



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.**

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Court File No. BK-25-03268936-0031

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

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

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

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 “A”**



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November 26, 2025

VIA E-MAIL & COURIER

Reference: 22043/960

**KSV Restructuring Inc., in its capacity as  
Court-appointed Monitor of Iovate Health  
Sciences International Inc., et al**  
c/o Osler, Hoskins & Harcourt LLP  
First Canadian Place  
100 King St W #6200  
Toronto, ON M5X 1B8

**RE: Iovate Health Sciences International Inc. et al. CCAA Proceedings**

**RE: Authorization to Make Payment of Principal**

As you are aware, we are counsel to RBC, in its capacity as Administrative Agent in respect of the credit facilities advanced to Iovate Health Sciences International Inc. and its affiliates (in such capacity, the “**Agent**”).

We have reviewed the Monitor’s First Report in the proceedings (the “**First Report**”), served yesterday on the service list, and discussed with the Administrative Agent.

Capitalized terms used in this email and not otherwise defined shall have the meanings given to them in the First Report.

The Agent supports the SISP and the engagement of the Sales Agent, and we appreciate the Monitor’s and the Applicants’ efforts to advance the sale process. Thank you.

With respect to the proposed KERP and bonus/incentives discussed in Part 6 of the First Report, the Agent is comfortable with the quantum of proposed payments, the proposed recipients and the proposed timing of such payments (all subject to the conditions as set out in the First Report, including the “EBITDA Condition” and the proposed claw-back, which for the avoidance of doubt the Lenders understand qualify the payment of *all* amounts proposed to be paid under the bonus/incentive program). The proposal reflected in the First Report is substantially responsive to concerns that the Agent has raised with the Monitor and the Applicant, and we appreciate the attention to the Agent’s and the Lenders’ issues about expenditures and cash flow.

However, the Agent is concerned with the proposed KERP and bonus/incentive relief requested in principle. The proposed payments represent a discretionary expenditure of the Applicants’ significant

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cash-on-hand. The Agent is prepared to accept that this discretionary expenditure, which is supported by the Monitor, may have corresponding beneficial results, including the retention of critical staff. But, in the Agent's view, this discretionary spending ought properly to extend to the ordinary-course payment of the Applicants' arrears on its senior secured indebtedness. It is arbitrary and prejudicial to the Lenders for some discretionary expenditures to be made, while the Applicants' financial obligations to their largest and most senior creditor are ignored.

The Applicants have material excess cash, and the Cash Flow Forecast attached to the First Report demonstrates that there is sufficient cash to make payments of principal to the Agent, for the benefit of the Lenders. To the extent that the Applicants desire to make discretionary payments to Employees and Key Employees, in the Agent's view, such discretion must also extend to the Applicants' senior secured creditors and largest economic stakeholders: the syndicate.

Accordingly, the Agent's support for the KERP and bonus/incentive payments outlined in Part 6 of the First Report is subject to the following:

1. The ARIO must be amended to authorize the Applicants, with the Monitor's consent, to make payment of principal to the Agent, in accordance with the terms of the amended and restated credit agreement dated as of June 30, 2021 among, *inter alia*, the Agent, the Lenders and the Applicants. The principal payments that would be the subject of this amendment are below, together with the timing of the expected payment, without prejudice to the Agent's and Lenders' right to seek payment of future amounts at a later date:

| <b>Week Ending</b> | <b>Payment</b> |
|--------------------|----------------|
| December 26        | \$750,000      |
| January 23         | \$1,750,000    |

2. The Agent agrees and acknowledges that the Monitor's consent to such payments of principal being made will be subject to:
  - a. The Monitor obtaining a security opinion in respect of the Agent's security that concludes, subject to customary assumptions and qualifications, that the security is valid, enforceable and properly perfected.
  - 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.

If the proposed principal payments are incorporated into the Applicants' 13 week cash flow forecast, the revised forecast will demonstrate that the Applicants have more than sufficient cash to make the payments. Provided the Monitor is satisfied with the Agent's security, which we have no doubt it will be, there is no reason that the Applicants' free cash should not be applied against its senior obligations, *especially* when the Applicants are seeking to make other discretionary payments to Employees and Key Employees, whose claims are indisputably junior to those of the Agent and Lenders.

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The Agent requires that this issue be addressed that the return of the Applicants' motion on Friday, November 28, because it is a condition of the Agent's support for the KERP. The Agent therefore hereby requests that the Monitor:

- (a) prepare and file with the Court an updated cash flow forecast, which includes the payment of principal in the amounts and on the dates set out above;
- (b) advise the Agent of the Monitor's position regarding the Agent's request for payment of principal; and
- (c) advise the Agent of the Applicants' position regarding the Agent's request for payment of principal.

We hope that given the Applicants' free cash, and the conditions set out above that the Agent is prepared to accept, this is not a controversial request.

We are happy to discuss the foregoing with you at your convenience, but given the impending return of the Applicants' motion on Friday, we look forward to your prompt response. We invite the Monitor to advance the Agent's request with the Court on Friday, but we are standing by to make submissions and if necessary file a motion.

Thank you,

Chris

Cc: *Service List*

## **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 11-Week Period Ending January 30, 2026

(Unaudited; \$USD )

|                                     |      | Week Ending |             |             |             |             |             |             |             |             |             |             |              |
|-------------------------------------|------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
|                                     | Note | 21-Nov      | 28-Nov      | 5-Dec       | 12-Dec      | 19-Dec      | 26-Dec      | 2-