court declines to grant the Vesting Recognition Order (provided the terminating party did not cause such non-approval).</li> </ul>

- The Subscription Agreement does not vest out any of the Liabilities owed by any of the Non-Applicant Stay Parties.
- The Outside Date in the Subscription Agreement is May 29, 2026. The Monitor understands that the Purchaser is working diligently to be in a position to close the Transactions prior to that date, pending requisite approvals from the Court and the New York Court.
- In addition to service of the motion record on the service list to the CCAA Proceedings (the “**Service List**”), the Monitor has also served the motion record on the Applicants’ known contractual counterparties requiring notice of a change of control.

#### 4.2 Reverse Vesting Structure

- The Transactions contemplated in the Subscription Agreement have been structured as a reverse vesting transaction.
- The Monitor believes it is necessary and appropriate for the Transactions to be completed pursuant to a reverse vesting order (“**RVO**”).

3. In forming its view, the Monitor considered the issues raised by Canadian Courts in CCAA proceedings when considering granting an RVO, including the considerations articulated in *Harte Gold Corp. (Re)*, 2022 ONSC 653. These considerations are set out below:

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

Iovate International possesses two forms of licenses to sell its products in Canada. One license is a Natural Health Products Site License (the “**Site License**”) which is required to import goods into Canada. The other license is a Natural Health Product License (the “**Product License**”) which is required to sell Iovate International’s products in Canada. Iovate International has 25 Product Licenses to cover 34 products (the difference between the number of licenses to products is due to multiple flavours of a product being offered). These licenses cannot be transferred. Iovate International understands that new applications for the Site Licenses can take anywhere from 35-95 days to be granted. New applications for Product Licenses can take from 60-310 days to be granted. Preserving the Site License and the Product Licenses is a key factor driving the Purchaser’s requirement that the Transaction be completed through an RVO. The Monitor also understands that the Purchaser is not prepared to acquire the business under an alternative structure.

Additionally, as of December 31, 2025, Iovate International had approximately US \$114 million in non-capital losses available to be carried forward (the “**Tax Losses**”). The value of the Tax Losses cannot be realized by way of an asset sale.

The Applicants also have significant contracts that will remain with the Applicants pursuant to the Subscription Agreement. An RVO will mitigate substantial delays and costs associated with seeking consents to assignment from contract counterparties or court approval of assignments if such consents cannot be obtained.

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

The reverse vesting structure facilitates a more efficient and swift completion of the Transactions, without exposure to the risks, costs or delays of applying for new Health Canada licenses, which are non-transferrable. In addition, the reverse vesting structure preserves the value of the Tax Losses.

The Monitor also notes that a comprehensive SISP was conducted during these CCAA Proceedings. The Transactions represent, in the Monitor’s view, the best economic outcome from the SISP.

The Monitor is strongly of the view that further time marketing the business for sale will not result in a superior transaction and would be prejudicial to the stakeholders of the Applicants, and in particular, the Lenders.

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

Completing the Transactions under a reverse vesting structure will not result in any material prejudice or impairment to any of the Applicants' creditors' rights that they would not otherwise suffer under an asset sale structure. As a result of the SISP, the Monitor is of the view that there would be no amounts available for distribution to any of the Applicants' creditors that are subordinate to the Lenders under any other viable alternative process.

Additionally, the Subscription Agreement contemplates that amounts, if any, that are required to cure monetary defaults of the Applicants under any contract that is a Retained Contract under the Subscription Agreement are Retained Liabilities of the Principal Entities. Thus, this RVO structure does not waive the monetary default amounts that would otherwise be payable pursuant to an assignment of retained or assumed contracts in an asset sale structure.

As at the writing of this Report, the Monitor understands that the Administrative Agent, on behalf of the Lenders, is supportive of the Transaction and the Monitor is not aware of any opposition to the RVO structure.

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

An RVO will preserve the Site License, key Product Licenses and the Tax Losses. The consideration being paid by the Purchaser is directly attributable to their importance and value of these attributes, which provides the best available outcome for many of the Applicants' key stakeholders, including the Lenders, and the Applicants' employees, suppliers and customers.

### **4.3 Related Party Considerations**

1. Although the Monitor has been advised by the Purchaser's counsel that the Purchaser is no longer related to Iovate Holdings for purposes of section 36 of the CCAA, the Monitor still considered the Transaction on the basis that it did constitute a sale to a related party within the meaning of subsection 36(4), and the Monitor believes that the additional factors set out in subsection 36(4) of the CCAA are satisfied for the following reasons:
  - a. the SISP was conducted in a comprehensive manner that allowed the market to be broadly canvassed. The Monitor and the Sales Agent contacted a substantial number of potentially interested parties, including both financial sponsors and strategic buyers not related to the Applicants. The SISP was designed to, and in fact did, solicit interest from parties that were not related to the Applicants as evidenced by the number of LOIs received by the Phase 1 Bid Deadline and the multiple offers received by the Phase 2 Bid Deadline; and
  - b. the consideration to be received under the Transaction is superior to any other executable transaction that was received in accordance with the SISP.

#### 4.4 Proposed Releases

1. The proposed ARVO includes releases (the “**Releases**”) in favour of the current and former directors, officers, employees, consultants, legal counsel and advisors to Residual Co., the Monitor, the Monitor’s legal counsel, Origin Merchant Partners and the Purchaser and their respective current directors, officers, partners, employees, consultants, legal counsel, advisors and assignees (collectively, the “**Released Parties**”). The Releases are limited to claims arising in connection with or relating to the Subscription Agreement, the completion of the Transactions and the proposed ARVO (the “**Released Claims**”). The proposed Releases do not release, among other things: (i) fraud or wilful misconduct; (ii) any claim against Residual Co. in respect of the Excluded Assets, Excluded Contracts or Excluded Liabilities transferred pursuant to the Subscription Agreement; (iii) any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA; (iv) the parties’ respective obligations under the Subscription Agreement; or (v) the Purchaser from any liability or obligation to any Debt Financing Source in relation to Debt Financing provided in connection with the Subscription Agreement and the Transactions.
2. The Monitor is of the view that the proposed Releases are appropriate in the circumstances. The Monitor, its counsel and the Sales Agent have facilitated an extensive SISP process and negotiated the Subscription Agreement on behalf of the Applicants. The Releases are essential to the consummation of the Transactions and the orderly wind-down of these CCAA proceedings. The Monitor, having considered the circumstances, believes each of the Released Parties has contributed to the Transactions and the successful restructuring of the Applicants.
3. The proposed Releases are limited in scope to claims relating to the Subscription Agreement, the Transactions and the ARVO, and do not release claims unrelated to the Transactions.
4. Additionally, neither the Applicants nor the Monitor have received any indication from stakeholders intending to assert a claim against any of the Released Parties in respect of claims covered by the Releases.

#### 4.5 Monitor’s Recommendation

1. The Monitor makes the following observations and expresses the following views with respect to the Transactions:
  - a) the Monitor believes that its and the Sales Agent’s efforts to market and sell the Applicants’ business were reasonable in the circumstances;
  - b) the SISP was conducted in a comprehensive manner that allowed the market to be broadly canvassed, including financial sponsors and strategic buyers not related to the Applicants;
  - c) the Transactions will achieve a going concern outcome for the Applicants’ business; it contemplates the uninterrupted continuation of the Applicants’ operations and the continued employment of a substantial portion of the Applicants’ employees;

- d) the Transactions represent the best recovery available pursuant to the SISP in the circumstances, and accordingly the best recovery available for the Lenders;
- e) the Monitor is of the view that the Transaction achieves a superior result to a liquidation of the Applicants' business. The Applicants' primary assets include inventory and accounts receivable, which would likely be realized at discounted values in a liquidation. In addition, the Applicants hold intellectual property that derives significant value from its continued use in an operating business and from its position in the relevant markets. The Monitor believes that the value of such intellectual property is likely to be materially impaired in a liquidation, due to market factors and the negative connotation commonly associated with distressed or forced sales. Further, a liquidation of the Applicants would involve significant complexity and cost given the geographic scope of its operations across multiple continents;
- f) For the reasons more particularly set out in Section 4.2 above, the Monitor is of the view that it is necessary and appropriate for the Transactions to be completed pursuant to a RVO structure, including:
  - i. the RVO structure produces an economic result at least as favourable as any other viable alternative; and
  - ii. no stakeholder is worse off under the RVO structure than they would be under any viable alternative; and
- g) the Transactions are the best available going concern transaction for the business and assets of the Applicants and is supported by the Administrative Agent, on behalf of the Lenders, who are the principal economic stakeholders.

## 5.0 Sealing Order

1. The Monitor recommends that Confidential Appendix "1", being a summary of the Phase 1 LOIs and Phase 2 Bids submitted, and Confidential Appendix "2", being an unredacted version of the Subscription Agreement (the "**Confidential Appendices**"), be filed with the Court on a confidential basis and remain sealed until the Closing (as defined in the Subscription Agreement) of the Transactions.
2. Confidential Appendix "1" contains commercially sensitive financial information, including the purchase price and deposit of the Subscription Agreement. Confidential Appendix "2" discloses the structure, strategy and results of Phase 1 and Phase 2 bid submissions of the SISP. Disclosure of the Confidential Appendices prior to the Closing of the Transactions would undermine the integrity of any subsequent sale process if the Transactions were not to close.
3. Accordingly, the Monitor is seeking to seal this information until the Closing of the Transactions. The Monitor is of the view that stakeholders will not be prejudiced by the sealing.
4. The salutary effects of sealing such information from the public record outweigh the deleterious effects of doing so under the circumstances. The Monitor is of the view that the sealing of the Confidential Appendices is consistent with the decision in *Sherman Estate v. Donovan*, 2021 SCC 25.

5. Accordingly, the Monitor believes the proposed sealing of the Confidential Appendices is appropriate in these circumstances.

## 6.0 Proposed Distribution

1. The Applicants are seeking authorization to make one or more distributions to Administrative Agent, on behalf of the Lenders, in an amount or amounts not to exceed the full amount of lovate International's "Indebtedness" (as such term is defined in the amended and restated credit agreement dated June 30, 2021, the "**Credit Agreement**"), subject to the Monitor retaining a reserve in an amount to be agreed to by the Monitor and the Administrative Agent, acting reasonably (the "**Administrative Reserve**") for payments of: (i) any amounts secured by the Administrative Professionals Charge, Directors' Charge, Sales Agent Charge (each as defined in the ARIIO) and the KERP Charge, or as otherwise ordered by the Court (collectively, the "**Priority Amounts**"); (ii) any amounts to facilitate the ongoing administration of these CCAA Proceedings and any bankruptcy proceedings of Residual Co., including the activities of the Applicants and Residual Co.; and (iii) such other amounts that the Monitor and Administrative Agent determine, acting reasonably, are necessary and prudent to be held back by the Monitor.
2. The Monitor intends to make the following distributions and payments in relation to amounts owing in respect of the following parties on or shortly after the Closing, as more particularly described below:
  - a) one or more distributions to the Administrative Agent, as described above; and
  - b) the parties owed the Priority Amounts.

### 6.1 Distribution to the Administrative Agent

1. As detailed in the Third Report, lovate International entered into a Credit Agreement with the Administrative Agent and the Lenders. The Credit Agreement provides for a revolving credit facility and a term loan facility.
2. As of August 31, 2025, approximately US \$100,606,023 of principal was owing under the term loan facility, US \$14,000,000 was owing under the revolving loan facility, and an additional US \$1,179,465 of default interest had accrued month-to-date for a total amount owing of US \$115,785,488.
3. As security for the obligations under the Credit Agreement, the NOI Applicants and related affiliates granted the Lenders a comprehensive security package. This included, among other things: (i) a multi-party Group Guarantee by lovate International, lovate USA, Northern Innovations and certain of their affiliates; (ii) a Canadian general security agreement granted by lovate International, lovate USA, Northern Innovations, lovate Holdings and certain of their affiliates creating a first priority lien over all present and after-acquired real and personal property; (iii) a US general security agreement granted by lovate USA and lovate International (the "**US Security Agreement**"); and (iv) specific security over intellectual property, including trademarks and patents held by Northern Innovations (collectively, the "**Security Documents**").

4. As previously reported to the Court:
  - a) the Monitor's Canadian counsel, Osler, Hoskin & Harcourt LLP ("**Osler**") delivered an opinion to the Monitor which confirms, subject to the standard qualifications and assumptions customary in rendering security opinions of this nature, that the security granted by the NOI Applicants and Iovate Holdings under the Security Documents constitutes valid and enforceable security perfected by registration in the Province of Ontario; and
  - b) the Monitor's US counsel, Cole Schotz P.C., delivered an opinion to the Monitor which confirms, subject to the standard qualifications and assumptions customary in rendering security opinions of this nature, that (i) the US Security Agreement is sufficient to create a valid security interest in the personal property (subject to certain exclusions) of Iovate USA and Iovate International under the laws of the State of New York, (ii) the Administrative Agent was properly granted liens on, and duly perfected such liens on, substantially all of the assets of (a) Iovate USA which can be perfected through the filing of a Uniform Commercial Code ("**UCC**")-1 financing statement, and (b) Iovate International located in the US in accordance with the UCC.

## 6.2 Payments in respect of the Administrative Professionals Charge

1. On Closing, the Monitor intends to make payment of the amounts owing to the beneficiaries of the Administrative Professionals Charge as at the Closing Date.

## 6.3 Payment to the Sales Agent

1. As described above, the ARIO approved the engagement of Origin Merchant Partners as the Sales Agent for the SISP, pursuant to the Engagement Letter. The Engagement Letter provided that the following fees be payable to the Sales Agent: (i) a monthly work fee starting in November 2025 (the "**Work Fee**") to be credited against any Transaction Fee; and (ii) if a transaction is agreed to by the Applicants during the term of Origin Merchant Partners' engagement, a transaction fee calculated based on the value of the transaction shall be payable to Origin Merchant Partners on the earlier of Closing or any change of control of the Applicants or ownership of any of their assets (the "**Transaction Fee**").
2. In accordance with the Engagement Letter, the ARIO granted the Sales Agent Charge over the Applicants' property, which pursuant to the Incentive Payments, KERP and Sealing Order, ranks subordinate to the Administrative Professionals Charge and the Directors' Charge.
3. Both the amount of the Work Fee and the Transaction Fee were sealed pursuant to the ARIO, pending further order of the Court.
4. The Transaction Fee will be paid on Closing.
5. The proposed Distribution, Stay Extension and Ancillary Relief Order provides that upon payment of all amounts owing to the Sales Agent under the Engagement Letter, the Sales Agent Charge will be automatically released and terminated without any further action.

## 6.4 Payment of the KERP Payment

1. Pursuant to the KERP, the KERP Payment is to be paid at the earlier of: (i) two weeks following the closing of a successful transaction resulting from the SISP; and (ii) September 30, 2026.
2. Pursuant to the Incentive Payments, KERP and Sealing Order, the KERP Charge ranks subordinate to the Administrative Professionals Charge, the Directors' Charge and the Sales Agent Charge.
3. The proposed Distribution, Stay Extension and Ancillary Relief Order provides that upon payment of the KERP Payment, the KERP Charge will be automatically released and terminated without any further action.

## 6.5 Monitor's Recommendation

1. The Administrative Agent consents to the proposed distribution and payment scheme.
2. In the view of the Monitor, the proposed distribution and payment scheme, including the retention of the Administrative Reserve by the Monitor, is reasonable and appropriate in the circumstances.

## 7.0 Cash Flow Forecast

1. The Applicants, in consultation with the Monitor, have prepared the Cash Flow Forecast for the twelve-week period from April 6, 2026 to June 26, 2026.
2. A summary of the Cash Flow Forecast is provided below:

(unaudited; \$000s)	April 6, 2026 to June 26, 2026
<i>Receipts</i>	
Collections	34,353
Total Receipts	34,353
<i>Disbursements</i>	
Inventory Purchases	(27,500)
Operating Expenses	(7,960)
Payroll and Benefits	(2,482)
Occupancy Costs	(200)
Other Expenses	(761)
Total Disbursements	(38,903)
Net Cash Flow Before the Undernoted	(4,550)
Professional Fees	(2,997)
Principal Repayment	(875)
Interest	(2,145)
Net Cash Flow	(10,567)
Opening Cash Balance	12,857
Net Cash Flow	(10,567)
Cash adjustment on Closing	(2,290)
Closing Cash Balance	-

3. The Cash Flow Forecast indicated that the Applicants are projected to have sufficient liquidity to operate through the proposed Stay Period (as more particularly described below), if extended. It is anticipated that the Applicants will have sufficient liquidity from cash on hand to fund their operations until the expected closing date of the Transactions, which the Monitor understands is expected to occur before May 29, 2026. Thereafter, the Administrative Reserve, being the US \$3,000,000 above, will provide the Applicants with the requisite funding to operate through the Stay Period.
4. The Cash Flow Forecast and the Monitor's statutory report on the Cash Flow Forecast are attached as **Appendix "B"**. The Monitor has not sought the statutory report on the Cash Flow Forecast to be executed by the Applicants given the Enhanced Monitor Powers Order.

## 8.0 Stay Extension

1. The current Stay Period is set to expire on April 17, 2026. The Monitor is requesting an extension of the Stay Period to and including June 26, 2026.
2. The Monitor is requesting 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 obtain a recognition order of the ARVO from the New York Court and close the Transactions;
  - c) notwithstanding that the Transactions are anticipated to close on or before May 29, 2026, the Applicants will require additional time to attend to post-closing administrative matters, including certain of the proposed distributions, prior to returning to Court;
  - d) the Monitor does not believe that any creditor will be materially prejudiced by the proposed extension of the Stay of Proceedings;
  - e) the Administrative Agent, on behalf of Lenders, support the extension of the Stay Period;
  - f) as of the date of this Fourth Report, the Monitor is not aware of any party opposed to an extension of the Stay of Proceedings; and
  - g) the Cash Flow Forecast included in this Fourth 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

1. From the commencement of the Proposal Proceedings to the Third Report, the Monitor has:
  - a) engaged with parties with respect to garnishment proceedings and achieved a Court-ordered resolution to ensure the NOI Applicants' access to critical liquidity;
  - b) assisted the NOI Applicants in their negotiation with and performance of a settlement agreement with a logistics provider and lien claimant;
  - c) worked with the NOI Applicants to stabilize their business and operations, including monitoring receipts, disbursements, payroll, and supplier relationships;
  - d) communicated regularly with the NOI Applicants and their financial advisor in connection with the preparation and ongoing assessment of the Cash Flow Forecast;
  - e) reviewed and analyzed the various cash flow forecasts prepared by the NOI Applicants to assess the reasonableness of underlying assumptions and confirm sufficiency of liquidity to fund their operations;
  - f) engaged with the NOI Applicants' former warehouseman to address its lien claims and reach a consensual resolution;
  - g) assisted the NOI Applicants in the performance of the settlement with the NOI Applicants' former warehouseman;
  - h) engaged with creditors and other stakeholders of the Applicants, including suppliers and lenders, to provide updates and respond to inquiries regarding the restructuring process;
  - i) negotiated the Engagement Letter;
  - j) assisted in the preparation and development of the SISP;
  - k) engaged with investment-banking firms to submit proposals in connection with the SISP;
  - l) 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;
  - m) assisted the Applicants in the design of the Incentive Payments and the KERP;
  - n) posted the CCAA notice, list of creditors and other Court materials on the Case Website;
  - o) 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;

- p) arranged for notice of these CCAA Proceedings to be published in the Globe and Mail as required under the Initial Order;
  - q) assisted the Applicants in the refinement of their cash flows and preparation of cash flow forecasts;
  - r) developed and distributed the Governance Protocol;
  - s) issued disclaimer notices pursuant to Section 32 of the CCAA in respect of certain contracts of Lovate International;
  - t) assisted the Applicants in their discussions with certain suppliers;
  - u) assisted an external auditor in commencing an audit of fiscal year 2025;
  - v) monitored the Applicants' receipts and disbursements;
  - w) coordinated with Canadian and U.S. legal counsel to address cross-border recognition, enforcement, and relief issues arising in connection with the Chapter 15 proceedings; and
  - x) with the assistance of legal counsel, prepared the First Report of the Proposal Trustee dated September 8, 2025, the Second Report of the Proposal Trustee dated October 1, 2025, the Third Report of the Proposal Trustee dated October 15, 2025, the Joint Fourth Report of the Proposal Trustee and Report of the Proposed Monitor dated October 30, 2025, the First Report of the Monitor dated November 25, 2025, the Supplement to the First Report of the Monitor dated November 27, 2025, the Second Report of the Monitor dated December 9, 2025 and the Third Report. Copies of the Proposal Trustee's reports and the Monitor's reports, without appendices, are respectively attached as **Appendix "C"** to **Appendix "J"** in order of delivery.
2. Since the Third Report, the Monitor has engaged in the following activities:
- a) corresponded regularly with the Applicants' 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) posted non-confidential materials filed with the Court to the Case Website;
  - c) assisted in activities related to the SISP including facilitating and attending management presentations with Phase 1 Qualified Bidders, responding to due diligence inquiries and negotiating the terms of the Subscription Agreement;
  - d) assisted an external auditor in completing an audit of fiscal year 2025;
  - e) corresponded regularly with the Administrative Agent and its advisors to keep them apprised of all ongoing matters within these proceedings;
  - f) assisted the Applicants in preparing the Cash Flow Forecast; and
  - g) with the assistance of its legal counsel, drafted this Fourth Report.

## 10.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully requests that this Honourable Court grant the relief sought in the proposed ARVO and Distribution, Stay Extension and Ancillary Relief Order.

\* \* \*

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**

**and**

**1001542267 ONTARIO INC.**

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**SUBSCRIPTION AGREEMENT**

**April 2, 2026**

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## TABLE OF CONTENTS

	<b>Page</b>
ARTICLE 1 INTERPRETATION.....	2
1.1    Definitions.....	2
1.2    Schedules .....	12
1.3    Statutes.....	12
1.4    Headings and Table of Contents.....	12
1.5    Gender and Number.....	12
1.6    Currency.....	12
1.7    Invalidity of Provisions.....	12
1.8    Entire Agreement.....	13
1.9    Time .....	13
1.10   Waiver, Amendment.....	13
1.11   Incorporation of Schedules and Exhibits .....	13
1.12   Governing Law; Jurisdiction and Venue .....	13
ARTICLE 2 PURCHASE AND SALE .....	14
2.1    Agreement to Purchase and Sell Purchased Shares .....	14
2.2    Excluded Assets.....	14
2.3    Retained Liabilities .....	14
2.4    Excluded Liabilities .....	15
2.5    Transfer of Excluded Liabilities to Residual Co.....	15
2.6    Transfer of Excluded Assets to Residual Cos.....	15
2.7    Pre-Closing Reorganization and Closing Sequence .....	16
ARTICLE 3 PURCHASE PRICE .....	17
3.1    Purchase Price.....	17
3.2    Deposit.....	17
ARTICLE 4 REPRESENTATIONS AND WARRANTIES.....	17
4.1    Representations and Warranties of the Company.....	17
4.2    Representations and Warranties of the Purchaser.....	18
4.3    As Is, Where Is.....	19
ARTICLE 5 CONDITIONS TO CLOSING.....	20
5.1    Conditions for the Benefit of the Purchaser and the Company .....	20
5.2    Conditions for the Benefit of the Purchaser.....	21
5.3    Conditions for the Benefit of the Company.....	21
ARTICLE 6 ADDITIONAL AGREEMENTS OF THE PARTIES.....	22

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
6.1 Access to Information .....	22
6.2 Covenants Relating to this Agreement .....	23
6.3 Approvals and Consents .....	24
6.4 Financing.....	24
6.5 Fees and Expenses .....	25
6.6 Advice and Direction .....	25
6.7 Release by the Purchaser .....	25
6.8 Release by the Company.....	25
6.9 Employee Matters .....	25
6.10 Tax Matters .....	26
 ARTICLE 7 COURT ORDERS .....	 26
7.1 Approval and Reverse Vesting Order and Vesting Recognition Order .....	26
 ARTICLE 8 TERMINATION.....	 26
8.1 Termination.....	26
8.2 Effect of Termination.....	27
 ARTICLE 9 CLOSING .....	 28
9.1 Location and Time of Closing .....	28
9.2 Closing Deliveries.....	28
9.3 Monitor’s Certificate.....	29
 ARTICLE 10 GENERAL .....	 29
10.1 Confidentiality .....	29
10.2 Public Notices .....	30
10.3 Survival.....	30
10.4 Non-Recourse .....	31
10.5 Non-Waiver.....	31
10.6 Notices .....	31
10.7 Assignment .....	32
10.8 Enurement .....	32
10.9 Amendment.....	32
10.10 Further Assurances.....	32
10.11 No Liability; Monitor Holding or Disposing Funds .....	33
10.12 Third-Party Beneficiaries.....	33
10.13 Execution and Delivery.....	34
 SCHEDULE 1.1(CCCC) RETAINED ASSETS	
 SCHEDULE 1.1(DDDD) RETAINED CONTRACTS	

**TABLE OF CONTENTS**  
(continued)

**Page**

SCHEDULE 2.1 PERMITTED ENCUMBRANCES

SCHEDULE 2.2 EXCLUDED ASSETS

SCHEDULE 2.3 RETAINED LIABILITIES

SCHEDULE 2.4 EXCLUDED LIABILITIES

SCHEDULE 2.7(C) CLOSING SEQUENCE

SCHEDULE 5.1(D) TRANSACTION REGULATORY APPROVALS TO BE  
OBTAINED PRIOR TO THE CLOSING TIME

## SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT is made as of April 2, 2026

### BETWEEN:

**XIWANG IOVATE HOLDINGS COMPANY LIMITED**, a corporation governed by the laws of the province of British Columbia

(“**Xiwang Holdings**” or “**Company**”)

- and -

**1001542267 ONTARIO INC.**, a corporation governed by the laws of the province of Ontario

(the “**Purchaser**”)

### RECITALS:

- A. 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 together with Iovate International and Iovate USA, the “**NOI Applicants**”) each commenced an insolvency proceeding (the “**NOI Proceedings**”) pursuant to section 50.4 of Canada’s *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, by each filing a Notice of Intention to Make a Proposal.
- B. On October 31, 2025, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made an order (the “**Initial Order**”, as amended pursuant to an Amended and Restated Initial Order dated November 28, 2025, the “**ARIO**”): (i) continuing the NOI Proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”); and (ii) granting the NOI Applicants, the Company and Iovate Health Sciences Australia PTY Ltd (“**Iovate Australia**” and collectively, the “**Applicants**”), and Infinity Insurance Co. Ltd. (“**Infinity Insurance**”), Iovate Health Sciences Europe Limited (“**Iovate Europe**”), Muscletech LLC, XP Sports LLC, SimpleVita Nutrition LLC (collectively, the “**Non-Applicant Stay Parties**”) certain protection and relief under the CCAA (collectively, the “**CCAA Proceedings**”). KSV was appointed under the terms of the ARIO as monitor of the Applicants (in such capacity, the “**Monitor**”).
- C. On November 12, 2025, the United States Bankruptcy Court for the Southern District of New York (the “**New York Court**”) entered an order amending its prior Order entered on October 28, 2025, recognizing and enforcing the Initial Order with respect to the NOI Applicants, Muscletech LLC, XP Sports LLC, and SimpleVita Nutrition LLC (such proceedings being the “**Chapter 15 Proceedings**”).
- D. On November 28, 2025, the Court granted an order that, among other things: (i) approved the engagement of Origin Merchant Partners as Sales Agent to the Company (the “**Sales Agent**”), and (ii) authorized and empowered the Monitor and the Sales Agent to implement

a sale and investment solicitation process (the “**SISP**”) in accordance with the terms of such order (the “**SISP Approval Order**”).

- E. The Purchaser participated in the SISP, submitting a non-binding letter of intent by February 4, 2026 and a Qualified Bid (as defined in the SISP) by March 20, 2026 (the “**Qualified Bid Deadline**”).
- F. The Company has, in consultation with the Monitor, designated the Qualified Bid submitted by the Purchaser as the Successful Bid (as defined in the SISP) and the Parties desire to consummate the transactions contemplated by this Agreement on the terms and subject to the conditions contained herein.

**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,

- (a) “**Administrative Professionals Charge**” has the meaning given to it in the ARIQ;
- (b) “**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 Equity Interests, by contract or otherwise; and the term “**controlled**” shall have a similar meaning;
- (c) “**Agreement**” means this subscription agreement and all attachments and Exhibits, in each case as same may be amended, restated, replaced or supplemented from time to time in accordance with the terms hereof, and the expressions of “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this transaction agreement and all attached Exhibits, and unless otherwise indicated, references to Articles, Sections and Exhibits are to Articles, Sections and Exhibits in this transaction agreement;
- (d) “**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any transnational, foreign or domestic, federal, provincial, territorial, state, local or municipal (or any subdivision of them) law (including common law and civil law), constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, by-law (zoning or otherwise), 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, 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;

- (e) **“Applicants”** has the meaning given to it in Recital B;
- (f) **“Approval and Reverse Vesting Order”** means an Order of the Court to be issued in the CCAA Proceedings in form and substance acceptable to the Company, the Purchaser and the Monitor, each acting reasonably, among other things:
  - (i) approving this Agreement and the Transactions;
  - (ii) vesting out of the Principal Entities all Excluded Assets, Excluded Contracts, Excluded Liabilities and discharging all Encumbrances to Be Discharged;
  - (iii) authorizing and directing the Company to file the Articles of Amendment;
  - (iv) terminating and cancelling all Existing Shares as well as any agreement, contract, plan, indenture, deed, certificate, subscription rights, conversion rights, pre-emptive rights, options (including stock option or share purchase or equivalent plans), or other documents or instruments governing and/or having been created or granted in connection with the share capital of the Company, if any (other than the rights of the Purchaser under this Agreement), for no consideration; and
  - (v) authorizing and directing the Company to issue the Purchased Shares to the Purchaser free and clear of any Encumbrances;
- (g) **“ARIO”** has the meaning given to it in Recital B;
- (h) **“Articles of Amendment”** means articles of amendment for the Company, or similar document under Applicable Law, to change the conditions in respect of the Company’s authorized and issued share capital to provide for a redemption right in favour of the Company for nil consideration, to create a new class or classes of common shares and to make such other changes acceptable to the Company, the Purchaser, and the Monitor, each acting reasonably;
- (i) **“Books and Records”** means all books, records, files, papers, books of account and other financial data related to the Retained Assets and Retained Liabilities in the possession, custody or control of the Principal Entities, including Tax Returns, 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;

- (j) **“Business”** means the business and operations of developing, marketing and selling performance nutrition and weight management products carried on by the Principal Entities (and their subsidiaries) as at the date of this Agreement and as at the date of Closing;
- (k) **“Business Day”** means any day except Saturday, Sunday or any day on which banks are generally not open for business in Toronto, Ontario;
- (l) **“Business Intellectual Property”** means all Intellectual Property owned, purported to be owned, licensed, used, or held for use by any Principal Entity in connection with the Business;
- (m) **“CCAA”** has the meaning given to it in Recital B;
- (n) **“CCAA Charges”** means the Administrative Professionals Charge, the Directors’ Charge, the Sales Agent Charge and the KERP Charge as defined in the ARIO or the Order of Justice Dunphy dated February 2, 2026, as applicable;
- (o) **“CCAA Proceedings”** has the meaning given to it in Recital B;
- (p) **“Chapter 15 Proceedings”** has the meaning given to it in Recital C;
- (q) **“Claims”** means all actions, debts, obligations, expenses, costs, damages, losses, Taxes, Liabilities, Encumbrances (other than Permitted Encumbrances), accounts payable, 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);
- (r) **“Closing”** means the completion of the issuance, sale, and purchase of the Purchased Shares and the Transactions in accordance with the provisions of this Agreement;
- (s) **“Closing Date”** means the date on which Closing occurs.
- (t) **“Closing Documents”** means all contracts, agreements, certificates and instruments required by this Agreement to be delivered at or before the Closing;
- (u) **“Closing Payment”** means cash in the amount of the Purchase Price, less the Deposit, to be paid by the Purchaser to the Monitor as part of the Purchase Price;

- (v) **“Closing Sequence”** has the meaning given to it in Section 2.7(c);
- (w) **“Closing Time”** means the time on the Closing Date at which Closing occurs, as evidenced by the Monitor’s Certificate;
- (x) **“Company”** has the meaning given to it in the preamble to this Agreement;
- (y) **“Confidential Information”** means non-public, confidential, personal or proprietary information which is furnished to a Party by the other Party, including, without limitation, information about identifiable individuals, any information relating to a Party and/or its Affiliates or any customer or supplier of a Party and/or its Affiliates; provided that “Confidential Information” does not include information that:
  - (i) is or becomes generally available to the public other than as a result of disclosure in breach of this Agreement;
  - (ii) is received by a Party from a third-party that obtained it lawfully and was under no duty of confidentiality;
  - (iii) was lawfully in a Party’s possession prior to disclosure thereof by the other Party; or;
  - (iv) was independently developed by a Party without use of, or reference to, the other Party’s Confidential Information;
- (z) **“Contracts”** means all contracts, agreements, deeds, licenses, leases, obligations, commitments promises, undertakings, engagements, understandings and arrangements to which a Principal Entity is a party to or by which a Principal Entity is bound or under which a Principal Entity has, or will have at Closing, any right or liability or contingent right or liability (in each case, whether written or oral, express or implied) relating to the Business, including any Personal Property Leases, any Real Property Leases and any Contracts in respect of Employees;
- (aa) **“Court”** has the meaning given to it in Recital B;
- (bb) **“Court Approval”** means the issuance of the Approval and Reverse Vesting Order by the Court and the issuance of the Vesting Recognition Order by the New York Court;
- (cc) **“Cure Costs”** means the amounts, if any, that are required to cure any monetary defaults of the Principal Entities under any Retained Contract;
- (dd) **“Debt Financing”** means the debt financing contemplated pursuant to that certain commitment letter (including all related exhibits, schedules, annexes, supplements and term sheets thereto and any amendments, replacements, modifications, supplements thereto from time to time) from Blue Torch Capital LP and the other Debt Financing Sources thereunder confirming their respective commitments to provide Purchaser with debt

financing in connection with the Transactions in the amount set forth therein;

- (ee) **“Debt Financing Sources”** means the entities that have committed to provide or otherwise entered into agreements in connection with the Debt Financing from time to time, including the parties to the Debt Financing commitment letter and any joinder agreements, credit agreements or indentures (or similar definitive financing documents) relating thereto, and the respective Affiliates of each of the foregoing and the respective officers, directors, employees, controlling persons, agents, advisors and the other representatives and successors of each of the foregoing;
- (ff) **“Deposit”** has the meaning given to it in Section 3.2;
- (gg) **“Employees”** means all individuals who, as of Closing Time, are employed by a Principal Entity, whether on a full-time or part-time basis, and 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 and **“Employee”** means any one of them;
- (hh) **“Encumbrance”** means all claims, liabilities (direct, indirect, absolute or contingent), obligations, prior claims, right of retention, liens, security interests, charges, hypothecs, trusts, deemed trusts (statutory or otherwise), judgments, writs of seizure or execution, notices of sale, contractual rights (including purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual rights), encumbrances or adverse claims of any nature, whether or not they have been registered, published or filed and whether secured, unsecured or otherwise;
- (ii) **“Encumbrances to Be Discharged”** means all Claims and Encumbrances on the Retained Assets, other than Permitted Encumbrances, including without limitation, the CCAA Charges;
- (jj) **“Equity Interests”** means any capital share, capital stock, partnership, membership, joint venture or other ownership or equity interest, participation or securities (whether voting or nonvoting, whether preferred, common or otherwise, and including share appreciation, contingent interest or similar rights) of a Person;
- (kk) **“Excluded Assets”** has the meaning given to it in Section 2.2;
- (ll) **“Excluded Contracts”** means any Contract that is not a Retained Contract;
- (mm) **“Excluded Liabilities”** has the meaning given to such term in Section 2.4;
- (nn) **“Existing Shares”** means all of the issued and outstanding shares in the capital of the Company immediately prior to Closing (excluding, for certainty, the Purchased Shares);

- (oo) **“Final Order”** with respect to any order of any court of competent jurisdiction, means that leave to appeal or reconsideration shall not have been sought in respect of such order and that such order shall not have been stayed, appealed, varied (except with the consent of the Purchaser and the Company) or vacated (or, if leave to appeal, reconsideration, or appeal has been sought, it has been dismissed, and any stay has been vacated) and all specified time periods within which leave to appeal or reconsideration could at law be sought shall have expired;
- (pp) **“Governmental Authority”** means any government, regulatory authority, governmental department, agency, commission, bureau, court, judicial body, arbitral body or other law, rule or regulation-making entity:
  - (i) having jurisdiction over the Principal Entities, the Purchaser, the Business or the Retained Liabilities on behalf of any country, province, state, locality or other geographical or political subdivision thereof; or
  - (ii) exercising or entitled to exercise any administrative, judicial, legislative, regulatory or taxing authority or power;
- (qq) **“Governmental Authorizations”** means the permits, licences, approvals and authorizations, orders, certificates, consents, directives, notices, licences, permits, variances, registrations or other rights issued to or held or required by the Principal Entities relating to the Iovate Group or the Business;
- (rr) **“GST/HST”** means all goods and services tax and harmonized sales tax imposed under the *Excise Tax Act*, RSC 1985, c E-15 (including, for greater certainty, any provincial component of such harmonized sales tax), and any other similar statute enacted by the provinces or territories of Canada;
- (ss) **“including”** and **“includes”** shall be interpreted on an inclusive basis and shall be deemed to be followed by the words “without limitation”;
- (tt) **“Infinity Insurance”** has the meaning given to it in Recital B;
- (uu) **“Initial Order”** has the meaning given to it in Recital B;
- (vv) **“Intellectual Property”** means copyrights, domain names, patents, trademarks, goodwill and any registrations, applications and renewals for any of the foregoing, and all other intellectual property rights in inventions, trade secrets, computer software, ideas, discoveries, improvements, developments, rights to social media accounts and all other proprietary rights, together with all actions, damages and rights for past, present and future infringement, misappropriation, unauthorized use or disclosure, or other violation thereof;
- (ww) **“Iovate Australia”** has the meaning given to it in Recital B;

- (xx) “**Iovate Europe**” has the meaning given to it in Recital B;
- (yy) “**Iovate Group**” means the Applicants (including the Company), the Non-Applicant Stay Parties, Hydroxycut LLC, Six Star Pro Nutrition LLC, Purely Inspired LLC and Conscious Kitchen LLC;
- (zz) “**Iovate International**” has the meaning given to it in Recital A;
- (aaa) “**Iovate USA**” has the meaning given to it in Recital A;
- (bbb) “**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;
- (ccc) “**Monitor**” has the meaning given to it in Recital B;
- (ddd) “**Monitor’s Certificate**” means the certificate, the form of which will be attached to the Approval and Reverse Vesting Order, delivered to Purchaser and filed with the Court by the Monitor certifying, among other things, that the Monitor has received written confirmation in form and substance satisfactory to the Monitor from the Company and the Purchaser that all conditions to Closing have been satisfied or waived by the applicable Parties and the Transactions have been completed;
- (eee) “**Monitor Released Parties**” has the meaning given to it in Section 6.7;
- (fff) “**New York Court**” has the meaning given to it in Recital C;
- (ggg) “**NOI Applicants**” has the meaning given to it in Recital A;
- (hhh) “**NOI Proceedings**” has the meaning given to it in Recital A;
- (iii) “**Non-Applicant Stay Parties**” has the meaning given to it in Recital B;
- (jjj) “**Non-Recourse Persons**” has the meaning given to it in Section 10.4;
- (kkk) “**Northern Innovations**” has the meaning given to it in Recital A;
- (lll) “**Notice**” has the meaning given to it in Section 10.6;
- (mmm) “**ordinary course of the Business**” means ordinary course of the Business having regard to the Principal Entities’ current financial condition, the CCAA Proceedings and the Chapter 15 Proceedings;
- (nnn) “**Outside Date**” means May 29, 2026, or such later date as the Company (with the consent of the Monitor) and the Purchaser may agree in writing;

- (ooo) **“Parties”** means the Company and the Purchaser collectively, and **“Party”** means either of the Company or the Purchaser;
- (ppp) **“Permitted Encumbrances”** means only the Encumbrances related to the Retained Assets listed in Schedule 2.1 attached hereto;
- (qqq) **“Person”** means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted;
- (rrr) **“Personal Property Lease”** means a lease, equipment lease, financing lease, conditional sales contract and other similar agreement relating to personal property to which a Principal Entity is a party or under which it has rights to use personal property.
- (sss) **“Post-Filing Claims”** means any or all liability or obligation of the Principal Entities to suppliers or service providers that arise during and in respect of the period commencing on: (i) September 5, 2025 in respect of the NOI Applicants; and (ii) October 31, 2025 in respect of Xiwang Holdings and Iovate Australia, and ending on the day immediately preceding the Closing Date in respect of services rendered or supplies provided to such entities in the ordinary course of the Business during such period pursuant to existing arrangements with such suppliers or service providers (but excluding, for the avoidance of doubt, the professional fees, costs and expenses owing by the Principal Entities);
- (ttt) **“Pre-Closing Reorganization”** has the meaning given to it in Section 2.7(a);
- (uuu) **“Principal Entities”** means, collectively, the Company, Iovate International, Iovate USA, Northern Innovations and Iovate Australia;
- (vvv) **“Purchase Price”** has the meaning given to it in Section 3.1;
- (www) **“Purchased Shares”** means 100 common shares to be issued in the capital of the Company;
- (xxx) **“Purchaser Released Parties”** has the meaning given to it in Section 6.8;
- (yyy) **“Qualified Bid Deadline”** has the meaning given to it in Recital E;
- (zzz) **“Real Property Leases”** means all leases, subleases and other occupancy Contracts with respect to all real or immovable property, and all plants, buildings, structures, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment) thereon, forming part thereof or benefitting such real or immovable property;

- (aaaa) **“Released Claims”** means all Claims, including loss of value, professional fees, and including any “claim” as defined in the CCAA and including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;
- (bbbb) **“Residual Co.”** means a corporation incorporated by the Company in advance of Closing, to which the Excluded Assets, Excluded Contracts and Excluded Liabilities will be transferred, which shall be a non-share capital corporation and have no issued and outstanding shares;
- (cccc) **“Retained Assets”** means all assets, properties, Business Intellectual Property, Retained Contracts, undertakings and rights, of every kind and nature, whether real, personal or mixed, tangible or intangible, owned by the Principal Entities as of the Closing, including, without limitation, those assets, properties, undertakings and rights set forth on Schedule 1.1(cccc) attached hereto as such Schedule may be amended, supplemented or restated by the Purchaser from time to time no later than two (2) Business Days prior to the Closing Date (provided that the amendments may only remove any Retained Assets and may not include additional Retained Assets that were listed as of the date hereof without the Company’s written consent, not to be unreasonably withheld, conditioned or delayed and the consent of the Monitor), and in each case, shall not include the Excluded Assets;
- (dddd) **“Retained Contracts”** means the Contracts of the Principal Entities specified on Schedule 1.1(dddd);
- (eeee) **“Retained Liabilities”** has the meaning given to it in Section 2.3;
- (ffff) **“Sales Agent”** has the meaning given to it in Recital D;
- (gggg) **“SISP”** has the meaning given to it in Recital D;
- (hhhh) **“SISP Approval Order”** has the meaning given to it in Recital D;
- (iiii) **“Subsidiaries”** means, collectively, Iovate International, Iovate USA, Northern Innovations, Iovate Australia, Infinity Insurance, and Iovate Europe;
- (jjjj) **“Successful Bid”** has the meaning given to it in the SISP;
- (kkkk) **“Tax” and “Taxes”** means all taxes, surtaxes, duties, levies, imposts, fees, assessments, reassessments, withholdings, dues and other charges of any nature, imposed or collected by any Governmental Authority, whether disputed or not, including federal, provincial, territorial, state, municipal and local, foreign and other income, franchise, capital, real property, personal property, withholding, payroll, health, transfer, value added, alternative, or add on minimum tax including GST/HST, sales, use,

consumption, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, education, business, school, local improvement, development and occupation taxes, duties, levies, imposts, fees, assessments and withholdings and Canada Pension Plan contributions, employment insurance premiums and all other taxes and similar governmental charges, levies or assessments of any kind whatsoever imposed by any Governmental Authority including any installment payments, interest, penalties, fines or other additions associated therewith, whether or not disputed;

- (llll) **“Tax Return”** means any return, declaration, report, statement, information statement, form, election, amendment, claim for refund, schedule or attachment thereto or other document filed or required to be filed with a Taxing Authority with respect to Taxes;
- (mmmm) **“Taxing Authority”** means any Governmental Authority, domestic or foreign, having jurisdiction over the assessment, determination, collection, or other imposition of any Tax;
- (nnnn) **“Terminated Employees”** means those certain Employees set out in correspondence between the Company and the Purchaser on the date hereof, together with such other Employees as the Purchaser may add as Terminated Employees by providing written notice to the Company and the Monitor no later than two (2) Business Days prior to the Closing;
- (oooo) **“Transaction Regulatory Approvals”** means any material licenses, permits or approvals required from any Governmental Authority or under any Applicable Laws relating to the Business that would be required to be obtained in order to permit the Company and the Purchaser to complete the Transactions;
- (pppp) **“Transactions”** means all of the transactions contemplated by this Agreement, including the transactions whereby the Purchaser will acquire the Purchased Shares;
- (qqqq) **“U.S.”** means the United States of America;
- (rrrr) **“U.S. Bankruptcy Code”** means title 11 of the United States Code, 11 U.S.C. §§ 101 et seq, as amended; and
- (ssss) **“Vesting Recognition Order”** means an Order of the New York Court entered in the Chapter 15 Proceedings in form and substance acceptable to the Company, the Purchaser and the Monitor, each acting reasonably, which shall, among other things, recognize and give effect to the Approval and Reverse Vesting Order and otherwise recognize this Agreement and the Transactions.

## **1.2 Schedules**

The schedules to this Agreement are an integral part of this Agreement.

<b><u>Schedule</u></b>	<b><u>Description</u></b>
SCHEDULE 1.1(cccc)	RETAINED ASSETS
SCHEDULE 1.1(dddd)	RETAINED CONTRACTS
SCHEDULE 2.1	PERMITTED ENCUMBRANCES
SCHEDULE 2.2	EXCLUDED ASSETS
SCHEDULE 2.3	RETAINED LIABILITIES
SCHEDULE 2.4	EXCLUDED LIABILITIES
SCHEDULE 2.7(c)	CLOSING SEQUENCE
SCHEDULE 5.1(d)	TRANSACTION REGULATORY APPROVALS TO BE OBTAINED PRIOR TO THE CLOSING TIME

## **1.3 Statutes**

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute or regulations refers to that statute or those regulations, as the case may be, as may be amended, or to any restated or successor legislation of comparable effect.

## **1.4 Headings and Table of Contents**

The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the interpretation of this Agreement. The recitals to this Agreement are an integral part of this Agreement.

## **1.5 Gender and Number**

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

## **1.6 Currency**

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in United States Dollars.

## **1.7 Invalidity of Provisions**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

## **1.8 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 and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as otherwise specifically set forth in this Agreement and any document required to be delivered pursuant to or in respect of this Agreement.

## **1.9 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 11:59 p.m. Eastern 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 11:59 p.m. Eastern time on the next succeeding Business Day.

## **1.10 Waiver, Amendment**

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by all Parties hereto. 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.

## **1.11 Incorporation of Schedules and Exhibits**

Any schedule or exhibit attached hereto, and any schedule or exhibit attached to this Agreement, is an integral part of this Agreement.

## **1.12 Governing Law; Jurisdiction and Venue**

This Agreement, the rights and obligations of the Parties under this Agreement, and any claim or controversy directly or indirectly based upon or arising out of this Agreement or the Transactions (whether based on contract, tort, or any other theory), including all matters of construction, validity and performance, shall in all respects be governed by, and interpreted, construed and determined in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein (including, as applicable, the CCAA), without regard to the conflicts of law principles thereof. The Parties consent to the exclusive jurisdiction and venue of the Court prior to a Final Order of the Court terminating the CCAA Proceedings and thereafter to the Courts of the Province of Ontario for the resolution of any disputes arising under or in connection with this Agreement. Each Party agrees that service of process on such Party as provided in Section 10.6 shall be deemed effective service of process on such Party.

**ARTICLE 2**  
**PURCHASE AND SALE**

**2.1 Agreement to Purchase and Sell Purchased Shares**

Upon and subject to the terms and conditions of this Agreement, at the Closing and effective as of the Closing Time, and subject to the completion of the Closing Sequence required to be completed prior to the Closing Time, the Company shall issue to the Purchaser, and the Purchaser agrees to subscribe for and purchase, the Purchased Shares, free and clear of all Encumbrances (other than Permitted Encumbrances) pursuant to the Approval and Reverse Vesting Order, with the result that the Purchaser will become the sole owner of all issued and outstanding shares in the capital of the Company.

**2.2 Excluded Assets**

As of the Closing and pursuant to the Approval and Reverse Vesting Order, the assets of the Principal Entities shall not include any of the following assets (collectively, the “**Excluded Assets**”):

- (a) the Tax records and returns, and Books and Records pertaining thereto and other documents, in each case, that primarily or solely relate to any of the Excluded Liabilities, provided that the applicable Principal Entity may take copies of all Tax records and Books and Records pertaining to such records (as redacted, if applicable) to the extent necessary or useful for the carrying on of the Business after Closing, including the filing of any Tax Return, provided, however Residual Co. shall retain the original copies of any of the records required to be provided to the applicable Principal Entity hereunder (and provide the applicable Principal Entity with a copy thereof) to the extent Residual Co. is required to do so under Applicable Law;
- (b) the Excluded Contracts;
- (c) the Closing Payment;
- (d) any rights, covenants, obligations and benefits in favour of Residual Co. under this Agreement or any Closing Documents that survive Closing;
- (e) the assets, properties and rights specifically set forth in Schedule 2.2; and
- (f) any other asset, including Contracts, identified by the Purchaser to the Company in writing as an Excluded Asset no later than two (2) Business Days before the Closing Date.

**2.3 Retained Liabilities**

Pursuant to this Agreement and the Approval and Reverse Vesting Order, as of the Closing Time, the only obligations and liabilities of the Principal Entities shall consist of only the items specifically set forth below (collectively, the “**Retained Liabilities**”):

- (a) all Post-Filing Claims;
- (b) all Liabilities of the Principal Entities, including Liabilities of the Principal Entities under the Retained Contracts, to the extent arising from events, facts or circumstances that occur from and after the Closing and do not arise from or relate to, and are not in connection with, any event or circumstance occurring or existing at or prior to the Closing;
- (c) the Cure Costs;
- (d) Tax Liabilities of the Principal Entities for any period, or the portion thereof, from and after Closing;
- (e) those specific Liabilities set forth in Schedule 2.3; and
- (f) any other Liabilities identified by the Purchaser to the Company in writing as a Retained Liability no later than two (2) Business Days before the Closing Date.

#### **2.4 Excluded Liabilities**

Except as expressly retained pursuant to or specifically contemplated by Section 2.3, all Claims and Liabilities of the Principal Entities or any predecessors of the Principal Entities, as applicable, of any kind or nature, shall be assigned and become the sole obligation of Residual Co. pursuant to the terms of the Approval and Reverse Vesting Order and this Agreement, and, as of the Closing, the Principal Entities shall not have any obligation, duty, or liability of any kind whatsoever, except as expressly retained pursuant to Section 2.3, whether accrued, contingent, known or unknown, express or implied, primary or secondary, direct or indirect, liquidated, unliquidated, absolute, accrued, contingent or otherwise, and whether due or to become due, and such liabilities or obligations shall be the sole responsibility of Residual Co., including, *inter alia*, the non-exhaustive list of those certain Liabilities set forth in Schedule 2.4, and 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 Principal Entities may be bound as at Closing, all liabilities relating to or under the Excluded Contracts and Excluded Assets, liabilities for employees whose employment the Principal Entities is terminated on or before Closing, including the Terminated Employees (collectively, the “**Excluded Liabilities**”).

#### **2.5 Transfer of Excluded Liabilities to Residual Co.**

On the Closing Date, pursuant to the terms of the Approval and Reverse Vesting Order, the Principal Entities shall assign and transfer the Excluded Liabilities to Residual Co., and Residual Co. shall irrevocably assume the Excluded Liabilities. All of the Excluded Liabilities shall be discharged from the Principal Entities as of the Closing, pursuant to the Approval and Reverse Vesting Order.

#### **2.6 Transfer of Excluded Assets to Residual Cos.**

On the Closing Date, pursuant to the terms of the Approval and Reverse Vesting Order and, where applicable, in consideration for Residual Co. assuming the Excluded Liabilities pursuant to Section 2.5 from the Principal Entities, the Principal Entities shall assign and transfer the Excluded Assets

to Residual Co., and the Excluded Assets shall be vested in the applicable Residual Co. pursuant to the Approval and Reverse Vesting Order.

## 2.7 Pre-Closing Reorganization and Closing Sequence

- (a) The specific mechanism for implementing the Closing, and the structure of the Transactions shall be structured in a tax efficient manner mutually agreed upon by the Parties, each acting reasonably. Without limiting the generality of the foregoing, the Company agrees that, upon request of the Purchaser, which request shall be made no later than five (5) Business Days before the Closing Date, the Company shall, and shall cause any of the Applicants to, with the consent of the Company and the Monitor, each acting reasonably, perform such other reorganizations of its corporate structure, capital structure, business, operations and assets, or such other transactions as Purchaser may request, acting reasonably (each such action, a “**Pre-Closing Reorganization**”). The Company agrees to use commercially reasonable efforts to cooperate with the Purchaser and its advisors to determine the nature of any Pre-Closing Reorganizations that might be undertaken and the manner in which they would most effectively be undertaken, including filing or causing the Company to file available elections or designations reasonably required to effect the Pre-Closing Reorganizations if such filing is reasonably proposed to be made at or prior to Closing, and to cooperate with the Purchaser and its advisors to seek to obtain consents or waivers which might be required under any Retained Contracts or authorizations from Governmental Authorities in respect of any Pre-Closing Reorganization.
- (b) Notwithstanding the foregoing, the Company will not be obligated to participate in any Pre-Closing Reorganization, including filing the Articles of Amendment, if the Company determines that such Pre-Closing Reorganization would (i) materially impair, impede, delay or prevent the satisfaction of any conditions set forth in Article 5, or the ability of the Purchaser or Company to consummate, or materially delay the consummation of, the Transactions, or (ii) (A) materially alter or impact the consideration which the Applicants and/or their applicable stakeholders will benefit from as part of the Transactions, or (B) have adverse Tax consequences, or impose any Liability on, the remaining Applicants or any director of the Company in each case that is greater than the amount of such Tax consequences or Liability in the absence of such action.
- (c) The Closing shall occur, and be deemed to have occurred in the order and manner to be set out in Schedule 2.7(c), as may be amended by mutual agreement of the Purchaser and the Company, with the consent of the Monitor, in writing no later than two (2) Business Days before the Closing Date (the “**Closing Sequence**”).

### **ARTICLE 3** **PURCHASE PRICE**

#### **3.1 Purchase Price**

The Company agrees to sell and issue the Purchased Shares to the Purchaser and the Purchaser agrees to subscribe for and purchase the Purchased Shares for the aggregate price of \$ [REDACTED] (the “**Purchase Price**”) in cash, to be paid and satisfied on Closing as follows, subject to the Closing Sequence:

- (a) release of the Deposit by the Monitor; and
- (b) release of the Closing Payment by the Monitor (which shall have been paid to the Monitor as part of and in accordance with the Closing Sequence).

#### **3.2 Deposit**

The Purchaser has paid to, and the Company confirms receipt by, the Monitor, in trust, prior to the execution and delivery of this Agreement, the amount of \$ [REDACTED], representing a deposit (the “**Deposit**”) to be held in trust by the Monitor in a non-interest bearing trust account. The Deposit shall be applied to the Purchase Price in the event the Closing occurs.

### **ARTICLE 4** **REPRESENTATIONS AND WARRANTIES**

#### **4.1 Representations and Warranties of the Company**

The Company represents and warrants to the Purchaser the following, as of the date of this Agreement:

- (a) *Existence* – Each of the Company and the Subsidiaries are validly existing under the laws of the jurisdiction of its incorporation or organization and the Company (i) has all requisite power and authority to execute and deliver this Agreement, and (ii) has taken all requisite corporate or other action necessary for it to execute and deliver this Agreement and to perform its obligations hereunder and consummate the Transactions.
- (b) *Due Authorization and Enforceability Obligations* – Subject to the granting of the Approval and Reverse Vesting Order and Vesting Recognition Order, this Agreement has been duly authorized, executed and delivered by it, and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors’ rights generally or by equitable principles relating to enforceability.
- (c) *Absence of Conflicts* – The execution and delivery of this Agreement by the Company and the completion by the Company of its obligations hereunder and the consummation of the Transactions do not and will not violate or conflict with any Applicable Law (subject to the receipt of any Transaction

Regulatory Approvals and the granting of the Approval and Reverse Vesting Order and Vesting Recognition Order), and will not result (with due notice or the passage of time or both) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under the certificate of incorporation, articles, by-laws or other constituent documents of the Company or any Subsidiary. Subject to the granting of the Approval and Reverse Vesting Order and Vesting Recognition Order, the execution, delivery and performance by Company does not and will not violate any Order.

- (d) *Approvals and Consents* – The execution and delivery of this Agreement by the Company, the completion by the Company of its obligations hereunder and the consummation by the Company of the Transactions, do not and will not require any consent or approval or other action, with or by, any Governmental Authority, other than as contemplated by the Transaction Regulatory Approvals and the entry of the Approval and Reverse Vesting Order by the CCAA Court and Vesting Recognition Order by the New York Court.
- (e) *No Actions* – Except for as previously disclosed in writing to the Purchaser, there is not, as of the date hereof, pending or, to the Company’s knowledge, threatened against the Company, any Subsidiary or any of their properties, nor has the Monitor, Company or any Subsidiary received any written notice in respect of any claim, potential claim, litigation, action, suit, arbitration, investigation or other proceeding before any Governmental Authority or legislative body, other than the Court, that, would prevent the Company from executing and delivering this Agreement, performing its obligations hereunder and consummating the Transactions.

#### **4.2 Representations and Warranties of the Purchaser**

The Purchaser represents and warrants to the Company the following, as of the date of this Agreement:

- (a) *Existence* – The Purchaser is validly existing under the laws of the jurisdiction of its incorporation or organization and has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder and consummate the Transactions.
- (b) *Due Authorization and Enforceability of Obligations* – This Agreement has been duly authorized, executed and delivered by Purchaser, and, assuming the due authorization, execution and delivery by it, this Agreement constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors’ rights generally or by equitable principles relating to enforceability.

- (c) *Absence of Conflicts* – The execution and delivery of this Agreement by the Purchaser and the completion by the Purchaser of its obligations hereunder and the consummation of the Transactions do not and will not violate or conflict with any Applicable Law, or any of its properties or assets, (subject to the receipt of any Transaction Regulatory Approvals) and will not result (with due notice or the passage of time or both) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under its certificate of incorporation, articles, by-laws or other constituent documents.
- (d) *Approvals and Consents* – The execution and delivery of this Agreement by the Purchaser, the completion by the Purchaser of its obligations hereunder and the consummation by Purchaser of the Transactions, do not and will not require any consent or approval or other action, with or by, any Governmental Authority, other than as contemplated by the Transaction Regulatory Approvals and the granting of the Approval and Reverse Vesting Order by the Court and Vesting Recognition Order by the New York Court.
- (e) *Financing* – The Purchaser will have, as of the Closing Date, (i) sufficient funds available for purposes of satisfying the Purchase Price and any other amount due hereunder or in respect hereof; and (ii) the resources and capabilities (financial or otherwise) to perform its obligations hereunder, including the Retained Liabilities. The Purchaser has not, as of the date hereof, and will not have, as of the Closing Time, incurred any liability that would materially impair or adversely affect such resources and capabilities. The Purchaser’s obligations to consummate the Transactions are not conditioned or contingent in any way upon the receipt of financing from any person or the availability of funds to the Purchaser (including the respective commitments contemplated by each firm financing commitment).
- (f) *Informed and Sophisticated Purchaser* – The Purchaser (i) is a sophisticated Party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement, (ii) has conducted its own analysis and made its own decision to enter into this Agreement and has obtained such independent advice in this regard as it deemed appropriate, and (iii) has not relied on such analysis or decision of any Person other than its own independent advisors.

#### **4.3 As Is, Where Is**

The Purchaser acknowledges and agrees that it has conducted to its satisfaction an independent investigation and verification of the Business, the Purchased Shares, the Retained Assets, the Retained Liabilities and all related operations of the Company and the Subsidiaries, and, based solely thereon and the advice of its financial, legal and other advisors, has determined to proceed with the Transactions. The Purchaser has relied solely on the results of its own independent investigation and verification and, except for the representations and warranties of the Company expressly set forth in Section 4.1, the Purchaser understands, acknowledges and agrees that all other representations, warranties, conditions and statements of any kind or nature, expressed or implied

(including any relating to the future or historical financial condition, results of operations, prospects, assets or liabilities of the Company, the Subsidiaries or the Business, or the quality, quantity or condition of the Purchased Shares) are specifically disclaimed by the Company, the Subsidiaries, their respective financial and legal advisors and the Monitor and its legal counsel. THE PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF THE COMPANY EXPRESSLY AND SPECIFICALLY SET FORTH IN SECTION 4.1: (A) THE PURCHASER IS ACQUIRING THE PURCHASED SHARES ON AN “AS IS, WHERE IS” BASIS; AND (B) NONE OF THE COMPANY, THE SUBSIDIARIES, THE MONITOR OR ANY OTHER PERSON (INCLUDING ANY REPRESENTATIVE OF THE COMPANY, THE SUBSIDIARIES OR THE MONITOR WHETHER IN ANY INDIVIDUAL, CORPORATE OR ANY OTHER CAPACITY) IS MAKING, AND THE PURCHASER IS NOT RELYING ON, ANY REPRESENTATIONS, WARRANTIES, CONDITIONS OR OTHER STATEMENTS OF ANY KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED STATUTORY OR OTHERWISE, AS TO ANY MATTER CONCERNING THE COMPANY, THE SUBSIDIARIES, THE BUSINESS, THE PURCHASED SHARES, THE RETAINED LIABILITIES, THE EXCLUDED ASSETS, THE EXCLUDED LIABILITIES, THIS AGREEMENT OR THE TRANSACTIONS, OR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION PROVIDED TO (OR OTHERWISE ACQUIRED BY) THE PURCHASER OR ANY OF ITS RESPECTIVE REPRESENTATIVES, INCLUDING WITH RESPECT TO MERCHANTABILITY, PHYSICAL OR FINANCIAL CONDITION, DESCRIPTION, FITNESS FOR A PARTICULAR PURPOSE, OR IN RESPECT OF ANY OTHER MATTER OR THING WHATSOEVER, INCLUDING ANY AND ALL CONDITIONS, WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, PURSUANT TO ANY APPLICABLE LAWS IN ANY JURISDICTION, WHICH THE PURCHASER CONFIRMS DO NOT APPLY TO THIS AGREEMENT, AND ARE HEREBY WAIVED IN THEIR ENTIRETY BY THE PURCHASER.

## **ARTICLE 5 CONDITIONS TO CLOSING**

### **5.1 Conditions for the Benefit of the Purchaser and the Company**

The respective obligations of Purchaser and the Company to consummate the Transactions are subject to the satisfaction of, or compliance with, at or prior to the Closing Time, each of the following conditions:

- (a) no provision of any Applicable Law and no judgment, injunction, order or decree that prohibits the consummation of the Transactions shall be in effect and no action or proceeding seeking any of the foregoing shall be pending;
- (b) the Approval and Reverse Vesting Order shall have been issued and entered by the Court and shall be a Final Order;
- (c) the Vesting Recognition Order shall have been issued and entered by the New York Court and shall be a Final Order; and
- (d) the Company and the Subsidiaries shall have received all required Transaction Regulatory Approvals listed in Schedule 5.1(d) attached hereto,

and all required Transaction Regulatory Approvals shall be in full force and effect, except for Transaction Regulatory Approvals that need not be in full force and effect prior to Closing under Applicable Law.

The Parties acknowledge that the foregoing conditions are for the mutual benefit of the Company and the Purchaser. Any condition in this Section 5.1 may be waived by the Company and by the Purchaser, in whole or in part, without prejudice to any of their respective rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver will be binding on the Company or the Purchaser, as applicable, only if made in writing.

## **5.2 Conditions for the Benefit of the Purchaser**

The obligation of the Purchaser to consummate the Transactions is subject to the satisfaction of, or compliance with, or waiver by Purchaser of, at or prior to the Closing Time, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of Purchaser):

- (a) *Performance of Covenants* – the covenants contained in this Agreement to be performed or complied with by Company at or prior to the Closing Time shall have been performed or complied with in all material respects as at the Closing Time;
- (b) *Truth of Representations and Warranties* – Except as such representations and warranties may be affected by the occurrence of events or Transactions specifically contemplated by this Agreement (including the Approval and Reverse Vesting Order and Vesting Recognition Order), each of the representations and warranties contained in Section 4.1 shall be true and correct in all material respects (unless qualified by materiality, in which case the foregoing qualification shall not apply): (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; and
- (c) *Company's Deliverables* – Company shall have delivered to Purchaser all of the deliverables contained in Section 9.2(a) in form and substance reasonably satisfactory to Purchaser.

## **5.3 Conditions for the Benefit of the Company**

The obligation of the Company to consummate the Transactions are subject to the satisfaction of, or compliance with, or waiver by the Company of, at or prior to the Closing Time, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Company):

- (a) *Truth of Representations and Warranties* – Except as such representations and warranties may be affected by the occurrence of events or Transactions specifically contemplated by this Agreement (including the Approval and Reverse Vesting Order and the Vesting Recognition Order), each of the representations and warranties contained in Section 4.2 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;

- (b) *Performance of Covenants* – the covenants contained in this Agreement to be performed by Purchaser at or prior to the Closing Time shall have been performed in all material respects as at the Closing Time; and
- (c) *Purchaser Deliverables* – Purchaser shall have delivered to the Company all of the deliverables contained in Section 9.2(b) in form and substance satisfactory to Company, acting in a commercially reasonable manner.

## ARTICLE 6 ADDITIONAL AGREEMENTS OF THE PARTIES

### 6.1 Access to Information

- (a) Until the Closing Time, the Company shall give to the Purchaser's personnel engaged in the Transactions, including their accountants, legal advisers, consultants and representatives during normal business hours reasonable access to its premises and to all of the Books and Records and other information relating to the Company, the Business, the Purchased Shares, the Subsidiaries, the Retained Liabilities and the employees, and shall furnish them with all such information relating to the Company, the Business, the Purchased Shares, the Subsidiaries, the Retained Liabilities and the employees as the Purchaser may reasonably request in connection with the Transaction; provided that such access shall be conducted at the Purchaser's expense, in accordance with Applicable Law and under supervision of the Company and Subsidiaries' personnel and the Monitor and in such a manner as to maintain confidentiality, and the Company will not be required to provide access to or copies of any such books and records that are Excluded Assets or if making such information available would: (i) result in the loss of any lawyer-client or other legal privilege; (ii) cause the Company or the Subsidiaries to be found in contravention of any Applicable Law, or contravene any fiduciary duty or agreement (including any confidentiality agreement to which the Company or Subsidiaries are a party); or (iii) breach the terms of the SISP Approval Order; provided that if any of the foregoing limitations apply, the Company will notify the Purchaser and reasonably cooperate in order to make such information available in a manner, if possible, that complies with the foregoing. Notwithstanding anything to the contrary in this Section 6.1, any such investigation shall be conducted upon reasonable advance notice and in such manner as does not materially disrupt the conduct of the Business or the possible sale thereof to any other Person.
- (b) Upon reasonable prior notice to the Purchaser, the Company, the Monitor and any trustee or wind-down officer appointed in respect of Residual Co. shall have access to, and the right to copy, at their own expense, for purposes of the CCAA Proceedings or the Chapter 15 Proceedings (or any subsequent bankruptcy or wind-down of Residual Co.) or the filing of any Tax Return, any Tax audit or compliance with any Applicable Law or the terms and conditions of this Agreement or as they may determine to be necessary or

useful to accomplish their respective roles, during usual business hours, all Books and Records included in the Retained Assets. From time to time following the Closing at the request of the Monitor, the Purchaser shall make available knowledgeable employees of the Company and Subsidiaries to co-operate with the Monitor and respond to information requests in respect of Residual Co., provided that such requests will be limited to reasonable requests for information or assistance by the Monitor that will not reasonably be expected to materially interfere with the day-to-day duties or activities of such employee for the Company and Subsidiaries and shall be at Residual Co.'s sole expense.

## **6.2 Covenants Relating to this Agreement**

- (a) Each of the Parties shall perform all obligations required to be performed by the applicable Party under this Agreement, co-operate with the other Parties in connection therewith and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the Transactions and, without limiting the generality of the foregoing, from the date hereof until the Closing Date, each Party shall and, where appropriate, shall cause each of its Affiliates to:
  - (i) negotiate in good faith and use its commercially reasonable efforts to take or cause to be taken all actions and to do, or cause to be done, all things necessary, proper or advisable to satisfy the conditions precedent to the obligations of such Party hereunder (including, where applicable, negotiating in good faith with the applicable Governmental Authorities and/or third Persons in connection therewith), and to cause the fulfillment at the earliest practicable date of all of the conditions precedent to the other Party's obligations to consummate the Transactions; and
  - (ii) not take any action, or refrain from taking any action, or permit any action to be taken or not taken, which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Transactions.
- (b) The Company and Purchaser agree to execute and deliver such other documents, certificates, agreements and other writings, reasonably necessary for the consummation of the Transactions, and to take such other actions to consummate or implement as soon as reasonably practicable, the Transactions.
- (c) The Company and Purchaser agree to use commercial reasonable efforts to timely prepare and file all documentation and pursue all steps reasonably necessary to obtain any material third-party consents and approvals as may be required in connection with the Transactions.
- (d) Company shall provide to the Purchaser an unaudited and consolidated balance sheet, statement of operations and retained earnings and statement

of cash flows of the Company and the Subsidiaries for the month most recently ended prior to the date hereof and for each subsequent month and fiscal quarter of the Company ended after the date hereof and at least 30 days (in the case of monthly financials) and 45 days (in the case of quarterly financials) prior to the Closing Date.

### **6.3 Approvals and Consents**

The Company shall as soon as reasonably possible following the date hereof, make all such filings and seek all such consents, approvals, permits and authorizations with any Governmental Authorities whose consent is required for consummation of the Transaction, if any, and the Company will request any expedited processing available.

### **6.4 Financing**

- (a) The Company shall use its reasonable best efforts to, and shall cause its Subsidiaries and its and their respective representatives to use their reasonable best efforts to, provide all cooperation to the Purchaser and/or the Debt Financing Sources (at the direction of the Purchaser and subject to the execution of a confidentiality agreement in form and substance acceptable to the Company and the Monitor, acting reasonably) in connection with the arrangement of the Debt Financing as may be reasonably requested by the Purchaser and/or the Debt Financing Sources.
  
- (b) Notwithstanding anything in this Agreement to the contrary, the Company, on behalf of itself and its Subsidiaries, hereby: (i) knowingly, intentionally and voluntarily waives to the fullest extent permitted by applicable law all rights of trial by jury in any action brought against the Debt Financing Sources in any way arising out of or relating to, this Agreement, the Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, (ii) agrees that no Debt Financing Source shall be subject to any special, consequential, punitive or indirect damages or damages of a tortious nature, (iii) agrees that no Debt Financing Source will have any liability to the Company in connection with this Agreement, the Debt Financing or any of the transactions contemplated hereby or thereby or the performance of any services thereunder, whether in law or in equity, whether in contract or in tort or otherwise (provided that, notwithstanding the foregoing, nothing herein shall affect the rights of the Purchaser against the Debt Financing Sources with respect to the Debt Financing or any of the transactions contemplated hereby or thereby or any services thereunder), and (iv) agrees that the Debt Financing Sources are express third party beneficiaries of, and may enforce, the foregoing agreements in this Section 6.4(b) and such provisions (and any other provision of this Agreement to the extent an amendment, supplement, waiver or other modification of such provision would modify the substance of this Section) shall not be amended in any way materially adverse to any Debt Financing Source without the prior written consent of each related Debt Financing Source.

## **6.5 Fees and Expenses**

Except as expressly provided in this Agreement, all fees and expenses incurred in connection with the negotiation and settlement of this Agreement and the completion of the Transaction, including the fees and disbursements of counsel, financial advisors and accountants, shall be paid by the Person incurring such fees or expenses.

## **6.6 Advice and Direction**

The Parties acknowledge that the Monitor is entitled (but not required) to seek the advice and directions of the Court in respect of any determination to be made, consent right to be exercised or other action to be taken by the Monitor under this Agreement.

## **6.7 Release by the Purchaser**

Except in connection with any obligations of the Companies contained in this Agreement, any Closing Document or Court order, or to the extent otherwise settled under the Transaction, effective as of the Closing Time, the Purchaser and its respective Affiliates hereby release and forever discharge the Monitor and the Monitor's Affiliates, and the Monitor's current and former officers, directors, partners, members, shareholders, employees, agents, financial and legal advisors (the "**Monitor Released Parties**"), of and from, and hereby unconditionally and irrevocably waives, any and all Released Claims that the Purchaser ever had, now has or ever may have or claim to have against any of the Monitor Released Parties in their capacity as such, for or by reason of any matter, circumstance, event, action, inaction, omission, cause or thing whatsoever arising prior to the Closing Time (including, where applicable, in their capacity as equity holders of the Companies), save and except for any Claims arising out of fraud or willful misconduct.

## **6.8 Release by the Company**

Except in connection with any obligations of the Companies contained in this Agreement, any Closing Document or Court order, or to the extent otherwise settled under the Transaction, effective as of the Closing Time, the Company and its respective Affiliates (including Residual Co.) hereby release and forever discharge the Purchaser, the Monitor and their respective Affiliates (excluding, for greater certainty, Company, the Subsidiaries and their subsidiaries), and each of their respective successors and assigns, and all current and former officers, directors, partners, members, shareholders, limited partners, employees, agents, financial and legal advisors of each of them (the "**Purchaser Released Parties**"), of and from, and hereby unconditionally and irrevocably waive, any and all Released Claims that the Company and its Affiliates (including Residual Co) ever had, now has or ever may have or claim to have against any of the Purchaser Released Parties in their capacity as such, for or by reason of any matter, circumstance, event, action, inaction, omission, cause or thing whatsoever arising prior to the Closing Time, save and except for any Claims arising out of fraud or willful misconduct.

## **6.9 Employee Matters**

The Company shall cause the applicable Principal Entity to terminate, effective immediately prior to the Closing Time, the employment of each of the Terminated Employees.

## **6.10 Tax Matters**

Pursuant to the Closing Sequence, the Approval and Reverse Vesting Order and the Vesting Recognition Order, at the Closing Time, all Taxes owed or owing or accrued due by the Principal Entities shall be transferred to, vested in and assumed by Residual Co, including any Taxes arising from or in connection with the consummation of the Transaction and the transfer of the Excluded Assets and Excluded Liabilities to Residual Co. Any audits or reassessments with respect to any Taxes that relate to a time period occurring, or facts arising, prior to the Closing Date, regardless upon when such audit was commenced or completed, and any and all such obligations with respect to such audits or reassessments shall be transferred to and vest in Residual Co.

## **ARTICLE 7 COURT ORDERS**

### **7.1 Approval and Reverse Vesting Order and Vesting Recognition Order**

- (a) Notice of the motions seeking the issuance of the Approval and Reverse Vesting Order and the Vesting Recognition Order shall be served or be caused to be served by the Company on all Persons required to receive notice under Applicable Law and the requirements of the CCAA, the Court, the U.S. Bankruptcy Code, the New York Court and any other Person determined necessary by Company or Purchaser, acting reasonably.
- (b) The Purchaser shall cooperate with the Company acting reasonably, as may be reasonably necessary, in seeking to obtain the Approval and Reverse Vesting Order and Vesting Recognition Order.
- (c) The Company shall use its reasonable best efforts to obtain the Approval and Reverse Vesting Order and Vesting Recognition Order as soon as practicable.
- (d) The Company acknowledges and agrees, that the Approval and Reverse Vesting Order, and the Vesting Recognition Order shall provide that, on the Closing Date and concurrently with the Closing, the Purchased Shares shall be issued to the Purchaser free and clear of all Encumbrances, other than Permitted Encumbrances.
- (e) Upon the entry of the Approval and Reverse Vesting Order the Company shall cause Iovate International, as duly appointed and recognized foreign representative in the Chapter 15 Proceedings, to seek recognition of the Approval and Reverse Vesting Order and this Agreement by the New York Court.

## **ARTICLE 8 TERMINATION**

### **8.1 Termination**

This Agreement may be terminated on or prior to the Closing Date:

- (a) by either Party if Closing does not occur on or before the Outside Date; provided, however, that the Party seeking to terminate this Agreement may not terminate pursuant to this Section 8.1(a) if the Closing's non-occurrence on or before the Outside Date is caused by such Party's failure to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing Date;
- (b) with the consent of the Monitor, by mutual written consent of the Company and the Purchaser;
- (c) by either Party, upon written notice to the other, if a Governmental Authority issues an order prohibiting the Transactions, which order shall have become a Final Order;
- (d) by either Party, upon the termination, dismissal or conversion of the CCAA Proceedings;
- (e) by the Company upon written notice to the Purchaser and with the consent of the Monitor, if there has been a material violation or breach by the Purchaser of any covenant, representation or warranty which would prevent the satisfaction of any condition set forth in Section 5.3 on or before the Outside Date and such violation or breach has not been waived by the Company or cured within ten (10) days after written notice thereof from the Company, unless the Company is in material breach of its obligations under this Agreement;
- (f) by the Purchaser upon written notice to the Company, if there has been a material violation or breach by the Company of any covenant, representation or warranty which would prevent the satisfaction of any condition set forth in Section 5.2 on the Closing Date and such violation or breach has not been waived by the Purchaser or cured within ten (10) days after written notice thereof from the Purchaser, unless the Purchaser is in material breach of its obligations under this Agreement; and
- (g) by the Purchaser or the Company if the Court declines to grant the Approval and Reverse Vesting Order and the Vesting Recognition Order in respect of the Transaction; provided, however, that the Party seeking to terminate this Agreement may not terminate pursuant to this Section 8.1(g) if the Court's aforementioned non-approval of the Transactions are caused by such Party's failure to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with before the Closing Date.

## **8.2 Effect of Termination**

- (a) In the event of termination of this Agreement pursuant to Section 8.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations to any other Party hereunder, except as contemplated in this Section 8.2 and 10.1 which shall

survive such termination; provided that nothing herein shall relieve any Party from Liability for any willful breach of any provision hereof.

- (b) If this Agreement is terminated pursuant to Section 8.1 (other than Section 8.1(e)) the Deposit shall be returned to the Purchaser within five (5) Business Days following the date of termination of this Agreement and the return of the Deposit shall be the sole and exclusive remedy of the Purchaser in respect of such termination (including the actions, events, circumstances or otherwise giving rise to such termination) and the Purchaser hereby expressly waives and renounces any other remedies whatsoever, whether at law or in equity, which the Purchaser may or would otherwise be entitled to as against the Company.
- (c) If this Agreement is terminated pursuant to Section 8.1(e), the Deposit shall be forfeited by the Purchaser to, and become the sole property of, the Company as liquidated damages and not as a penalty to compensate the Principal Entities for the expenses incurred and opportunities foregone as a result of the failure to close the Transactions. The Purchaser hereby waives any claim or defence that the amount of the Deposit is a penalty or is otherwise not a genuine pre-estimate of the Company's liquidated damages. The Parties agree that the amount of the Deposit constitutes a genuine pre-estimate of the Company's liquidated damages as a result of the Closing not occurring.

## **ARTICLE 9 CLOSING**

### **9.1 Location and Time of Closing**

The Closing shall take place at the Closing Time on the Closing Date by means of an electronic closing, or such other place or fashion as may be agreed upon in writing by the Parties, in which the closing documentation will be delivered by email exchange of signature pages in PDF or functionally equivalent electronic format, which delivery will be effective without any further physical exchange of the originals or copies of the originals except as otherwise provided in this Agreement.

### **9.2 Closing Deliveries**

- (a) At the Closing, the Company shall deliver to the Purchaser:
  - (i) an executed copy of the Monitor's Certificate;
  - (ii) any other documents reasonably requested by the Purchaser in order to effect or evidence the consummation of the Transactions or otherwise provided for under this Agreement (which would not expand the rights, remedies or Liabilities of any Party hereunder).
- (b) At the Closing, the Purchaser shall deliver to the Company:

- (i) the payments required to be released and paid by the Purchaser pursuant to Section 3.1;
- (ii) a certified copy of a resolution of the Purchaser's board of directors authorizing the entering into of this Agreement;
- (iii) any other documents reasonably requested by the Company in order to effect or evidence the consummation of the Transactions or otherwise provided for under this Agreement (which would not expand the rights, remedies or Liabilities of any Party hereunder).

### **9.3 Monitor's Certificate**

The Parties hereby acknowledge and agree that the Monitor will be entitled to deliver the Monitor's Certificate to the Purchaser and file the Monitor's Certificate with the Court without independent investigation as soon as practicable upon: (i) receiving written confirmation from the Company and the Purchaser that all conditions to Closing set forth in Article 5 have been satisfied or waived; and (ii) receiving the entirety of the Purchase Price, and the Monitor will have no liability to the Company or the Purchaser or any other Person as a result of delivering and filing the Monitor's Certificate or otherwise in connection with this Agreement or the Transactions (whether based on contract, tort or any other theory).

## **ARTICLE 10 GENERAL**

### **10.1 Confidentiality**

After the Closing Time, Company shall maintain the confidentiality of all Confidential Information relating to the Company, the Business and the Subsidiaries (but does not include information that is or becomes generally available to the public other than as a result of disclosure by Purchaser or its representatives in breach of this Agreement or that is received by Purchaser from an independent third-party that, to the knowledge of Purchaser, obtained it lawfully and was under no duty of confidentiality (except to the extent that applicable privacy laws do not exclude such information from the definition of personal information) or that is independently developed by Purchaser or its representatives without reference to any Confidential Information), including the Confidential Information, except any disclosure of such information and records as may be required by Applicable Law. If the Company, or any of its representatives, becomes legally compelled by deposition, interrogatory, request for documents, subpoena, civil investigative demand, or similar judicial or administrative process, to disclose any such information, such Party shall, or shall cause Company or its representative to, provide Purchaser with reasonably prompt prior oral or written notice of such requirement (including any report, statement, testimony or other submission to such Governmental Authority) to the extent legally permissible and reasonably practicable, and cooperate with Purchaser, at Purchaser's expense, to obtain a protective order or similar remedy to cause such information not to be disclosed; provided that in the event that such protective order or other similar remedy is not obtained, Company shall, or shall cause its representative to, furnish only that portion of such information that has been legally compelled, and shall, or shall cause such representative to, exercise its commercially reasonable efforts to obtain assurance that confidential treatment will be accorded such disclosed information. The Company shall instruct its representatives having access to such information of such obligation of

confidentiality and shall be responsible for any breach of the terms of this Section 10.1 by any of its representatives.

## **10.2 Public Notices**

No press release or other announcement concerning the Transactions shall be made by the Company or by the Purchaser without the prior consent of the other (such consent not to be unreasonably withheld); provided, however, that the Purchaser may make a press release or other announcement concerning the Transactions after the Closing without the prior consent of the Company and, further, any Party may, without such consent, make such disclosure if the same is required by Applicable Law (including the CCAA Proceedings or the Chapter 15 Proceedings) or by any court or securities commission or other similar regulatory authority having jurisdiction over such Party or any of its Affiliates, and, if such disclosure is required, the Party making such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other (including sharing a draft of any such proposed disclosure), and if such prior notice is not possible, to give such notice immediately following the making of such disclosure. Notwithstanding the foregoing: (i) this Agreement may be filed by the Company with the Court and the New York Court and, in advance of it being publicly filed with the Court or the New York Court, provided to stakeholders of the Company in the CCAA Proceedings or the Chapter 15 Proceedings who are subject to a confidentiality agreement; and (ii) the Transactions may be disclosed by the Company to the Court and the New York Court. The Parties further agree that:

- (a) the Monitor may prepare and file reports and other documents with the Court containing references to the Transactions and the terms thereof; and
- (b) the Company and their professional advisors may prepare and file such reports and other documents in the CCAA Proceedings or the Chapter 15 Proceedings containing references to the Transactions and the terms thereof as may reasonably be necessary or desirable to obtain Court Approval to complete the Transactions or to comply with their obligations in connection therewith.

## **10.3 Survival**

The representations and warranties of the Company in this Agreement or in any agreement, document or certificate delivered pursuant to or in connection with this Agreement or the Transactions are set forth solely for the purpose of Section 5.2 and none of them shall survive Closing. The Company and Subsidiaries shall have no liability, whether before or after the Closing, for any breach of any Company's representations or warranties, and the Purchaser acknowledges that its exclusive remedy for any such breach shall be termination of this Agreement prior to the Closing (but only if permitted by Section 8.1). None of the Company's covenants contained in Article 6 to be performed on or prior to the Closing shall survive the Closing. The Parties' respective covenants and agreements set forth herein that by their specific terms contemplate performance after Closing, shall survive the Closing indefinitely unless otherwise set forth herein. For the avoidance of doubt, the Parties' respective covenants and agreements set forth in Sections 6.7 and 6.8 shall survive the Closing indefinitely.

#### 10.4 Non-Recourse

No past, present or future director, officer, employee, incorporator, member, partner, shareholder, Affiliate, agent, lawyer, advisor or representative of the respective Parties hereto (the “**Non-Recourse Persons**”), in such capacity, shall have any liability for any representations, warranties, obligations or liabilities of the Purchaser or the Company, as applicable, under this Agreement or for any claim based on, in respect of, or by reason of the Transaction.

#### 10.5 Non-Waiver

No waiver of any condition or other provisions, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

#### 10.6 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement (in this Section referred to as a “**Notice**”) shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by e-mail:

(a) in the case of a Notice to the Company at:

KSV Restructuring Inc.  
150 King Street West, Suite 2308  
Toronto, Ontario M5H 1J9

Attention: Noah Goldstein / Murtaza Tallat  
Email: [ngoldstein@ksvadvisory.com](mailto:ngoldstein@ksvadvisory.com) / [mtallat@ksvadvisory.com](mailto:mtallat@ksvadvisory.com)

with a copy to:

Osler, Hoskin & Harcourt LLP  
1 First Canadian Place, Suite 6200  
100 King Street West  
Toronto, Ontario M5X 1B8

Attention: Marc Wasserman / Michael De Lellis / Ben Muller / Laura Culleton  
Email: [mwasserman@osler.com](mailto:mwasserman@osler.com) / [mdelellis@osler.com](mailto:mdelellis@osler.com) / [bmuller@osler.com](mailto:bmuller@osler.com) / [lculleton@osler.com](mailto:lculleton@osler.com)

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

Attention: Cynthia Su  
E-mail: [cynthiasu.xin@gmail.com](mailto:cynthiasu.xin@gmail.com)

with a copy to:

Bennett Jones LLP  
1 First Canadian Place, Suite 3400  
100 King Street West  
Toronto, Ontario M5X 1A9

Attention: Sean Zweig / Osie Ukwuoma / Andrew Froh  
Email: zweigs@bennettjones.com / ukwuomao@bennettjones.com /  
froha@bennettjones.com

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

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

#### **10.7 Assignment**

The Company may not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the Purchaser. Prior to Closing, the Purchaser may assign, (i) upon written notice to the Company, any portion of its rights and obligation under this Agreement to an Affiliate or, (ii) with the consent of the Monitor, acting reasonably, any other party, provided in either case that such Affiliate or other party is capable of making the same representations and warranties herein and completing the Transactions by the Outside Date. Any purported assignment or delegation in violation of this Section 10.7 is null and void. No assignment or delegation shall relieve the assigning or delegating Party or any of its obligations hereunder.

#### **10.8 Enurement**

This Agreement enures to the benefit of and is binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

#### **10.9 Amendment**

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

#### **10.10 Further Assurances**

The Parties shall, with reasonable diligence, execute and deliver such additional conveyances, transfers and other assurances as may be reasonably required to consummate the Transactions, and each Party shall provide such further documents or instruments required by any other Party as may

be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing.

### **10.11 No Liability; Monitor Holding or Disposing Funds**

Any obligation of or direction to the Monitor to disburse or hold funds or take any action shall be subject to the Approval and Reverse Vesting Order or other order of the Court in all respects. The Purchaser and the Company acknowledge and agree that the Monitor, acting in its capacity as the Monitor of the Company in the CCAA Proceedings, and the Monitor's Affiliates and their respective former and current directors, officers, employees, agents, advisors, lawyers and successors and assigns will have no Liability under or in connection with this Agreement, the Approval and Reverse Vesting Order, the Vesting Recognition Order or any other related Court orders whatsoever (including without limitation, in connection with the receipt, holding or distribution of the Purchase Price (including the Deposit)), whether in its capacity as Monitor, in its personal capacity or otherwise. If, at any time, there shall exist, in the sole and absolute discretion of the Monitor, any dispute between the Company on the one hand, and the Purchaser on the other hand, with respect to the holding or disposition of any portion of the Purchase Price (including the Deposit), or any other obligation of the Monitor hereunder in respect of the Purchase Price (including the Deposit), or if at any time the Monitor is unable to determine the proper disposition of any portion of the Purchase Price (including the Deposit), or its proper actions with respect to its obligations hereunder in respect of the Purchase Price (including the Deposit), then the Monitor may (a) make a motion to the Court for direction with respect to such dispute or uncertainty and, to the extent required by law or otherwise at the sole and absolute discretion of the Monitor, pay the Purchase Price (including the Deposit) or any portion thereof into the Court for holding and disposition in accordance with the instructions of the Court, or (b) hold the Purchase Price (including the Deposit) or any portion thereof and not make any disbursement thereof until: (i) the Monitor receives a written direction signed by both the Company and the Purchaser directing the Monitor to disburse, as the cause may be, the Purchase Price (including the Deposit) or any portion thereof in the manner provided for in such direction, or (ii) the Monitor receives an Order from the Court, obtained on reasonable notice to the Purchaser and the Company, which is not stayed or subject to appeal and for which the applicable appeal period has expired, instructing it to disburse, as the case may be, the Purchase Price (including the Deposit) or any portion thereof in the manner provided for in the Order.

### **10.12 Third-Party Beneficiaries**

Except with respect to: (i) the Monitor as expressly set forth in this Agreement or Residual Co. as it relates to all rights, covenants, obligations and benefits in favour of the Company under this Agreement that survive Closing and are transferred to Residual Co. as an Excluded Liability at the Closing; (ii) the Non-Recourse Persons pursuant to Section 10.4; (iii) the Monitor Released Parties pursuant to Section 6.7; (iv) the Purchaser Released Parties pursuant to Section 6.8; and (v) Residual Co. as it relates to all rights, covenants, obligations and benefits in favour of the Principal Entities under this Agreement that survive Closing and are transferred to Residual Co. as an Excluded Asset at the Closing, 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.

### **10.13 Execution and Delivery**

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. 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 Party 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.

**[The next page is the signature page.]**

The Parties have executed this Agreement as of the date first written above.

**XIWANG IOVATE HOLDINGS  
COMPANY LIMITED**

By: \_\_\_\_\_   
Name: Noah Goldstein  
Title: Managing Director

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

**1001542267 ONTARIO INC.**

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


The Parties have executed this Agreement as of the date first written above.

**XIWANG IOVATE HOLDINGS  
COMPANY LIMITED**

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

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

**1001542267 ONTARIO INC.**

By:  \_\_\_\_\_  
Signed by:  
848392D1F620426...  
Name: Daniel Du  
Title: President

**SCHEDULE 1.1(CCCC)  
RETAINED ASSETS**

**SCHEDULE 1.1(DDDD)**  
**RETAINED CONTRACTS**

- Detailed list of the Contracts to be retained to follow no later than two (2) Business Days prior to the Closing Date and all other Contracts shall be Excluded Contracts.

**SCHEDULE 2.1**  
**PERMITTED ENCUMBRANCES**

**SCHEDULE 2.2**  
**EXCLUDED ASSETS**

- Detailed list to follow no later than two (2) Business Days prior to the Closing Date.

**SCHEDULE 2.3**  
**RETAINED LIABILITIES**

- The demand promissory notes owing by the Company to Xiwang Foodstuffs (Qingdao) Co., Ltd and Xiwang Foodstuffs Co., Ltd. in the aggregate amount of approximately \$49 million.
- Certain pre-filing accounts payable of the Company to be determined by the Purchaser in its sole discretion; provided that, following the date hereof, the Purchaser shall have the opportunity to engage with such vendors to review and reconcile outstanding amounts and to negotiate mutually acceptable terms and the treatment of any assumed payables.

**SCHEDULE 2.4**  
**EXCLUDED LIABILITIES**

**SCHEDULE 2.7(C)**  
**CLOSING SEQUENCE**

- (a) First, the Purchaser shall pay the Closing Payment to the Monitor, to be held in escrow by the Monitor on behalf of the Purchaser;
- (b) Second, the Principal Entities shall be deemed to transfer to Residual Co. the Excluded Assets, the Excluded Contracts and the Excluded Liabilities, pursuant to the Approval and Reverse Vesting Order;
- (c) Third, the Retained Assets will be retained by the applicable Principal Entity, in each case free and clear of and from any and all Encumbrances to Be Discharged pursuant to the Approval and Reverse Vesting Order and, for greater certainty, all of the Encumbrances, other than Permitted Encumbrances, affecting or relating to the Retained Assets are hereby expunged and discharged as against the Retained Assets, and the Retained Liabilities will be retained by the applicable Principal Entity;
- (d) Fourth, the following shall occur concurrently:
  - (i) the Company shall file the Articles of Amendment, and all Existing Shares as well as any agreement, contract, plan, indenture, deed, certificate, subscription right, conversion right, pre-emptive right, option (including stock options or share purchase or equivalent plans) or other document or instrument governing or having been created or granted in connection with the share capital of the Company shall be deemed to be terminated and cancelled for no consideration in accordance with and pursuant to the Approval and Reverse Vesting Order;
  - (ii) the Company shall issue the Purchased Shares to the Purchaser and the Purchaser shall subscribe for and purchase the Purchased Shares; and
  - (iii) the Closing Payment will be released from escrow.

**SCHEDULE 5.1(D)**  
**TRANSACTION REGULATORY APPROVALS TO BE OBTAINED PRIOR TO THE**  
**CLOSING TIME**

- Nil.

## **Appendix “B”**

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 12 Week Period Ending June 26, 2026  
(Unaudited, \$USD)

	Note	Week Ending											Total	
		10-Apr	17-Apr	24-Apr	1-May	8-May	15-May	22-May	29-May	5-Jun	12-Jun	19-Jun		26-Jun
<i>Receipts</i>	1													
Collections	2	2,915,523	3,259,631	4,247,820	4,884,506	3,742,329	6,093,287	4,808,104	4,402,175	-	-	-	-	34,353,375
<i>Total Receipts</i>		2,915,523	3,259,631	4,247,820	4,884,506	3,742,329	6,093,287	4,808,104	4,402,175	-	-	-	-	34,353,375
<i>Disbursements</i>														
Inventory Purchases	3	(3,000,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	-	-	-	-	(27,500,000)
Operating Expenses	4	(595,571)	(1,406,038)	(1,236,038)	(1,299,964)	(993,145)	(809,113)	(829,113)	(790,681)	-	-	-	-	(7,959,661)
Payroll and Benefits	5	(288,821)	(275,932)	(279,768)	(275,741)	(275,578)	(275,547)	(279,317)	(531,674)	-	-	-	-	(2,482,378)
Occupancy costs	6	-	-	(100,000)	-	-	-	-	(100,000)	-	-	-	-	(200,000)
Other Expenses	7	(328,691)	(247,147)	(50,000)	-	(20,000)	(34,829)	-	(80,000)	-	-	-	-	(760,667)
<i>Total disbursements</i>		(4,213,082)	(5,429,117)	(5,165,806)	(5,075,704)	(4,788,723)	(4,619,489)	(4,608,429)	(5,002,356)	-	-	-	-	(38,902,706)
<i>Net Cash Flow before the Undermoted</i>		(1,297,559)	(2,169,486)	(917,987)	(191,198)	(1,046,394)	1,473,798	199,675	(600,181)	-	-	-	-	(4,549,331)
Professional Fees	8	(35,034)	(891,855)	(420,000)	-	(30,000)	(870,000)	-	(750,000)	-	-	-	-	(2,996,889)
Principal Repayment	9	(875,000)	-	-	-	-	-	-	-	-	-	-	-	(875,000)
Interest	10	(1,094,504)	-	-	(1,050,994)	-	-	-	-	-	-	-	-	(2,145,498)
<i>Net Cash Flow</i>		(3,302,097)	(3,061,341)	(1,337,987)	(1,242,192)	(1,076,394)	603,798	199,675	(1,350,181)	-	-	-	-	(10,566,718)
Opening Cash balance / (Deficit)		12,856,927	9,554,830	6,493,489	5,155,503	3,913,311	2,836,917	3,440,715	3,640,390	-	-	-	-	12,856,927
Net Cash Flow		(3,302,097)	(3,061,341)	(1,337,987)	(1,242,192)	(1,076,394)	603,798	199,675	(1,350,181)	-	-	-	-	(10,566,718)
Cash adjustment on Closing		-	-	-	-	-	-	-	(2,290,210)	-	-	-	-	(2,290,210)
Closing cash balance / (Deficit)	11	9,554,830	6,493,489	5,155,503	3,913,311	2,836,917	3,440,715	3,640,390	-	-	-	-	-	-

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 12 Week Period Ending June 26, 2026

(Unaudited; \$USD )

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**Purpose and General Assumptions**

1. The purpose of the projection is to present a consolidated twelve-week forecast of the Company for the period April 6, 2026 to June 26, 2026 (the "Period") in connection with the Company's proceedings under the Companies' Creditors Arrangement Act ("CCAA").

The cash flow assumes that the Transactions (as defined in the Monitor's Fourth Report to Court) close in the week ending May 29, 2026. For the purposes of this cash flow, the gross proceeds from the Transactions and any distributions to the Company's creditors are not reflected.

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 tax installments in the normal course.
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.
9. Represents principal repayments on the Company's senior secured debt, as agreed upon between the Company and its lenders.
10. Reflects interest payable on the Company's senior secured debt.
11. Following the closing of the Transactions and prior to any distributions, the Monitor will retain a sufficient reserve for the payment of all priority payables, including all Court-ordered priority Charges, as well as any amounts necessary to facilitate the ongoing administration and wind-down of these proceedings.

**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.**

**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 9<sup>th</sup> day of April, 2026, consisting of a weekly projected cash flow statement for the period April 6, 2026 to June 26, 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 9<sup>th</sup> day of April, 2026.

*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.

## **Appendix “C”**



**First Report to Court of  
KSV Restructuring Inc. as  
Proposal Trustee of Iovate Health  
Sciences International Inc., Iovate Health  
Sciences U.S.A. Inc. and Northern  
Innovations Holding Corp.**

September 8, 2025

## Contents

Page

1.0	Introduction.....	1
1.1	Purposes of this Report.....	2
1.2	Currency .....	2
1.3	Restrictions .....	2
2.0	Background .....	2
3.0	Administrative Professionals Charge .....	3
4.0	Administrative Consolidation.....	3
5.0	Conclusion and Recommendation .....	4



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

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C.,  
1985, C. B-3, AS AMENDED**

**COURT NO.: 31-3268936  
ESTATE NO.: 31-3268936**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
IOVATE HEALTH SCIENCES INTERNATIONAL INC.**

**COURT NO.: 31-3268942  
ESTATE NO.: 31-3268942**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
IOVATE HEALTH SCIENCES U.S.A. INC.**

**COURT NO.: 31-3268971  
ESTATE NO.: 31-3268971**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
NORTHERN INNOVATIONS HOLDING CORP.**

**FIRST REPORT OF  
KSV RESTRUCTURING INC.  
AS PROPOSAL TRUSTEE**

**SEPTEMBER 8, 2025**

## **1.0 Introduction**

1. This report ("Report") has been prepared by KSV Restructuring Inc. ("KSV") in its capacity as proposal trustee ("Proposal Trustee") of Iovate Health Sciences International Inc. ("Iovate International"), Iovate Health Sciences U.S.A. Inc. ("Iovate USA") and Northern Innovations Holding Corp. ("Northern Innovations" and together with Iovate International and Iovate USA, the "Iovate Entities") in connection with separate Notices of Intention to Make a Proposal (each an "NOI" and jointly, the "NOIs") filed on September 5, 2025 pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("BIA").
2. The principal purpose of these proceedings (the "NOI Proceedings") is to create a stabilized environment to allow the Iovate Entities to pursue an orderly restructuring of their business.

## 1.1 Purposes of this Report

1. The purposes of this Report are to:
  - a) provide background information about the lovate Entities and the NOI Proceedings;
  - b) discuss the rationale for a charge on the assets, undertakings and properties of the lovate Entities to a maximum amount of \$750,000 (the “Administrative Professionals Charge”) to secure the fees and disbursements of the Proposal Trustee, counsel to the Proposal Trustee, Canadian and U.S. counsel to the lovate Entities and the financial advisor to the lovate Entities (the “Administrative Professionals”);
  - c) discuss the rationale for administratively consolidating the NOI Proceedings of the lovate Entities; and
  - d) recommend that the Court make an order, among other things:
    - i. granting the Administration Professionals Charge pursuant to Section 64.2 of the BIA; and
    - ii. administratively consolidating the NOI proceedings of the lovate Entities.

## 1.2 Currency

1. All currency references in this Report are to Canadian dollars unless stated otherwise.

## 1.3 Restrictions

1. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by the lovate Entities’ management, its books and records and discussions with management. The Proposal Trustee 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 of Canada Handbook*.
2. The Proposal Trustee expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Proposal Trustee in preparing this Report. Any party intending to rely on the financial information presented in this Report should perform its own diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever.

## 2.0 Background

1. The lovate Entities are part of a group of companies (the “lovate Group”) engaged in the development, production and sale of health and nutrition products in Canada, the United States and elsewhere. The lovate Group’s key brands include MuscleTech™, Hydroxycut™, Six Star®, and Purely Inspired®, which are sold in over 90 countries worldwide.

2. Iovate International entered into an amended and restated credit agreement dated June 30, 2021 (as amended, the “Credit Agreement”), with HSBC Bank Canada (now Royal Bank of Canada (“RBC")), as administrative agent, and HSBC Bank Canada, the Toronto-Dominion Bank, Bank of China (Canada), Bank of Montreal, National Bank of Canada, Canadian Western Bank, and the Bank of Nova Scotia, as syndicated lenders (together, the “Lenders”). The Iovate Entities and certain affiliates granted, among other things, a general security agreement creating a first-priority lien over all their present and after-acquired real and personal property. As of August 31, 2025 approximately USD\$115,785,488 is owing to the Lenders.
3. Additional information about the Iovate Entities and the circumstances leading to the NOI Proceedings is included in the Affidavit of Wesley Parris sworn September 6, 2025. Court materials in these proceedings are available on the Proposal Trustee’s website at <https://www.ksvadvisory.com/experience/case/iovate>.

### **3.0 Administrative Professionals Charge**

1. The Iovate Entities are seeking an Administrative Professionals Charge over the assets, undertakings and properties of the Iovate Entities in the amount of \$750,000 in respect of the fees and disbursements of their Canadian and U.S. counsel, the Proposal Trustee and its counsel, and their financial advisor. The quantum of the proposed charge appears to be fair and reasonable based on the size and complexity of the Iovate Entities.
2. The professionals covered by the Administrative Professionals Charge require the benefit of the Administrative Professionals Charge to secure payment of their fees and expenses. Absent approval of the Administrative Professionals Charge, the professionals involved in these proceedings have no guarantee of payment and are unlikely to continue to act, which would likely cause these proceedings to come to an end.
3. The Lenders, being the major economic stakeholders in these proceedings, consent to the Administrative Professionals Charge.
4. The Proposal Trustee accordingly supports the request for the Administrative Professionals Charge.

### **4.0 Administrative Consolidation**

1. The Iovate Entities are seeking an order to administratively consolidate the NOI Proceedings under a joint title of proceedings to avoid multiplicity of proceedings and the associated costs.
2. The Iovate Entities and the Proposal Trustee believe that it is appropriate in the circumstances to administratively consolidate the NOI Proceedings as:
  - a) doing so will facilitate the orderly administration of these proceedings;
  - b) the Iovate Entities are highly integrated and the NOI Proceedings are largely driven by the same facts;

- c) all senior management are based at the head office in Oakville, Ontario, Canada from which the Iovate Entities and their affiliates' domestic and international operations are directed, including finance, supply chain, product management and administrative functions; and
- d) the Iovate Entities have the same senior secured creditors.

## 5.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(d) of this Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
SOLELY IN ITS CAPACITY AS PROPOSAL TRUSTEE OF  
IOVATE HEALTH SCIENCES INTERNATIONAL INC.,  
IOVATE HEALTH SCIENCES U.S.A. INC. AND  
NORTHERN INNOVATIONS HOLDING CORP.**

## **Appendix “D”**



October 1, 2025

**Second Report of  
KSV Restructuring Inc.  
as Proposal Trustee of  
lovate Health Sciences International  
Inc., lovate Health Sciences U.S.A.  
Inc. and Northern Innovations  
Holding Corp.**

<b>Contents</b>		<b>Page</b>
1.0	Introduction .....	1
1.1	Purposes of this Report.....	2
1.2	Restrictions .....	2
1.3	Currency .....	3
2.0	Background .....	3
3.0	Cash Flow Forecast.....	3
4.0	Kenco .....	4
5.0	Stay Extension .....	5
6.0	Anticipated Next Steps .....	5
7.0	Proposal Trustee's Activities.....	6
8.0	Conclusion and Recommendation .....	6

## **Appendices**

<b>Appendix</b>	<b>Tab</b>
Cash Flow Forecast and Management's Report on Cash Flow.....	A
Proposal Trustee's Report on Cash Flow .....	B



Court File No. BK-25-03268936-0031

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Court No.: 31-3268936  
Estate No.: 31-3268936

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
IOVATE HEALTH SCIENCES INTERNATIONAL INC.

Court No.: 31-3268942  
Estate No.: 31-3268942

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
IOVATE HEALTH SCIENCES U.S.A. INC.

Court No.: 31-3268971  
Estate No.: 31-3268971

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
NORTHERN INNOVATIONS HOLDING CORP.

SECOND REPORT OF KSV RESTRUCTURING INC.

OCTOBER 1, 2025

## 1.0 Introduction

1. On September 5, 2025, Iovate Health Sciences International Inc. ("**Iovate International**"), Iovate Health Sciences U.S.A. Inc. and Northern Innovations Holding Corp. (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 September 9, 2025, the Court granted an order approving:
  - a) an administrative consolidation of the proposal proceedings (the "**NOI Proceedings**") under one title of proceedings;
  - b) a charge over the assets, undertakings and properties of the NOI Applicants to secure payment of the fees and disbursements of certain administrative professionals;
  - c) Iovate International to act as foreign representative for the purpose of having the NOI Proceedings recognized in a jurisdiction outside of Canada; and

- d) authorizing Iovate International, as foreign representative, to apply for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*.
3. On September 10, 2025, the United States Bankruptcy Court for the Southern District of New York (the “**New York Court**”) entered an order (the “**Provisional Order**”) provisionally recognizing Iovate International as foreign representative of the NOI Applicants with full authority to administer their assets and affairs in the United States. The Provisional Order also provided that section 362 of the *United States Bankruptcy Code* applies with respect to the NOI Applicants and the property of each NOI Applicant that is within the territorial jurisdiction of the United States. The Provisional Order was extended pursuant to an order granted by the New York Court on September 19, 2025.
4. KSV is filing this report (the “**Second Report**”) as the Proposal Trustee.

### 1.1 Purposes of this Report

1. The purposes of this Second Report are to:
  - a) provide background information about the NOI Applicants;
  - b) report on the NOI Applicants’ cash flow projection (the “**Cash Flow Forecast**”) for the period September 29, 2025 to November 7, 2025; and
  - c) discuss the reasons the Proposal Trustee recommends that this Honourable Court issue the proposed order (the “**Stay Extension Order**”) extending the stay period (the “**Stay Period**”) from October 5, 2025 to November 4, 2025.

### 1.2 Restrictions

1. In preparing this Second Report, the Proposal Trustee has relied upon the NOI Applicants’ audited and unaudited financial information, the books and records of the NOI Applicants, and discussions with the NOI Applicants’ representatives, legal counsel and financial advisor.
2. The Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Second Report in a manner that complies with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Proposal Trustee 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. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Second Report is based on the NOI Applicants’ assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Proposal Trustee 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 Second Report are in U.S Dollars.

## 2.0 Background

1. The NOI Applicants are part of a group of companies (the “**lovate Group**”) engaged in the development, production and sale of health and nutrition products in Canada, the United States and elsewhere. The lovate Group’s key brands include MuscleTech™, Hydroxycut™, Six Star®, and Purely Inspired®, which are sold in over 90 countries worldwide.
2. Background of the NOI Applicants’ filing is set out in the affidavit of Wesley Parris sworn September 6, 2025 (the “**September 6 Affidavit**”). Further information regarding the NOI Applicants and the NOI Proceeding is set out in the affidavit of Wesley Parris sworn September 29, 2025 (the “**September 29 Affidavit**”, and together with the September 6 Affidavit, the “**Initial NOI Affidavits**”). The Initial NOI Affidavits and the Proposal Trustee’s First Report dated September 8, 2025 are available on the Proposal Trustee’s website at the following link: [lovate Health Sciences International Inc., lovate Health Sciences U.S.A., Inc. and Northern Innovations Holding Corp.](#)
3. Since the commencement of the NOI Proceedings, the NOI Applicants, with the assistance of the Proposal Trustee, have worked to stabilize the business and operations of the NOI Applicants.

## 3.0 Cash Flow Forecast

1. The NOI Applicants have prepared the Cash Flow Forecast for the period from September 29, 2025 to November 7, 2025 (the “**Forecast Period**”), to align with the request for an extension of the Stay Period. The Cash Flow Forecast together with Management’s Report on the Cash-Flow Statement, as required by subsection 50.4(2)(c) of the BIA, is provided in Appendix “A”.
2. A summary of the Cash Flow Forecast is provided below:

(unaudited; USD\$000s)	Sep 29, 2025 – Nov 7, 2025
Collections	18,136
Disbursements	
<i>Operating Costs</i>	
Inventory Purchases	(18,000)
Operating Expenses	(9,242)
Payroll and Benefits	(1,925)
Occupancy Costs	(100)
Other Expenses	(384)
<i>Restructuring Costs</i>	
Professional Fees	(1,808)
Total Disbursements	<u>(31,458)</u>
Net Cash Flow	(13,323)
Opening Cash Balance	15,729
Net Cash Flow	<u>(13,323)</u>
Closing Cash Balance	<u>2,406</u>

3. A central issue impacting the NOI Applicants' liquidity is the failure to receive approximately USD \$13.2 million (as of September 26, 2025) in receivables currently being withheld by Walmart Inc. ("**Walmart**") as a result of enforcement efforts undertaken by Orgain Inc. ("**Orgain**"). On April 17, 2024, Orgain obtained judgment against Iovate International and Iovate USA in the United States District Court for the Central District of California, which was subsequently amended on November 17, 2024 to USD \$12.5 million (the "**Amended Judgment**"). In seeking to enforce the Amended Judgment, Orgain commenced garnishment proceedings in Arkansas directed at Walmart, one of the Debtors' largest customers. Following the Arkansas Court's refusal to quash the writ of garnishment, Walmart began withholding payments to Iovate in August 2025.
4. Walmart's payments, averaging approximately USD \$5.8 million per month year-to-date, represent a critical source of liquidity for the NOI Applicants and are used to fund day-to-day operations, including payroll and accounts payable. As of September 26, 2025, the total accounts receivable owing from Walmart was in excess of USD \$18.7 million, of which USD \$13.2 million was past due based on Walmart's typical payment history.
5. Given the critical importance of the receipt of historical and future receivables from Walmart in the ordinary course to the NOI Applicants' liquidity position and ability to continue to operate as a going concern, the Proposal Trustee will continue to engage with both Orgain and Walmart in the short term to achieve a consensual resolution of this issue. However, if a consensual resolution cannot be reached, the Proposal Trustee expects that the NOI Applicants will seek emergency judicial relief to address this issue as the continued failure to receive monies owed to the NOI Applicants on a go-forward basis will be materially prejudicial to the NOI Applicants and their stakeholders.
6. Despite this issue, the Cash Flow Forecast reflects that the NOI Applicants will have sufficient liquidity to pay expenses forecasted to be incurred during the Forecast Period.
7. Based on the Proposal Trustee's review of the Cash Flow Forecast, there are no material assumptions which seem unreasonable. The Proposal Trustee's Report on the Companies' Cash Flow Statement as required by subsection 50.4(2)(b) of the BIA is attached as Appendix "B".

#### 4.0 Kenco

1. Kenco Logistic Services, LLC ("**Kenco**"), the NOI Applicants' primary third-party logistics distributor, sought emergency relief from the New York Court to shorten notice on its motion for relief from the automatic stay (or, alternatively, for adequate protection of its secured claim).
2. That request for expedited treatment was denied, and therefore Kenco will not receive emergency relief at this stage. Kenco asserts that its lien and related claims exceed \$8.5 million, tied to termination-related obligations and charges under its warehousing and logistics agreement. Kenco currently holds approximately \$18 million of the NOI Applicants' inventory, and the NOI Applicants had already been in the process of transitioning to a new supplier, which formed part of the dispute between the parties.

3. The Proposal Trustee and the NOI Applicants are actively working with Kenco to reach a consensual resolution of these issues. Without such a resolution, the parties may need to seek further direction from the Court or the New York Court to ensure continued protection of the estates and their operations.

## 5.0 Stay Extension

1. The NOI Applicants are seeking an extension of the time to file a proposal with the Official Receiver from October 5, 2025 to November 4, 2025.
2. The Proposal Trustee supports the NOI Applicants' request for the following reasons:
  - a) the NOI Applicants have complied with all of their obligations under the BIA;
  - b) the NOI Applicants are acting in good faith and with due diligence;
  - c) no creditor would be materially prejudiced if the extension being applied for is granted;
  - d) based on the Cash Flow Forecast, the NOI Applicants are expected to have sufficient liquidity to fund their operations in the normal course during the Forecast Period; and
  - e) the NOI Applicants require the extension to preserve the *status quo* while they continue to:
    - i. organize their affairs and stabilize operations; and
    - ii. formulate a definitive restructuring plan.

## 6.0 Anticipated Next Steps

1. The NOI Applicants intend to obtain final recognition of the NOI Proceedings as a "foreign main proceeding" pursuant to Chapter 15 of the *United States Bankruptcy Code*.
2. The NOI Applicants will continue to engage with:
  - a) suppliers, creditors, customers and employees to continue operating the NOI Applicants' business in the ordinary course and without interruption;
  - b) the Lenders (as defined in the September 6 Affidavit) and other key stakeholders regarding the NOI Applicants' restructuring options; and
  - c) parties taking enforcement steps against the NOI Applicants and seek appropriate judicial relief if consensual resolutions cannot be achieved.
3. The NOI Applicants, with the assistance of the Proposal Trustee and the NOI Applicants' financial advisor, are collectively working to develop the NOI Applicants' restructuring plan.

## 7.0 Proposal Trustee's Activities

1. Since its appointment, the Proposal Trustee has undertaken the following activities in connection with the NOI Proceedings:
  - a) engaging with Orgain and Walmart regarding the garnishment proceedings and related withholding of receivables, with the objective of achieving a resolution that ensures the NOI Applicants' continued access to critical liquidity;
  - b) working with the NOI Applicants to stabilize their business and operations, including monitoring receipts, disbursements, payroll, and supplier relationships during the Stay Period;
  - c) communicating regularly with the NOI Applicants' financial advisor in connection with the preparation and ongoing assessment of the Cash Flow Forecast;
  - d) reviewing and analyzing the Cash Flow Forecast to assess the reasonableness of underlying assumptions and confirm sufficiency of liquidity to fund operations throughout the Stay Period;
  - e) preparing this Second Report to provide the Court with an update on the NOI Proceedings and to support the request for the Stay Extension Order;
  - f) engaging with creditors and other stakeholders of the NOI Applicants, including suppliers and lenders, to provide updates and respond to inquiries regarding the restructuring process;
  - g) engaging with legal counsel to Kenco to address its asserted lien claims and to work toward a consensual resolution;
  - h) coordinating with Canadian and U.S. legal counsel to address cross-border recognition, enforcement, and relief issues arising in connection with the Chapter 15 proceedings; and
  - i) addressing administrative matters, including compliance with reporting obligations under the BIA.

## 8.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court grant the Stay Extension Order.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF  
IOVATE HEALTH SCIENCES INTERNATIONAL INC., IOVATE HEALTH SCIENCES U.S.A.  
INC. AND NORTHERN INNOVATIONS HOLDING CORP.  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “E”**



October 15, 2025

**Third Report of  
KSV Restructuring Inc.  
as Proposal Trustee of  
lovate Health Sciences International  
Inc., lovate Health Sciences U.S.A.  
Inc. and Northern Innovations  
Holding Corp.**

## Contents

Page

1.0	Introduction .....	1
1.1	Purposes of this Report.....	2
1.2	Restrictions .....	2
1.3	Currency .....	3
2.0	Background .....	3
3.0	Kenco .....	3
3.1	The Kenco Agreement .....	3
3.2	Kenco's Emergency Motion .....	4
3.3	The Settlement Agreement .....	4
3.4	Releases.....	5
3.5	Proposal Trustee's Analysis .....	5
4.0	Cash Flow Forecast.....	6
5.0	Conclusion and Recommendation .....	6

Court File No. BK-25-03268936-0031

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Court No.: 31-3268942  
Estate No.: 31-3268942

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
IOVATE HEALTH SCIENCES INTERNATIONAL INC.

Court No.: 31-3268942  
Estate No.: 31-3268942

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
IOVATE HEALTH SCIENCES U.S.A. INC.

Court No.: 31-3268971  
Estate No.: 31-3268971

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
NORTHERN INNOVATIONS HOLDING CORP.

THIRD REPORT OF KSV RESTRUCTURING INC.

OCTOBER 15, 2025

## 1.0 Introduction

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. (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, and KSV Restructuring Inc. ("**KSV**") consented to act as proposal trustee (in such capacity, the "**Proposal Trustee**").
2. On September 9, 2025, the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**") granted an order approving:
  - a) an administrative consolidation of the proposal proceedings (the "**NOI Proceedings**") under one title of proceedings;
  - b) a charge over the assets, undertakings and properties of the NOI Applicants to secure payment of the fees and disbursements of certain administrative professionals;

- c) lovate International to act as foreign representative for the purpose of having the NOI Proceedings recognized in a jurisdiction outside of Canada; and
  - d) authorizing lovate International, as foreign representative, to apply for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*.
3. On September 10, 2025, the United States Bankruptcy Court for the Southern District of New York (the “**New York Court**”) entered an order (the “**Provisional Order**”) provisionally recognizing lovate International as foreign representative of the NOI Applicants with full authority to administer their assets and affairs in the United States (the “**Chapter 15 Proceedings**”). The Provisional Order also provided that section 362 of the *United States Bankruptcy Code* applies with respect to the NOI Applicants and the property of each NOI Applicant that is within the territorial jurisdiction of the United States. The Provisional Order was extended pursuant to an order granted by the New York Court on September 19, 2025.
4. On October 3, 2025, the Canadian 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 (the “**Stay Extension**”).
5. The NOI Applicants’ motion to recognize: i) lovate International as foreign representative of the NOI Applicants; ii) the NOI Proceedings as the “foreign main proceeding”; and iii) certain related relief, is scheduled to be heard by the New York Court on October 28, 2025.
6. KSV is filing this report (the “**Third Report**”) as the Proposal Trustee.

## 1.1 Purposes of this Report

1. The purpose of this Third Report is to:
  - a) provide background information about the NOI Applicants and these NOI Proceedings;
  - b) summarize the results of the negotiations between the NOI Applicants, the Proposal Trustee and Kenco Logistic Services, LLC (“**Kenco**”); and
  - c) provide the Proposal Trustee’s rationale for recommending that this Honourable Court issue the proposed order (the “**Settlement Approval Order**”) approving a settlement agreement between lovate USA and Kenco dated October 8, 2025 (the “**Settlement Agreement**”), and the associated mutual release (the “**Releases**”).

## 1.2 Restrictions

1. In preparing this Third Report, the Proposal Trustee has relied upon the NOI Applicants’ audited and unaudited financial information, the books and records of the NOI Applicants, and discussions with the NOI Applicants’ representatives, legal counsel and financial advisor.
2. The Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Third Report in a manner that complies with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the

Proposal Trustee 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. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Third Report is based on the NOI Applicants' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Proposal Trustee 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 Third Report are in U.S Dollars.

## 2.0 Background

1. The NOI Applicants are part of a group of companies (the "**lovate Group**") engaged in the development, production and sale of health and nutrition products in Canada, the United States and elsewhere. The lovate Group's key brands include MuscleTech™, Hydroxycut™, Six Star®, and Purely Inspired®, which are sold in over 90 countries worldwide.
2. Background of the NOI Applicants' filing is set out in the affidavit of Wesley Parris sworn September 6, 2025 (the "**September 6 Affidavit**"). Further information regarding the NOI Applicants and the NOI Proceedings is set out in the affidavit of Wesley Parris sworn September 29, 2025 (the "**September 29 Affidavit**", and together with the September 6 Affidavit, the "**Initial NOI Affidavits**"). The Initial NOI Affidavits, the affidavit of Wesley Parris sworn October 10, 2025 (the "**October 10 Affidavit**") in support of NOI Applicants' motion seeking approval of the Settlement Agreement and Releases, and the Proposal Trustee's past reports are available on the Proposal Trustee's website at the following link: [lovate Health Sciences International Inc., lovate Health Sciences U.S.A., Inc. and Northern Innovations Holding Corp.](#)
3. Since the commencement of the NOI Proceedings, the NOI Applicants, with the assistance of the Proposal Trustee, have stabilized operations, maintained supply relationships, and continued normal business activities while pursuing a resolution of the dispute with Kenco.

## 3.0 Kenco

### 3.1 The Kenco Agreement

1. In September 2023, lovate USA moved its United States distribution operations from its in-house facility in Buffalo to Kenco, a third-party logistics provider. lovate USA and Kenco entered into a Warehousing & Logistics Services Agreement dated April 27, 2023 ("**Kenco Agreement**").
2. lovate USA was optimistic that the transition to Kenco would streamline its distribution operations. Unfortunately, the Kenco Agreement proved commercially unfavourable to lovate USA, as more particularly detailed in the October 10 Affidavit.

3. As a result, Iovate USA decided to transition its customer procurement and fulfillment operations from Kenco to another third-party logistics provider while also engaging with Kenco on negotiating a consensual termination of the arrangements under the Kenco Agreement in December 2024.
4. During the summer of 2025, the parties were close to finalizing an agreement at the time the NOI Proceedings were commenced, however, no agreement was entered into prior to the NOI Proceedings.
5. The potential arrangement contemplated, among other things, that:
  - a) the Kenco Agreement would be terminated at the end of October 2025;
  - b) Iovate USA would continue to pay Kenco for services during the transition period prior to termination in accordance with the Kenco Agreement (including approximately \$900,000 per month for ongoing services and approximately \$1.5 million in arrears outstanding as at the date of filing); and
  - c) Iovate USA would pay Kenco a transition fee, in instalments over time, aggregating approximately \$3.7 million.

### **3.2 Kenco's Emergency Motion**

1. In September 2025, Kenco brought an emergency motion in the Chapter 15 Proceedings seeking relief from the automatic stay or, in the alternative, for adequate protection of its secured claim (the "**Emergency Motion**"). In the Emergency Motion, Kenco asserted a lien and related claims, tied to termination-related obligations and charges under the Kenco Agreement, that exceeded \$8.5 million.
2. Kenco's request for expedited treatment of the Emergency Motion was denied and has yet to be scheduled.
3. As of October 6, 2025, Kenco held approximately \$16 million of the NOI Applicants' inventory. The inventory balance has since decreased materially as a result of ongoing sales to customers and transfers to the NOI Applicants' new third-party logistics provider.

### **3.3 The Settlement Agreement**

1. Since the commencement of the NOI Proceedings, Kenco, the Proposal Trustee and the NOI Applicants have engaged in extensive negotiations to resolve the dispute and protect ongoing operations.
2. These negotiations were successful and, on October 8, 2025, Iovate USA and Kenco entered into the Settlement Agreement, a copy of which is included in the October 10 Affidavit.
3. The key terms of the Settlement Agreement are as follows:

### Settlement Funds

- a) Iovate USA shall pay to the Proposal Trustee the sum of \$2.8 million to be held in escrow (the “**Settlement Funds**”). The Proposal Trustee notes that such amount has in fact been paid over to the Proposal Trustee;
- b) the Settlement Funds shall be released to Kenco upon approval of the Settlement Agreement by the Proposal Trustee, lenders, and the Canadian Court;

### Post-Petition Services

- c) Iovate USA shall pay Kenco’s invoices for services rendered post-petition (the “**Post-Petition Services**”), within seven days of receipt of any such invoice, which shall be issued by Kenco to Iovate USA by close of business on October 10, 2025;
- d) Iovate USA shall provide pre-payment to Kenco for services to be rendered in October 2025;
- e) Kenco shall issue an invoice for estimated October costs to be incurred by Kenco by close of business on October 10, 2025, and Iovate shall pay such invoice within seven days of its receipt, and any overpayment will be credited back to Iovate USA within thirty days of payment;

### Restructuring Process Support and Inventory Handling

- f) Kenco will support the NOI Applicants’ orderly restructuring process; and
- g) Kenco will continue to provide services to Iovate USA until Iovate USA’s goods are no longer residing at the Kenco facility.

## **3.4 Releases**

1. As part of the settlement between Iovate USA and Kenco, the NOI Applicants are also seeking approval of the Releases in the Settlement Approval Order, which will provide a full and final resolution to the dispute between Kenco and Iovate USA in respect of the Kenco Agreement.

## **3.5 Proposal Trustee’s Analysis**

1. The Proposal Trustee is supportive of the Settlement Agreement, inclusive of the Releases, and recommends that the Settlement Agreement and Releases should be approved and the Settlement Approval Order should be granted for the following reasons:
  - a) the Proposal Trustee is satisfied that the terms of the Settlement Agreement and Releases are fair and reasonable;
  - b) the settlement avoids costly, uncertain, and protracted litigation in both Canada and the United States;
  - c) the Settlement Agreement and Releases will allow the NOI Proceedings to proceed in an efficient and cost-effective manner to maximize realizations for the NOI Applicants’ creditors and stakeholders;

- d) the NOI Applicants' primary secured lenders consent to the Settlement Agreement and Releases;
- e) the Proposal Trustee is not aware of any creditors or stakeholders that would be harmed or materially prejudiced by the Settlement Agreement and Releases;
- f) the Proposal Trustee is not aware of any opposition to the approval of the Settlement Agreement and Releases; and
- g) based on the NOI Applicants' Cash Flow Forecast attached as Appendix "A" to the Second Report of the Proposal Trustee's dated October 1, 2025 (the "**Second Report**") and as more particularly described below, the NOI Applicants' are expected to have sufficient funds to fulfill their obligations under the Settlement Agreement and to continue operations to the end of the Cash Flow Period (defined below).

#### 4.0 Cash Flow Forecast

1. As described above, the NOI Applicants prepared and filed a Cash Flow Forecast for the period from September 29, 2025 to November 7, 2025 (the "**Cash Flow Period**") in connection with the NOI Applicants' request for the Stay Extension. A copy of the Cash Flow Forecast and Management's Report on Cash Flow is attached as Appendix "A" to the Second Report. The Cash Flow Forecast projected an ending cash balance of approximately \$2.4 million as of November 7, 2025, which included a material contingency related to Kenco. In addition, actual receipts have exceeded projections, and accordingly, the NOI Applicants expect to have sufficient liquidity to continue operations through the end of the Cash Flow Period.

#### 5.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court grant the Settlement Approval Order.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF  
IOVATE HEALTH SCIENCES INTERNATIONAL INC.,  
IOVATE HEALTH SCIENCES U.S.A. INC. AND  
NORTHERN INNOVATIONS HOLDING CORP.  
AND NOT IN ITS PERSONAL CAPACITY**

IN THE MATTER OF the *Bankruptcy and Insolvency Act*, R.S.C., 1985, C. B-3, as amended

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF IOVATE HEALTH SCIENCES INTERNATIONAL INC.

COURT NO.: 31-3268936

ESTATE NO.: 31-3268936

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF IOVATE HEALTH SCIENCES U.S.A. INC.

COURT NO.: 31-3268942

ESTATE NO.: 31-3268942

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NORTHERN INNOVATIONS HOLDING CORP.

COURT NO.: 31-3268971

ESTATE NO.: 31-3268971

Court File No. BK-25-03268936-0031

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Proceeding commenced at: TORONTO

THIRD REPORT OF THE PROPOSAL TRUSTEE  
(OCTOBER 15, 2025)

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## **Appendix “F”**



October 30, 2025

**Fourth Report to Court of  
KSV Restructuring Inc. in its capacity  
as Proposal Trustee of lovate Health  
Sciences International Inc.,  
lovate Health Sciences U.S.A. Inc. and  
Northern Innovations Holding Corp.**

**and**

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

<b>Contents</b>		<b>Page</b>
1.0	Introduction .....	1
1.1	Purposes of this Report.....	3
1.2	Restrictions .....	4
1.3	Currency .....	4
2.0	Background .....	4
3.0	Activities of the Proposal Trustee .....	5
4.0	Developments Since the Third Report .....	5
4.1	Orgain, Inc. ....	5
4.2	Kenco Logistic Services, LLC .....	6
5.0	Continuation of the NOI Proceedings under the CCAA.....	7
6.0	Proposed Continuation and Granting of Court Charges .....	8
7.0	Foreign Representative and Recognition .....	8
8.0	Stay of Proceedings .....	9
9.0	Qualifications to Act as Monitor .....	10
10.0	Cash Flow Forecast.....	10
11.0	Sale and Investment Solicitation Process .....	10
12.0	Conclusion and Recommendation .....	11

## **Appendices**

<b>Appendix</b>	<b>Tab</b>
Cash Flow Forecast and Management’s Report on Cash Flow.....	A
Proposed Monitor’s Report on Cash Flow .....	B

Court File No. BK-25-03268936-0031

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Court No.: 31-3268942  
Estate No.: 31-3268942

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
IOVATE HEALTH SCIENCES INTERNATIONAL INC.

Court No.: 31-3268942  
Estate No.: 31-3268942

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
IOVATE HEALTH SCIENCES U.S.A. INC.

Court No.: 31-3268971  
Estate No.: 31-3268971

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
NORTHERN INNOVATIONS HOLDING CORP.

FOURTH REPORT OF KSV RESTRUCTURING INC. AS  
PROPOSAL TRUSTEE AND PRE-FILING REPORT OF KSV  
RESTRUCTURING INC. AS PROPOSED MONITOR

OCTOBER 30, 2025

## 1.0 Introduction

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 September 9, 2025, the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**") granted an order (the "**September 9 Order**"):
  - a) granting an administrative consolidation of the proposal proceedings (the "**NOI Proceedings**") under one title of proceedings;

- b) granting a charge over the assets, undertakings and properties of the NOI Applicants to secure payment of the fees and disbursements of certain administrative professionals (the “**Administrative Professionals Charge**”), up to an amount of CAD \$750,000;
  - c) authorizing Iovate International to act as foreign representative for the purpose of having the NOI Proceedings recognized in a jurisdiction outside of Canada; and
  - d) authorizing Iovate International, as foreign representative, to apply for relief pursuant to Chapter 15 of the U.S. Bankruptcy Code.
3. On September 10, 2025, the U.S. Bankruptcy Court for the Southern District of New York (the “**New York Court**”) entered an order (the “**Provisional Order**”) provisionally recognizing Iovate International as foreign representative of the NOI Applicants with full authority to administer their assets and affairs in the United States (the “**Chapter 15 Proceedings**”). The Provisional Order also provided that section 362 of the U.S. Bankruptcy Code applies with respect to the NOI Applicants and the property of each NOI Applicant that is within the territorial jurisdiction of the United States. The Provisional Order was extended pursuant to an order granted by the New York Court on September 19, 2025.
4. On October 3, 2025, the Canadian Court granted an order (the “**October 3 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.
5. On October 17, 2025, the Canadian Court granted an order, among other things, approving a settlement agreement between Iovate USA and Kenco Logistic Services, LLC (“**Kenco**”) dated October 8, 2025 (the “**Settlement Agreement**”), and the associated mutual release. The Court declined to make any order regarding the stay under section 362 of the U.S. Bankruptcy Code and declined to schedule the related case conference requested by Orgain, Inc. (“**Orgain**”).
6. On October 28, 2025, the New York Court, among other things:
- a) recognized the NOI Proceedings as the foreign main proceeding pursuant to section 1517 of the U.S. Bankruptcy Code and granted the protection afforded by the automatic stay of proceedings to the NOI Applicants and to the NOI Applicants’ property that is within the United States; and
  - b) ordered Walmart to turn over all amounts owing to the NOI Applicants by Walmart as a result of the Writ and as due in the ordinary course of business.
7. KSV is filing this joint report (the “**Joint Report**”) in its capacities as: (i) the Proposal Trustee of the NOI Applicants; and (ii) Proposed Monitor (defined below) to Xiwang Iovate Holdings Company Limited (“**Xiwang Iovate**”), Iovate International, Iovate USA, Northern Innovations and Iovate Health Sciences Australia Pty Ltd. (“**Iovate Australia**”, and collectively, the “**Applicants**”)
8. Capitalized terms not defined herein have the meaning ascribed to them in the Affidavit of Wesley Parris sworn October 29, 2025 (the “**October 29 Affidavit**”) filed in support of the Applicants’ motion.

## 1.1 Purposes of this Report

1. The purposes of this Joint Report are to:
  - a) provide background information about the NOI Applicants, the NOI Proceedings and the proposed CCAA Proceedings (defined below);
  - b) provide KSV's recommendation in support of the Applicants' motion to:
    - i. declare that each of the Applicants is a "debtor company" to which the CCAA applies;
    - ii. direct that the NOI Proceedings be taken up and continued under the CCAA (the "**CCAA Proceedings**");
    - iii. appoint KSV as an officer of the Court in the proposed CCAA Proceedings to monitor the assets, business, and affairs of the Applicants (the "**Proposed Monitor**" and once appointed in such capacity, the "**Monitor**");
    - iv. grant a Stay of Proceedings until December 12, 2025;
    - v. extend the benefit of the Stay of Proceedings and other aspects of the Initial Order to the Non-Applicant Stay Parties<sup>1</sup>;
    - vi. order that the September 9 Order, the October 3 Order and the Order of Justice W.D. Black granted October 17, 2025 and the authorizations, rights, protections and other relief granted thereunder shall continue in full force and effect in the CCAA Proceedings;
    - vii. expand the September 9 Order to appoint Iovate International as the foreign representative of the Iovate Group (the "**Foreign Representative**") in respect of these CCAA Proceedings and authorize the Foreign Representative to apply for relief pursuant to Chapter 15 of the U.S. Bankruptcy Code; and
    - viii. continue or grant (as applicable) the Charges (as defined below) over all of the Applicants' current and future assets, property and undertaking (collectively, the "**Property**");
  - c) provide KSV's qualifications to act as Monitor in the proposed CCAA Proceedings;
  - d) report on the Applicants' cash flow projection for the period ending December 12, 2025 (the "**Cash Flow Forecast**"); and
  - e) report on the Proposal Trustee's activities and the recommendations of KSV as Proposal Trustee and Proposed Monitor in connection with the foregoing.

---

<sup>1</sup> Non-Applicant Stay Parties include: Infinity Insurance Co. Ltd. ("**Infinity Insurance**"), Iovate Health Sciences Europe Limited ("**Iovate Europe**"), Muscletech LLC ("**Muscletech**"), XP Sports LLC ("**XP Sports**"), and Simplevita Nutrition LLC ("**Simplevita**") (collectively, the "**Non-Applicant Stay Parties**", and together with the Applicants, the "**Iovate Group**").

## 1.2 Restrictions

1. In preparing this Joint Report, KSV 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. KSV has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Joint Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, KSV 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. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Joint Report is based on the Applicants' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV 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 Joint Report are in U.S Dollars.

## 2.0 Background

1. The October 29 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 Joint Report.
2. The Applicants are part of the lovate 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 lovate Group's key brands include MuscleTech™, Hydroxycut™, Six Star®, and Purely Inspired®, which are sold in over 90 countries worldwide.
3. Since the commencement of the NOI Proceedings, the NOI Applicants, with the assistance of the Proposal Trustee, have stabilized operations, maintained supply relationships, and continued normal business activities. In particular, the NOI Applicants, with the assistance of the Proposal Trustee, have worked to resolve two critical issues, as detailed further in Section 4.0 of this Joint Report:
  - a) first, the parties negotiated and arranged a consensual resolution of the dispute with Kenco, which was approved by the Court on October 17, 2025; and
  - b) second, the parties obtained an Order from the New York Court directing Walmart to promptly release all monies being held by Walmart in relation to the Writ (as defined below) and remit all payments owed to the NOI Applicants in the ordinary course of business.

4. The October 29 Affidavit, all Court Orders granted in the NOI Proceedings and the Reports filed by KSV in its capacity as Proposal Trustee are available on KSV's website at the following link: <https://www.ksvadvisory.com/experience/case/lovate>.

### 3.0 Activities of the Proposal Trustee

1. Since the delivery of the Third Report of the Proposal Trustee dated October 15, 2025 (the "**Third Report**"), the Proposal Trustee has engaged in the following activities, certain of which are detailed further in the sections below:
  - a) assisting the NOI Applicants in their communications to suppliers and other stakeholders;
  - b) assisting the Applicants in the preparation of the Cash Flow Forecast;
  - c) assisting the NOI Applicants in their negotiation with and performance of the Settlement Agreement with Kenco;
  - d) assisting the NOI Applicants to negotiate and obtain the release of the receivables being held by Walmart;
  - e) engaging with investment-banking firms to submit proposals in connection with a proposed SISP (defined below);
  - f) assisting the Applicants in the preparation and design of the proposed SISP;
  - g) attending calls and email correspondence with the Applicants, the Applicants' legal counsel and the Proposal Trustee's counsel, Osler, Hoskin & Harcourt LLP, regarding all matters in connection with the NOI Proceeding and the proposed CCAA Proceeding; and
  - h) with the assistance of its legal counsel, preparing this Joint Report.

### 4.0 Developments Since the Third Report

#### 4.1 Orgain, Inc.

1. In the U.S. District Court for the Central District of California, a jury returned a verdict against lovate International and lovate USA on September 6, 2023, and the court entered judgment on April 17, 2024 in the amount of \$10,035,481 plus costs.
2. The parties initially appeared to have reached an agreement in principle regarding settlement terms; however, a dispute later arose as to whether a binding settlement had in fact been concluded.
3. On November 17, 2024, the court entered an Amended Judgment of \$12,500,000, for which lovate International and lovate USA are jointly and severally liable.
4. To enforce the Amended Judgment, Orgain pursued garnishments against receivables from major customers, including Walmart, Amazon, GNC, and Vitamin Shoppe. Walmart specifically accounts for a significant amount of the lovate Group's receipts.

5. Orgain obtained a writ of garnishment in Arkansas on June 27, 2025 (the “**Writ**”) and subsequently served Walmart with the Writ. Walmart then froze and withheld payments to lovate USA beginning around August 4, 2025.
6. lovate International and lovate USA’s motion to quash the Writ was heard and denied by the Circuit Court of Benton County, Arkansas (the “**Arkansas Court**”) on August 25, 2025.
7. On August 27, 2025, the Lenders delivered letters demanding immediate repayment of the outstanding indebtedness under the Credit Agreement, stating that several Events of Default under the Credit Agreement had occurred, and delivered notices of intention to enforce security under Section 244 of the BIA.
8. After lovate commenced the NOI Proceedings and the Chapter 15 Proceedings, a Notice of Bankruptcy was filed with the Arkansas Court. The Arkansas Court closed the garnishment case on September 25, 2025, pending resolution of the insolvency proceedings.
9. As of October 3, 2025, Walmart owed the Applicants approximately \$21.5 million. Walmart resumed some payments from October 8, 2025, releasing about \$3.4 million, however Walmart continues to retain approximately \$13.7 million in relation to the Amended Judgment, which continues to restrict the lovate Group’s liquidity.
10. In the Chapter 15 Proceedings, as part of the Recognition Motion, lovate sought an order explicitly directing Walmart to remit the withheld funds. Orgain responded by filing: (i) a motion in Canada on October 14, 2025, seeking to lift the BIA stay to allow it to continue garnishment proceedings commenced by it in the Arkansas Court, and (ii) a limited objection in the Chapter 15 case on October 15, 2025, asking the U.S. Court not to require full turnover of the Walmart funds. On October 20, 2025, the Canadian Court declined to schedule Orgain’s motion, noting that Judge Glenn and the New York Court were the appropriate tribunal to determine matters under section 362 of the U.S. Bankruptcy Code.
11. On October 28, 2025, Judge Glenn entered an order, among other things, directing the Foreign Representative to take immediate possession of the Walmart Receivable (being the receivable due and owing from Walmart to the NOI Applicants as of September 5, 2025), requiring Walmart to turn over all monies being held by Walmart as a result of the Writ and to continue to remit all monies owing to the NOI Applicants in the ordinary course of business.

#### **4.2 Kenco Logistic Services, LLC**

1. lovate USA transitioned its distribution in the United States from an in-house facility in Buffalo to Kenco in September 2023 under a Warehousing & Logistics Services Agreement dated April 27, 2023.
2. By mid-2024, third-party logistics costs were significantly over budget, and in December 2024, lovate USA decided to transition operations to RJW Logistics Group even though the Kenco contract remained in force.
3. During the summer of 2025, lovate USA and Kenco negotiated an early termination framework that contemplated ongoing services at roughly \$900,000 per month, approximately \$1.8 million in arrears, and a transition fee of about \$3.7 million.

4. On September 23, 2025, Kenco filed an emergency motion in the Chapter 15 case seeking expedited stay relief or adequate protection based on a claimed general warehouseman's lien and asserted termination-related obligations exceeding \$8.5 million; expedited relief was denied. As of early October 2025, Kenco held approximately \$18 million of lovate USA inventory, and its services were still needed through to the end of October.
5. On October 8, 2025, lovate USA and Kenco executed the Settlement Agreement. The Settlement Agreement provides that: i) lovate USA will pay to the Proposal Trustee, \$2.8 million to be held in escrow for Kenco until court approval; ii) payment to Kenco of all post-petition services and a prepayment for October services (to the extent there is any overpayment, the overpayment will be credited back to lovate USA within thirty days of payment), iii) Kenco's continued cooperation and services until all goods left its facility, and iv) mutual releases which will provide a full and final resolution to the dispute.
6. On October 17, 2025, the Canadian Court approved the Settlement Agreement, after which the \$2.8 million was released to Kenco and the settlement terms were implemented.

## **5.0 Continuation of the NOI Proceedings under the CCAA**

1. The Applicants are seeking an order to commence, or continue the NOI Proceeding (as applicable), under the CCAA.
2. The NOI Proceedings were initiated on an urgent basis to provide the NOI Applicants with time to address their liquidity issues. The Applicants are insolvent and require additional time to complete their restructuring efforts to maximize value for the Applicants' stakeholders.
3. The NOI Applicants' restructuring efforts since commencement of the NOI Proceedings have focused on improving and maintaining their liquidity position and pursuing a going-concern solution for the business in Canada.
4. As described in further detail in the October 29 Affidavit, the Applicants now seek to commence, or continue the NOI Proceedings (as applicable), under the CCAA to, among other things, provide the Applicants with the time, flexibility and stability to maintain the lovate Group as a going concern business and undertake an orderly restructuring process, which will likely be in the form of a SISP described in further detail below. The Applicants also seek to continue with full force and effect, the authorizations, rights, protections and other relief granted by the September 9 Order, the October 3 Order and the October 17 Order, in the CCAA Proceedings.
5. In the Proposed Monitor's view, continuation of the NOI Proceedings under the CCAA and commencement of the CCAA Proceeding in respect of Xiwang lovate and lovate Australia, is appropriate and consistent with the CCAA's objectives to allow debtors to continue to carry on business and avoid the social and economic costs of liquidating its assets. Further, the continuation of the Orders previously granted in the NOI Proceedings is appropriate as the NOI Applicants will continue to require the benefit of these Orders in the context of the CCAA Proceedings.

## 6.0 Proposed Continuation and Granting of Court Charges

1. The September 9 Order approved a CAD \$750,000 charge securing the fees and disbursements of the Proposal Trustee, its counsel, U.S. counsel and Canadian counsel for the NOI Applicants, and KPMG LLP in its capacity as the Financial Advisor to the NOI Applicants.
2. The Initial Order contemplates an order:
  - a) continuing the Administrative Professionals Charge up to a maximum amount of CAD \$750,000 and including FTI Consulting, in its capacity as financial advisor to the Lenders, and Blake, Cassels & Graydon LLP, as counsel to the Lenders, among the Administrative Professionals that are beneficiaries under the Administrative Professionals Charge; and
  - b) granting a priority charge in favour of the Directors and Officers in the amount of CAD \$1,310,000 (the “**Directors’ Charge**”, together with the Administrative Professionals Charge, the “**Charges**”).
3. The Administrative Professionals Charge shall be a charge over the Property of the Applicants and is proposed to rank ahead of and have priority over all existing claims and encumbrances and the Directors’ Charge. The proposed Initial Order contemplates that the Directors’ Charge will rank subordinate to the Administrative Professionals Charge, but in priority to all other claims and encumbrances.
4. The Proposed Monitor has assisted the Applicants in the calculation of the quantum of the Administrative Professionals Charge and the Directors’ Charge, taking into account a series of factors. Having regard to the nature, size and complexity of the proposed CCAA Proceeding, the Proposed Monitor is of the view that the Charges are reasonable and appropriate in the circumstances. The Proposed Monitor understands that the continuation and granting, as applicable, and quantum of the Charges is supported by the Lenders.
5. The Proposed Monitor believes that the Administrative Professionals Charge and the Director’s Charge continue to be appropriate and reasonable and the continuation and granting, as applicable, in the CCAA Proceedings ought to be approved.

## 7.0 Foreign Representative and Recognition

1. The Applicants seek to expand the September 9 Order to appoint Iovate International as the Foreign Representative for the Applicants within the CCAA Proceedings and to authorize Iovate International to apply for relief under Chapter 15 of the U.S. Bankruptcy Code.
2. Authorizing Iovate International to act as Foreign Representative and to seek recognition of the CCAA Proceedings, if granted, in the United States is consistent with the established principles of comity, cooperation between courts in cross-border insolvencies and will likely facilitate the restructuring of the Iovate Group on a cross-border basis.
3. The Proposed Monitor supports the request for Iovate International to act as the Foreign Representative for the Applicants within the CCAA Proceedings.

## 8.0 Stay of Proceedings

1. Pursuant to the October 3 Order, the current stay of proceedings is set to expire on November 4, 2025.
2. As part of the relief sought in the Initial Order, the Applicants request an extension of the Stay of Proceedings in the CCAA Proceedings to December 12, 2025 (the “**Stay Period**”). Given the integration of the Iovate Group’s business and operations, the Applicants also seek to extend the Stay to the Non-Applicant Stay Parties and their respective directors, officers, advisors (including counsel), and other representatives. This relief is intended to prevent uncoordinated enforcement actions in multiple jurisdictions and preserve enterprise value.
3. In the circumstances, the Proposed Monitor supports the granting of the relief requested and is of the view that it is reasonable and consistent with other cases where an NOI proceeding has been converted to a CCAA proceeding, as:
  - a) the key stakeholders have had notice of these NOI Proceedings since early September;
  - b) the proposed relief removing the need to return for a 10-day comeback has been granted by this Court in similar circumstances where:
    - i. the breadth of the proposed Stay of Proceedings is consistent with the scope of the stay of proceedings granted in the NOI Proceeding;
    - ii. the key stakeholders have had notice of the NOI Proceedings since early September; and
    - iii. in any event, the Applicants intend to return to Court within 13 days, on November 13, 2025, to seek approval of the SISP;
  - c) due to the integration of the business and operations of the Iovate Group, the Stay of Proceedings should be extended to the Iovate Group;
  - d) since the commencement of the NOI Proceedings, the NOI Applicants have continued to act in good faith and with due diligence;
  - e) the proposed Stay of Proceedings will allow the Applicants to continue to develop and finalize the terms of the SISP and engage an investment-banking firm to act as the investment bank in connection with the SISP;
  - f) the Applicants are expected to have sufficient liquidity to fund their operations, as reflected in the Cash Flow Forecast, through to the end of the proposed Stay Period; and
  - g) the Proposed Monitor does not believe any creditor will be prejudiced if the extension of the Stay of Proceedings is granted.
4. For the reasons set out immediately above, and in light of the underlying factors that support the Proposed Monitor’s recommendation to permit the NOI Proceeding to be continued under the CCAA, the Proposed Monitor is supportive of the extension of the Stay of Proceedings.

## 9.0 Qualifications to Act as Monitor

1. KSV is a licensed trustee within the meaning of section 2 of the BIA. In addition, KSV is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.
2. KSV has consented to act as Monitor in the proposed CCAA Proceeding should the Court grant the Initial Order. A copy of KSV's consent to act as Monitor is attached to the October 29 Affidavit as Exhibit "HH".
3. As KSV is presently the Proposal Trustee, it is familiar with the Applicants' business and operations and accordingly, it is logical and efficient for KSV to be appointed as Monitor.

## 10.0 Cash Flow Forecast

1. The Applicants have prepared the Cash Flow Forecast for the period from October 27, 2025 to December 12, 2025 (the "**Forecast Period**"), to align with the request for an extension of the Stay Period. The Cash Flow Forecast and the Applicants' statutory report thereon pursuant to Section 10(2)(b) of the CCAA are attached hereto Appendix "A".
2. The Proposed Monitor notes that the Applicants are expected to have sufficient liquidity to meet all of their day-to-day obligations during the Forecast Period.
3. The Cash Flow Forecast contemplates the payment of ongoing interest to the Lenders throughout the Forecast Period, reflecting the Applicants' continued commitment to maintain lender support and confidence.
4. Based on the Proposed Monitor's review of the Cash Flow Forecast, the cash flow assumptions appear reasonable. The Proposed Monitor's report on the Cash Flow Forecast is attached as Appendix "B".

## 11.0 Sale and Investment Solicitation Process

1. The Proposed Monitor, in consultation with the Applicants and the Lenders, is in the process of developing a sale and investment solicitation process ("**SISP**"), the terms of which are still in the process of being finalized, to pursue a going concern transaction for the benefit of the Lovate Groups' stakeholders.
2. The proposed SISP will provide for the Applicants and the Monitor to solicit interest in, and opportunities for: (a) one or more sale(s) or partial sale(s) of all, substantially all, or certain portions of the Lovate Group's business and/or property; and/or (b) an investment in, restructuring, recapitalization, refinancing or other form of reorganization of all or some of the Applicants or all or part of the Lovate Group's business.
3. The Proposed Monitor has initiated the process to obtain proposals from investment-banking firms to act as the investment bank in connection with the SISP. The proposals are due during the last week of October 2025. Once proposals are submitted, the Applicants, in consultation with the Lenders and the Monitor, will select the preferred investment-banking firm.

4. In this regard, the Applicants have scheduled a hearing for November 13, 2025 and will appear before the Canadian Court at that time to seek approval of the SISP.

## 12.0 Conclusion and Recommendation

1. KSV, both in its capacity as Proposal Trustee and the Proposed Monitor, is of the view that the relief sought in the proposed Initial Order is fair, reasonable, and necessary to stabilize operations, protect enterprise value, and maximize recoveries for the Applicants' stakeholders.
2. Based on the foregoing, KSV, both in its capacity as Proposal Trustee and the Proposed Monitor, respectfully recommends that this Honourable Court grant the Initial Order as requested by the Applicants.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF  
IOVATE HEALTH SCIENCES INTERNATIONAL INC.,  
IOVATE HEALTH SCIENCES U.S.A. INC. AND  
NORTHERN INNOVATIONS HOLDING CORP.**

**AND**

**KSV RESTRUCTURING INC.,  
IN ITS CAPACITY AS PROPOSED 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**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF IOVATE HEALTH SCIENCES INTERNATIONAL INC.**

**COURT NO.: 31-3268936**

**ESTATE NO.: 31-3268936**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF IOVATE HEALTH SCIENCES U.S.A. INC.**

**COURT NO.: 31-3268942**

**ESTATE NO.: 31-3268942**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NORTHERN INNOVATIONS HOLDING CORP.**

**COURT NO.: 31-3268971**

**ESTATE NO.: 31-3268971**

**Court File No. BK-25-03268936-0031**

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

Proceeding commenced at: TORONTO

**FOURTH REPORT OF THE PROPOSAL TRUSTEE**  
**AND REPORT OF THE PROPOSED MONITOR**  
**(OCTOBER 30, 2025)**

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Lawyers for KSV Restructuring Inc. in its capacity as Proposal Trustee and  
Proposed Monitor

## **Appendix “G”**



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.**

<b>Contents</b>		<b>Page</b>
1.0	Introduction .....	1
1.1	Purposes of this First Report.....	3
1.2	Restrictions .....	3
1.3	Currency .....	4
2.0	Background .....	4
3.0	SISP .....	5
3.1	Pre-Filing Marketing Process .....	5
3.2	SISP .....	5
3.3	Monitor’s Powers .....	6
3.4	Solicitation of Interest.....	6
3.5	Phase 1 Qualified Bids.....	7
3.6	Phase 2 Qualified Bids.....	8
3.7	Selection of Successful Bid .....	9
3.8	Access to Information .....	10
3.9	SISP Recommendation.....	10
4.0	Sales Agent.....	11
4.1	Origin Merchant Partners .....	11
4.2	Engagement Letter .....	11
5.0	Sealing .....	12
6.0	Incentive Payments and Key Employee Retention Payments.....	12
6.1	Incentive Plan and Key Employee Retention Plan.....	13
6.2	Incentive Plan and Key Employee Retention Plan Recommendation.....	14
7.0	Cash Flow Forecast.....	14
8.0	Stay Extension .....	15
9.0	Monitor’s Activities since the Initial Order .....	16
10.0	Conclusion and Recommendation .....	17

## **Appendices**

<b>Appendix</b>	<b>Tab</b>
Cash Flow Forecast and Management’s Report on Cash Flow.....	A
Monitor’s Report on Cash Flow.....	B

<b>Confidential Appendix</b>	<b>Tab</b>
Unredacted Engagement Letter.....	1

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 Introduction<sup>1</sup>

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**");

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<sup>1</sup> 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**”).<sup>2</sup> 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;

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<sup>2</sup> 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 ARIO);
- 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 lovate 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 lovate 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/lovate> (the “**Case Website**”).

## 3.0 SISP<sup>3</sup>

### 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 <sup>4</sup>	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.

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

<sup>4</sup> 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 SISF), 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 SISF 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	<u>43,675</u>
Disbursements	
Inventory Purchases	(36,407)
Operating Expenses	(9,992)
Payroll and Benefits	(4,005)
Occupancy Costs	(300)
Other Expenses	132
Total Disbursements	<u>(50,572)</u>
Net Cash Flow Before the Undernoted	(6,897)
Professional Fees	(4,654)
Interest	(4,632)
Net Cash Flow	<u>(16,183)</u>
Opening Cash Balance	25,960
Net Cash Flow	<u>(16,183)</u>
Closing Cash Balance	<u><u>9,777</u></u>

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 SISP;
  - 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 “H”**



November 27, 2025

**Supplement to the 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.**

<b>Contents</b>		<b>Page</b>
1.0	Introduction .....	1
1.1	Purposes of this Supplemental Report .....	1
1.2	Restrictions .....	1
1.3	Currency .....	1
2.0	Cash Flow Forecast.....	2
3.0	KERP Charge Calculation .....	2
4.0	Conclusion and Recommendation .....	3

## **Appendices**

<b>Appendix</b>	<b>Tab</b>
Letter of the Administrative Agent dated November 26, 2025 .....	A
Updated Cash Flow Forecast .....	B

<b>Confidential Appendix</b>	<b>Tab</b>
KERP Charge Calculation .....	1



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.

SUPPLEMENT TO THE FIRST REPORT OF THE MONITOR  
KSV RESTRUCTURING INC.

NOVEMBER 27, 2025

## 1.0 Introduction

1. This report (the “**Supplemental Report**”) supplements and should be read in conjunction with the First Report of the Monitor dated November 25, 2025 (the “**First Report**”).
2. Unless otherwise stated, capitalized terms used in this Supplemental Report have the meaning provided to them in the First Report.

### 1.1 Purposes of this Supplemental Report

1. The purpose of this Supplemental Report is to respond to the letter of the Administrative Agent dated November 26, 2025 (the “**Letter**”), delivered to the Service List for this matter and attached as **Appendix “A”** to this Supplemental Report, and to also provide further information supporting the quantification of the KERP Charge.

### 1.2 Restrictions

1. This Supplemental Report is subject to the restrictions as set forth in the First Report.

### 1.3 Currency

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

## 2.0 Cash Flow Forecast

1. The Letter delivered by the Administrative Agent requests an amendment to the ARIO to authorize the Applicants, with the Monitor's consent, to make principal payments to the Administrative Agent in accordance with the terms of the Amended and Restated Credit Agreement dated June 30, 2021. The principal payments requested are as follows:
  - a) \$750,000 for the week ending December 26, 2025; and
  - b) \$1,750,000 for the week ending January 23, 2026 (collectively, the "**Principal Payments**").
2. The authorization to make such Principal Payments is subject to the following conditions:
  - a) the Monitor obtaining a security opinion in respect of the Administrative Agent's security that concludes, subject to customary assumptions and qualifications, that the security is valid, enforceable and properly perfected; and
  - b) at the time a Principal Payment is due, the Monitor must be satisfied that the Applicants have sufficient cash to make such payment without imperiling the payment of post-filing operating expenses.
3. In response to the Letter, the Monitor has revised the Cash Flow Forecast included in the First Report for the period commencing on November 17, 2025 and ending on January 30, 2026 to include the Principal Payments requested by the Administrative Agent (the "**Updated Cash Flow Forecast**"). The Updated Cash Flow Forecast is attached as **Appendix "B"**.
4. The Updated Cash Flow Forecast indicates that the Applicants are projected to have sufficient liquidity to make the requested Principal Payments while continuing to satisfy post-filing obligations in the ordinary course. Accordingly, subject to the conditions outlined above, the Monitor is of the view that it is reasonable and appropriate to make the requested Principal Payments.

## 3.0 KERP Charge Calculation

1. To support the granting of the KERP Charge requested by the Applicants, the Monitor has prepared a detailed breakdown of the amount of the KERP Charge requested (the "**KERP Charge Calculation**"), attached as **Confidential Appendix "1"** to this Supplemental Report.
2. The Applicants are requesting a sealing order for the KERP Charge Calculation, which includes personal compensation information. The Monitor believes it is appropriate to seal the KERP Charge Calculation indefinitely, subject only to further Court order. The sealing of this type of sensitive and personal information is consistent with the approach taken in other CCAA proceedings for sensitive information of this nature, protects the privacy of the Key Employees and will help avoid any unnecessary disruption or distraction to the Applicants' business that such disclosure may cause.

The Monitor does not believe that any stakeholder will be prejudiced if the information in the KERP Charge Calculation is sealed.

#### 4.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court: (i) authorize the Applicants, with the Monitor's consent, to make the Principal Payments, subject to the conditions described above, and (ii) grant a sealing order over the KERP Charge Calculation.

\* \* \*

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 “I”**



December 9, 2025

**Second 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.**

## Contents

Page

1.0	Introduction .....	1
1.1	Purposes of this Second Report.....	3
1.2	Restrictions .....	3
1.3	Currency .....	4
2.0	Background .....	4
3.0	Enhanced Monitor's Powers .....	4
4.0	Monitor's Activities since the ARIO and SISP Order .....	7
5.0	Conclusion and Recommendation .....	7

## Appendices

### Appendix

Tab

SISP Order .....	A
------------------	---

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.

SECOND REPORT OF THE MONITOR  
KSV RESTRUCTURING INC.

DECEMBER 9, 2025

## 1.0 Introduction

1. On September 5, 2025, Iovate Health Sciences International Inc. ("**Iovate International**"), Iovate Health Sciences U.S.A. Inc. and Northern Innovations Holding Corp. (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 to 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 ("**Iovate Holdings**") 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**");

- b) extended the benefit of the stay of proceedings to five related foreign entities (the “**Non-Applicant Stay Parties**”).<sup>1</sup> 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 entered an order amending its 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. On November 28, 2025, the Court granted:
- 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 (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;

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<sup>1</sup> 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 ARIO);
  - approving the sealing of the unredacted Engagement Letter pending further Order of the Court; and
  - extending the Stay Period to and including January 30, 2026.
6. In addition to the relief granted by the Court on November 28, the Applicants had sought: (a) authorization to make certain bonus-related payments to employees in accordance with previously agreed contractual arrangements (collectively, the "**Incentive Payments**"); (b) a key employee retention plan (the "**KERP**") and a KERP Charge in the maximum amount of \$790,000; and (c) authorization to make certain principal payments in accordance with the Credit Agreement (the "**Principal Payments**"). This portion of the Applicant's motion was adjourned by the Court on November 28 as the Monitor needed additional time to confirm certain inputs and assumptions in the Cash Flow Forecast.
7. Since November 28, the Monitor has worked with several senior executives of the Applicants to review applicable inputs, assumptions and working capital requirements and has confirmed that the existing Cash Flow Forecast is reasonable and accurate. Accordingly, should the Monitor's Enhanced Powers Motion be granted, the Monitor anticipates scheduling a motion in early January to seek approval of the KERP, Incentive Payments and the Principal Payments.

## 1.1 Purposes of this Second Report

1. The purposes of this report (the "**Second Report**") are to:
  - a) summarize the enhanced powers being sought by the Monitor in its Notice of Motion, dated December 8, 2025 (the "**Enhanced Powers Motion**"); and
  - b) provide the Court with an update on the Monitor's activities since the granting of the SISP Order and ARIO.
2. Capitalized terms used but not otherwise defined in this Second Report have the meanings given to such terms in the ARIO or the SISP Order, as applicable.

## 1.2 Restrictions

1. In preparing this Second 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 Second 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 Updated 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 Second 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 Updated Cash Flow Forecast will be achieved.

### 1.3 Currency

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

## 2.0 Background

1. The Applicants are part of the lovate 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 lovate Group’s key brands include MuscleTech™, Hydroxycut™, Six Star®, and Purely Inspired®, which are sold in over 90 countries worldwide.
2. The principal purpose of these CCAA proceedings is to create a stabilized environment to enable the Applicants to undertake a Court-supervised SISF 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.
3. 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/lovate> (the “**Case Website**”).

## 3.0 Enhanced Monitor’s Powers

1. As noted in the Affidavit of Wesley Parris, sworn November 19, 2025 (filed by the Applicants in support of their motion for the SISF Order and the ARIO), and in the Affidavit of Xiyao Michael Liu, sworn November 2, 2025 (filed by Xiwang Foodstuffs Co., Ltd. (“**Xiwang Foodstuffs**”), the indirect majority shareholder of the Applicants, in support of its motion for a sealing order), Xiwang Foodstuffs has confirmed that it intends to participate in the SISF.
2. The Monitor also understands that other shareholders and/or related parties may participate in the SISF.

3. To maintain the fairness and integrity of the SISP, particularly in the circumstances involving a potential related-party bidder, the Applicants and the Monitor were of the view that certain enhanced powers for the Monitor were reasonable and appropriate in the circumstances. Accordingly, the Applicants sought, and the Court approved, the following enhanced powers for the Monitor in the ARIO:
  - a) the Monitor is authorized, *nunc pro tunc*, to the exclusion of all others (including the Applicants and their respective officers and directors) to:
    - i. negotiate and execute 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.
4. In addition to the foregoing, section 29 of the SISP imposes strict information-sharing and communication protocols to prevent direct or indirect contact between the Applicants and any interested parties without the participation of the Monitor or the Sales Agent:

The Applicants shall not: (a) make direct or indirect communications with any potentially interested parties regarding the SISP unless the Monitor or the Sales Agent are participating in the communications (if communicating orally) or are copied (if communicating by way of written correspondence, including email); and (b) no information about the Applicants shall be shared with one potentially interested party unless that information is also made available to all other potentially interested parties, subject to restrictions on the basis of market competition regarding a competitor.

A copy of the SISP Order is attached as **Appendix “A”** hereto.

5. Since approval of the SISP Order and ARIO on November 28, certain complexities have arisen in administering the foregoing information sharing and communication restrictions by the Monitor in light of:
  - a) the position of Xiwang Foodstuffs as indirect majority shareholder of the Applicants;
  - b) the overlap between the management of Xiwang Foodstuffs and the Applicants’ Board of Directors. For example, the Monitor understands that Mr. Xiyao Michael Lui serves as an executive of Xiwang Foodstuffs, a Managing Director of Iovate Holdings and the Executive Vice Chairman of Iovate International;
  - c) the interest of other shareholder and/or related parties in participating in the SISP;

- d) the governance processes in place at the Applicants which complicate implementation of the required information sharing and communication restrictions, resulting in an increased likelihood of inadvertent, asymmetric disclosure of information; and
  - e) differing perspectives within the Applicants' management regarding implementation processes for information sharing and communication restrictions.
6. The Monitor is concerned that these governance and information flow complexities resulting from, among other things, Xiwang Foodstuffs' expressed intention to participate in the SISP and the existing governance processes in place at the Applicants, may create a meaningful risk of perceived unfairness and increase the likelihood of inadvertent, asymmetric disclosure of information to Xiwang Foodstuffs through ordinary interactions with the Applicants' employees.
7. Accordingly, the Monitor is seeking enhanced powers to permit it to more directly supervise and, where appropriate, manage the Business of the Applicants in order to ensure the fair and transparent administration of these CCAA proceedings and the SISP. The enhanced powers would enable the Monitor to exercise any powers which may be properly exercised by a board of directors or any officers of the Applicants to cause the Applicants to, among other things:
- a) take any and all actions and steps to manage, operate and carry on the Business;
  - b) preserve and protect the Property, or any parts thereof;
  - c) report to, meet with and discuss with such affected persons as the Monitor deems appropriate on all matters relating to the Business and the Property, and to share information, subject to the requirements of the SISP Order or such other of confidentiality as the Monitor deems advisable;
  - d) oversee and direct the preparation and dissemination of financial and other information of the Applicants in the CCAA Proceedings, including cash flow statements;
  - e) apply to the Court for advice and direction or for any further orders in the CCAA Proceedings; and
  - f) take any steps reasonably incidental to the exercise by the Monitor of the powers listed above or the performance of any statutory obligations.
8. The Monitor has discussed the relief sought in the Enhanced Powers Motion with counsel for the Directors of Iovate Holdings and counsel for Xiwang Foodstuffs, and understands that both are supportive of the enhanced powers and related protections sought by the Monitor in the Enhanced Powers Motion.

## 4.0 Monitor's Activities since the ARIO and SISP Order

1. Since the ARIO and the SISP Order were granted on November 28, the Monitor has engaged in the following activities:
  - 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) monitored the Chapter 15 Proceedings;
  - c) assisted the Applicants in the refinement of their cash flows; and
  - d) with the assistance of its legal counsel, drafted this Second Report.

## 5.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully requests that this Honourable Court grant the Order (Enhanced Monitor Powers).

\* \* \*

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 “J”**



January 23, 2026

**Third 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.**

<b>Contents</b>		<b>Page</b>
1.0	Introduction .....	1
1.1	Purposes of this Third Report.....	3
1.2	Restrictions .....	4
1.3	Currency .....	4
2.0	Background .....	4
3.0	SISP .....	5
3.1	Marketing Process .....	5
3.2	Timeline .....	5
4.0	Material Events.....	6
4.1	CEO Resignation .....	6
4.2	Governance Protocol .....	6
4.3	Reduction in Force.....	7
4.4	Security Opinion .....	7
5.0	Adjourned Relief.....	8
5.1	November 28 Hearing.....	8
5.2	EBITDA Condition.....	9
5.3	Incentive Payments.....	9
5.4	KERP and KERP Charge.....	10
5.5	Monitor’s Recommendation .....	10
5.6	KERP Charge Calculation and Sealing Order .....	11
5.7	Principal Payments .....	12
6.0	Cash Flow Forecast.....	12
7.0	Approval of Fees and Disbursements .....	13
8.0	Stay Extension .....	14
9.0	Monitor’s Activities since the Enhanced Monitor Powers Order .....	14
10.0	Conclusion and Recommendation .....	15

## **Appendices**

<b>Appendix</b>	<b>Tab</b>
Governance Protocol.....	A
Second Report of the Monitor dated December 9, 2025 .....	B
Cash Flow Forecast and Management’s Report on Cash Flow.....	C
Monitor’s Report on Cash Flow.....	D
Affidavit of Noah Goldstein affirmed January 23, 2026 .....	E
Affidavit of Marc Wasserman affirmed January 22, 2026 .....	F

<b>Confidential Appendix</b>	<b>Tab</b>
KERP Charge Calculation .....	1

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.

THIRD REPORT OF THE MONITOR  
KSV RESTRUCTURING INC.

JANUARY 23, 2026

## 1.0 Introduction

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 (such proceedings, the "**Proposal Proceedings**"), 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 to 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 ("**Iovate Holdings**") 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**" and such proceedings, the "**CCAA Proceedings**"), as amended, to and including December 12, 2025 (the "**Stay Period**");

- b) extended the benefit of the stay of proceedings to five related foreign entities (the “**Non-Applicant Stay Parties**”).<sup>1</sup> The Applicants, together with the Non-Applicant Stay Parties are collectively referred to as the “**lovate Group**”;
  - c) granted certain charges on the Property (as defined in the Initial Order);
  - d) authorized lovate International to continue to act as the foreign representative of the NOI Applicants in the 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 entered an order amending its prior Order entered on October 28, 2025, and recognizing and enforcing the Initial Order with respect to lovate International, lovate USA, Northern Innovations, Muscletech LLC, XP Sports LLC and Simplevita Nutrition LLC.
5. On November 28, 2025, the Court granted:
- 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 (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;
    - granting a Sales Agent’s Charge in the maximum amount of CAD\$1.75 million in respect of a fee if a transaction is agreed to by the Applicants, calculated based on the transaction value, and the Sales Agent’s expenses, which charge shall be subordinate only to the Administrative Professionals Charge and Directors’ Charge (each as defined in the ARIO); and
    - extending the Stay Period to and including January 30, 2026.

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<sup>1</sup> The Non-Applicant Stay Parties consist of: Infinity Insurance Co. Ltd., lovate Health Sciences Europe Limited, Muscletech LLC, XP Sports LLC and Simplevita Nutrition LLC.

6. On December 12, 2025, the Court granted an order (the “**Enhanced Monitor Powers Order**”) for enhanced powers to permit the Monitor to more directly supervise and, where appropriate, manage the Applicants’ business in order to ensure the fair and transparent administration of the CCAA Proceedings and the SISP. The enhanced powers granted pursuant to this Order enable the Monitor to exercise any powers which may be properly exercised by a board of directors or any officers of the Applicants.

## 1.1 Purposes of this Third Report

1. The purposes of this report (the “**Third Report**”) are to:
  - a) provide the Court with an update on the SISP;
  - b) provide the Court with an update regarding key events affecting the Iovate Group since the Enhanced Monitor Powers Order was granted by the Court on December 12, 2025;
  - c) provide an update regarding the reviews by Canadian and US Counsel to the Monitor in respect of the security granted under the Security Documents (as defined below) by the NOI Applicants and Iovate Holdings, as applicable;
  - d) recommend that the Court issue a Second Amended and Restated Initial Order (the “**SARIO**”), among other things, to authorize the Applicants to make the Principal Payments (as defined below) to the Administrative Agent on behalf of the Lenders (defined below); and
  - e) recommend that the Court issue an order (the “**Stay Extension and Ancillary Relief Order**”), among other things, to:
    - i. extend the Stay Period to April 17, 2026;
    - ii. approve the Incentive Payments, the KERP and the KERP Charge (all as defined below);
    - iii. grant a sealing order in respect of the KERP Charge Calculation (as defined below); and
    - iv. approve the fees and disbursements of: (i) the Monitor for the period from the commencement of the proceedings to November 30, 2025; and (ii) the Monitor’s counsel for the period from the commencement of the proceedings to November 28, 2025 as described in this Third Report; and
  - f) report on the Applicants’ cash flow projection for the 14-week period commencing on January 12, 2026 and ending on April 17, 2026 (the “**Cash Flow Forecast**”); and
  - g) provide the Court with an update on the Monitor’s activities since the granting of the Enhanced Monitor Powers Order.
2. Capitalized terms used but not otherwise defined in this Third Report have the meanings given to such terms in the ARIIO.

## 1.2 Restrictions

1. In preparing this Third 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 and legal counsel.
2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Third 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 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 Third 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 Third Report are in U.S. Dollars.

## 2.0 Background

1. The Applicants are part of the lovate 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 lovate Group's key brands include MuscleTech™, Hydroxycut™, Six Star®, and Purely Inspired®, which are sold in over 90 countries worldwide.
2. 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.
3. 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/lovate> (the "**Case Website**").

## 3.0 SISP

### 3.1 Marketing Process

1. A detailed summary of the SISP was provided in the First Report of the Monitor dated November 25, 2025, and is not repeated herein. The Monitor, with the assistance of the Sales Agent, began the marketing process for the SISP on November 13, 2025. Since then, the Monitor and the Sales Agent have been in contact with several parties interested in participating in the SISP.
2. Since the granting of the SISP Order, the Monitor, with the assistance of the Sales Agent, has prepared and distributed marketing materials designed to solicit interest from strategic and financial parties potentially interested in pursuing either a purchase or investment transaction involving the business and assets of the Iovate Group (each, a “**Potential Bidder**”).
3. In particular, the Sales Agent, with the assistance of the Monitor, prepared (a) an interest solicitation letter to Potential Bidders outlining the acquisition opportunity (the “**Teaser Letter**”); and (b) a process letter describing the manner in which Potential Bidders may gain access to due diligence materials concerning the Iovate Group and its business and assets, the manner in which bids may be submitted, as well as the manner in which bids will be evaluated resulting in the ultimate selection of a successful bidder (the “**Process Letter**”).
4. A form of non-disclosure agreement (an “**NDA**”) was also prepared and provided to Potential Bidders. Execution of the NDA is required for Potential Bidders to obtain (a) a Confidential Information Memorandum (“**CIM**”) prepared by the Sales Agent, with the assistance of the Monitor; and (b) access to a virtual data room (the “**VDR**”) that is populated and managed by the Sales Agent, under the supervision of the Monitor.
5. As of the date of this Third Report the marketing process is ongoing, and the Sales Agent, under the supervision of the Monitor, continues to engage with Potential Bidders in advance of the Phase 1 Bid Deadline (as defined below).

### 3.2 Timeline

1. During the initial stages of the SISP, certain financial and operational matters arose that required additional analysis, clarification, and consultation with the management of the Applicants. These matters needed to be addressed prior to the launch of the SISP. Accordingly, it took longer than originally anticipated to finalize and provide the Potential Bidders with the CIM and VDR access.
2. Given that access to the CIM and VDR were provided later than anticipated, certain Potential Bidders sought clarification from the Monitor and the Sales Agent regarding whether any of the milestone dates would be extended.

3. The Monitor, in consultation with the Sales Agent, determined it would be beneficial for interested parties and the stakeholders of the business to revise the SISP timeline by approximately two-weeks to provide a fair and reasonable opportunity for Potential Bidders to conduct their diligence. In accordance with the terms of the SISP, the Monitor sought and obtained consent from the Administrative Agent to move the deadlines.
4. A summary of the revised SISP timeline is as follows:

Milestone	Original Dates	Revised Dates
Court approval of SISP	November 28, 2025	November 28, 2025
SISP Commencement	November 13, 2025	November 13, 2025
Phase 1 Bid Deadline	January 23, 2026	February 4, 2026
Phase 1 Bid Assessment and Notification (if any)	January 30, 2026	February 11, 2026
Phase 2 Qualified Bid Deadline (if applicable)	March 9, 2026	March 20, 2026
Auction (if applicable)	March 16, 2026	March 27, 2026
Selection of Successful Bid	March 20, 2026	April 1, 2026
Approval Order Hearing <sup>2</sup>	April 1, 2026	April 15, 2026
Outside Date	June 3, 2026	June 17, 2026

5. The revised dates included in the above chart were included in the Process Letter delivered to the Potential Bidders.
6. The Monitor will provide a further update regarding the SISP in its next report to the Court.

## 4.0 Material Events

### 4.1 CEO Resignation

1. After discussions with Mr. Parris, the Monitor and Mr. Parris agreed upon terms of Mr. Parris' resignation. On December 22, 2025, Mr. Parris resigned from his position as CEO of the NOI Applicants, effective immediately.

### 4.2 Governance Protocol

1. The Monitor prepared and delivered a governance protocol on January 6, 2026 (the "**Governance Protocol**") to the senior management teams of each of the Applicants. The Monitor also intends to deliver the Governance Protocol to: (i) all directors and officers of Xiwang Foodstuffs Co., Ltd., (ii) all directors and officers of Chunhua Jingxi (Tianjin) Investment Center (Limited Partnership), and (iii) all directors and officers of each of the Applicants in the near term.
2. The purpose of the Governance Protocol is, among other things, to facilitate maintaining the fairness and integrity of the SISP and to give proper effect to the SISP Order and Enhanced Monitor Powers Order by providing clarity and direction to the Parties regarding their course of conduct as it relates to the CCAA Proceedings, including the SISP.

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<sup>2</sup> Court dates are subject to Court availability.

3. The Governance Protocol provides, among other things:
  - a. all persons previously reporting to the CEO (defined below) must now report to the Monitor;
  - b. any and all communications regarding the SISP or information requests relating to the Business or Property of the Applicants must be directed solely to the Monitor;
  - c. the Monitor shall make all personnel hiring and termination decisions during the CCAA Proceedings; and
  - d. all financial forecasts prepared by the finance teams of the Applicants shall be delivered directly to the Monitor.

A copy of the Governance Protocol is attached as **Appendix “A”**.

#### **4.3 Reduction in Force**

1. Pursuant to the Enhanced Monitor Powers Order, the Monitor may take any and all actions and steps to manage, operate and carry on the Business, including to make all personnel hiring and termination decisions during the CCAA Proceedings.
2. After discussions with senior management of Iovate International and Iovate USA and certain recommendations made by senior management, the Monitor determined that this reduction in workforce was necessary to address operational redundancies and to better align staffing levels with the current requirements of the business.
3. Accordingly, on or around January 19, 2026, the Applicants, in consultation with the Monitor, delivered notices of termination of employment to eight employees in Canada, one employee in the US and one full-time consultant in Scotland. The Canadian employees and consultant were employed by Iovate International, and the US employee was employed by Iovate USA.

#### **4.4 Security Opinion**

1. Iovate International entered into the Credit Agreement, with HSBC Bank Canada (now Royal Bank of Canada), as Administrative Agent, and HSBC Bank Canada, the Toronto-Dominion Bank, Bank of China (Canada), Bank of Montreal, National Bank of Canada, Canadian Western Bank, and the Bank of Nova Scotia, as syndicated lenders (the **“Lenders”**). The Credit Agreement provides for a revolving credit facility and a term loan facility (together the **“Credit Facilities”**). The Credit Agreement has been amended ten times. As security for the obligations under the Credit Agreement, the NOI Applicants and related affiliates granted the Lenders a comprehensive security package. This included, among other things: (i) a multi-party Group Guarantee by Iovate International, Iovate USA, Northern Innovations and certain of their affiliates; (ii) a Canadian general security agreement granted by Iovate International, Iovate USA, Northern Innovations, Iovate Holdings and certain of their affiliates creating a first priority lien over all present and after-acquired real and personal property; (iii) a US general security agreement granted by Iovate USA and Iovate International (the **“US Security Agreement”**); and (iv) specific security

over intellectual property, including trademarks and patents held by Northern Innovations (collectively, the “**Security Documents**”).

2. As of August 31, 2025, approximately USD \$100,606,023 of principal was owing under the term loan facility, USD \$14,000,000 was owing under the revolving loan facility, and an additional USD \$1,179,465 of default interest had accrued month-to-date for a total amount owing of USD \$115,785,488.
3. The Monitor’s Canadian counsel, Osler, Hoskin & Harcourt LLP (“**Osler**”) delivered an opinion to the Monitor which confirms, subject to the standard qualifications and assumptions customary in rendering security opinions of this nature, that the security granted by the NOI Applicants and Iovate Holdings under the applicable Security Documents constitutes valid and enforceable security perfected by registration in the Province of Ontario.
4. The Monitor’s US counsel, Cole Schotz P.C., delivered an opinion to the Monitor which confirms, subject to the standard qualifications and assumptions customary in rendering security opinions of this nature, that (i) the US Security Agreement is sufficient to create a valid security interest in the personal property (subject to certain exclusions) of Iovate USA and Iovate International under the laws of the State of New York, (ii) the Administrative Agent was properly granted liens on, and duly perfected such liens on, substantially all of the assets of (a) Iovate USA which can be perfected through the filing of a Uniform Commercial Code (“**UCC**”)-1 financing statement, and (b) Iovate International located in the US in accordance with the UCC.

## 5.0 Adjourned Relief

### 5.1 November 28 Hearing

1. In addition to the relief granted by the Court on November 28, 2025, the Applicants had sought: (a) authorization to make certain bonus-related payments to employees in accordance with previously agreed contractual arrangements; (b) a key employee retention plan and a related charge in the maximum amount of \$790,000; and (c) authorization to make certain principal payments (\$750,000 for the week ending December 26, 2025 and \$1,750,000 for the week ending January 23, 2026) to the Administrative Agent in accordance with the terms of the Amended and Restated Credit Agreement dated June 30, 2021 (as amended, the “**Credit Agreement**”).
2. This portion of the Applicants’ motion was adjourned by the Court on November 28, 2025 at the request of the Monitor as the Monitor needed additional time to confirm certain assumptions in the cash flow forecast.
3. Since November 28, 2025, the Monitor has worked with several senior executives of the Applicants to review the cash flow forecast.
4. As reported in the Second Report of the Monitor dated December 9, 2025 (the “**Second Report**”), the Monitor is of the view that the cash flow forecast previously filed was reasonable and accurate. The Monitor further advised that it anticipated scheduling a motion in early January to seek approval of the relief that was adjourned at the November 28 hearing. A copy of the Second Report without appendices is attached as **Appendix “B”**.

## 5.2 EBITDA Condition

1. As of the date of this Third Report, the Iovate Group employs approximately 150 people in Canada and 2 people in the United Kingdom through Iovate International, as well as 9 people in the United States and Canada through Iovate USA.
2. The Applicants communicated to employees a compensation framework under which certain employee and key employee bonus entitlements are tied to the achievement of a minimum adjusted EBITDA target of approximately \$16.288 million. (the “**EBITDA Condition**”).
3. The Applicants are in the process of finalizing their year-end financial results, and as of the date of this Third Report, it has not yet been determined whether the EBITDA Condition applicable to certain bonus entitlements will be achieved.
4. Despite this, the Monitor has concluded, without determining or waiving the applicability of any future performance-based compensation entitlements, that it is appropriate to seek approval for payment of a portion of employee incentive compensation at this time.
5. The Iovate Group’s employees have continued to operate the business through a period of heightened activity and change associated with the CCAA Proceedings, the implementation of enhanced governance protocols and the conduct of the SISP. The Monitor seeks to recognize the continued service of the Iovate Group’s employees and to promote continuity, focus and retention during a critical phase of the restructuring and sales process.
6. Any additional incentive compensation that may be payable under the compensation framework communicated by the Applicants, including amounts contingent upon the satisfaction of the EBITDA Condition, will be assessed and addressed in due course once the Applicants’ year-end results have been finalized and there is greater certainty regarding performance against applicable metrics.
7. For those reasons, the Monitor is now seeking approval of a modified version of the adjourned relief as described in further detail below.

## 5.3 Incentive Payments

1. The Monitor proposes that the Applicants make incentive payments in the aggregate amount of approximately \$863,000 to 136 general and international employees (the “**Employees**”) in February 2026 (the “**Incentive Payments**”).
2. To receive the Incentive Payments, the Employees must:
  - a. be employed at the time of payment, unless they are terminated without cause; and
  - b. agree to remain employed for a period of at least 12 months following payment, failing which (other than in the case of termination without cause), the Incentive Payments must be repaid.

#### 5.4 KERP and KERP Charge

1. In respect of approximately 20 key employees (the “**Key Employees**”), the Monitor proposes that the Applicants pay approximately \$514,000 pursuant to a key employee retention plan (the “**KERP**”). One-half of this amount (the “**Key Employee Incentive Payment**”) is proposed to be paid in February 2026, with the remaining one-half (the “**KERP Payment**”) to be paid at the earlier of: (i) two weeks following the closing of a successful transaction resulting from the SISP; and (ii) September 30, 2026.
2. The KERP is intended to support continuity and execution during the CCAA Proceedings and the SISP by incentivizing Key Employees to remain engaged and focused through an extended and demanding process, including the execution of a transaction and transition planning. The KERP Payment, in particular, is designed to align retention with the successful completion of a transaction arising from the SISP.
3. As a condition to receive the Key Employee Incentive Payment, each Key Employee must:
  - a. be employed at the time of payment, unless terminated without cause; and
  - b. agree to remain employed for a period of at least 12 months following payment, failing which (other than in the case of termination without cause), the Key Employee Incentive Payment must be repaid.
4. As a condition to receiving the KERP Payment, each Key Employee must:
  - a. be employed at the time of payment; and
  - b. remain employed at the time of the closing of a successful transaction resulting from the SISP or, if earlier, September 30, 2026.
5. The Monitor proposes to secure the KERP Payment in the amount of approximately \$257,000 by a charge over the Applicants’ Property (the “**KERP Charge**”). The Monitor proposes that the KERP Charge rank subordinate to the Administration Charge, the Directors’ Charge, and the Sales Agent Charge.

#### 5.5 Monitor’s Recommendation

1. The Monitor is seeking authorization for the Applicants to make the Incentive Payments, approval of the KERP and a corresponding KERP Charge in the maximum amount of \$257,000 to secure the KERP Payment.
2. The Monitor notes that as of the date of this Third Report, the Applicants’ year-end results have not yet been finalized, and it is therefore not yet known whether the EBITDA Condition will be satisfied.

3. Given the timing of year-end close processes and the ongoing demands of the restructuring and SISP, the Monitor has determined that it is appropriate to pay Employees and Key Employees the aforementioned amounts, without prejudicing the ultimate determination of whether the EBITDA Condition will be met and whether additional bonus payments are warranted based on existing contractual compensation entitlements.
4. Any remaining incentive compensation that may be payable upon satisfaction of the EBITDA Condition will be reviewed and addressed in a subsequent report to the Court, once the Applicants' financial results are finalized and the Monitor is in a position to assess performance against the applicable metrics.
5. The Monitor is of the view that the Incentive Payments, the KERP and the KERP Charge should be granted for the following reasons:
  - a. the Incentive Payments and the KERP are intended to address employee retention concerns arising from recent management and personnel changes, including the resignation of the CEO, and to support continuity during the CCAA Proceedings and the SISP;
  - b. the continued involvement and cooperation of the Employees and Key Employees is critical to maintaining normal course operations, preserving value, and facilitating the orderly conduct of the SISP during these CCAA Proceedings;
  - c. the Employees and Key Employees will continue to contribute to the restructuring by leveraging their institutional knowledge and expertise to support ongoing operations, and certain individuals are integral to transaction execution and transition planning in connection with the SISP;
  - d. in the Monitor's view, the Incentive Payments, the Key Employee Incentive Payments, and the KERP Payment are reasonable and consistent with retention arrangements 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.

## 5.6 KERP Charge Calculation and Sealing Order

1. To support the granting of the KERP Charge, the Monitor has prepared a detailed breakdown of the amount of the KERP Charge requested (the "**KERP Charge Calculation**"), attached as **Confidential Appendix "1"**.
2. The Monitor is requesting a sealing order for the KERP Charge Calculation, which includes personal compensation information. The Monitor believes it is appropriate to seal the KERP Charge Calculation indefinitely, subject only to further Court order. The sealing of this type of sensitive and personal information is consistent with the approach taken in other CCAA proceedings for sensitive information of this nature, protects the privacy of Key Employees and will help avoid any unnecessary disruption or distraction to the Applicants' business that such disclosure may cause.

3. The Monitor does not believe that any stakeholder will be prejudiced if the information in the KERP Charge Calculation is sealed.

## 5.7 Principal Payments

1. On November 26, 2025, the Administrative Agent wrote to the Monitor requesting an amendment to the ARIO to authorize the Applicants, with the Monitor's consent, to make principal payments in the aggregate amount of \$2.5 million to the Administrative Agent.
2. As described above, the Applicants sought authorization to make certain principal payments at the November 28 hearing however, this relief was adjourned at the hearing.
3. The Monitor is seeking approval to make the following principal payments to the Administrative Agent:
  - a. \$750,000 for the week ending February 6, 2026;
  - b. \$875,000 for the week ending March 6, 2026; and
  - c. \$875,000 for the week ending April 3, 2026 (collectively, the "**Principal Payments**").
4. The authorization to make such Principal Payments is subject to the following conditions:
  - a. the Monitor obtaining a security opinion in respect of the Administrative Agent's security that concludes, subject to customary assumptions and qualifications, that the security is valid, enforceable and properly perfected; and
  - b. at the time a Principal Payment is due, the Monitor must be satisfied, in its sole discretion, that the Applicants have sufficient liquidity to make such payment without imperiling the payment of post-filing operating expenses.
5. As more particularly described below, the Cash Flow Forecast indicates that the Applicants are projected to have sufficient liquidity to make principal payments while continuing to satisfy post-filing obligations in the ordinary course. Accordingly, subject to the conditions outlined above, the Monitor is of the view that it is reasonable and appropriate to make the Principal Payments.

## 6.0 Cash Flow Forecast

1. The Applicants, in consultation with the Monitor, have prepared the Cash Flow Forecast for the 14-week period from January 12, 2026 to April 17, 2026. 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 "C"**.

2. A summary of the Cash Flow Forecast is provided below:

(unaudited; \$000s)	Jan 12, 2026 – Apr 17, 2026
Receipts	
Collections	59,770
Total Receipts	<u>59,770</u>
Disbursements	
Inventory Purchases	(45,001)
Operating Expenses	(12,820)
Payroll and Benefits	(5,288)
Occupancy Costs	(300)
Other Expenses	(607)
Total Disbursements	<u>(64,016)</u>
Net Cash Flow Before the Undernoted	(4,246)
Professional Fees	(2,974)
Principal repayment	(2,500)
Interest	(3,363)
Net Cash Flow	<u>(13,083)</u>
Opening Cash Balance	17,250
Net Cash Flow	<u>(13,083)</u>
Closing Cash Balance	<u><u>4,167</u></u>

3. The Cash Flow Forecast indicated that the Applicants are projected to have sufficient liquidity to operate through the proposed Stay Period (as more particularly described below), 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 “D”**.

## 7.0 Approval of Fees and Disbursements

1. KSV and Osler have maintained detailed records of their professional time and disbursements since this matter commenced.
2. Pursuant to paragraph 40 of the ARIO, the Monitor and its legal counsel are to be paid their reasonable fees and disbursements, in each case, at their standard rates and charges, by the Applicants as part of the costs of the CCAA Proceedings. Further and pursuant to paragraph 41 of the ARIO, the Monitor and its counsel are required to pass their accounts from time to time.
3. Pursuant to paragraph 6 of the ARIO, KSV may take all necessary steps in furtherance of its discharge as Proposal Trustee in the Proposal Proceedings, including the taxation of its fees and disbursements and those of its counsel.
4. The fees and disbursements that KSV and Osler are seeking approval of include fees and disbursements in respect of services rendered during both the Proposal Proceedings and the CCAA Proceedings.

5. The total fees of KSV during the period from the commencement of the proceedings to November 30, 2025 amount to \$383,304.66, together with disbursements in the amount of \$1,487.35, both excluding sales taxes (collectively, the “**KSV Accounts**”). These amounts represent professional fees and disbursements not yet approved by the Court. A copy of the Affidavit of Noah Goldstein affirmed on January 23, 2026, is attached as **Appendix “E”** in respect of the KSV Accounts.
6. The total fees of Osler during the period from September 4, 2025 to November 28, 2025, amount to \$1,042,712.50, together with disbursements in the amount of \$11,910.13, both excluding sales taxes (collectively, the “**Osler Accounts**”). These amounts represent professional fees and disbursements not yet approved by the Court. A copy of the affidavit of Marc Wasserman affirmed on January 22, 2026, is attached hereto as **Appendix “F”** in respect of the Osler Accounts.
7. The Monitor has reviewed the Osler Accounts and confirms that the services reflected therein have been duly authorized and duly rendered and that, in the Monitor’s opinion, the charges are reasonable.

## 8.0 Stay Extension

1. Pursuant to the ARIO, the Court granted a stay of proceedings to and including January 30, 2026. The Monitor is requesting an extension of the Stay Period to and including April 17, 2026.
2. The Monitor is requesting 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 SISP;
  - 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 Third 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 Third 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 Enhanced Monitor Powers Order

1. Since the Enhanced Monitor Powers Order was granted on December 12, 2025, the Monitor has engaged in the following activities:
  - a) corresponded regularly with the Applicants’ 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) posted non-confidential materials filed with the Court to the Case Website;
- c) assisted in activities related to the SISP including engaging with interested parties with respect to potential transactions related to the assets and business of the Applicants;
- d) developed and distributed the Governance Protocol;
- e) issued disclaimer notices pursuant to Section 32 of the CCAA in respect of certain contracts of Iovate International;
- f) assisted an external auditor in commencing an audit of fiscal year 2025;
- g) monitored the Applicants' receipts and disbursements;
- h) assisted the Applicants in their discussions with certain suppliers;
- i) assisted the Applicants in preparing the Cash Flow Forecast; and
- j) with the assistance of its legal counsel, drafted this Third Report.

## 10.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully requests that this Honourable Court grant the relief sought in the proposed SARIO and Stay Extension and Ancillary Relief Order.

\* \* \*

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**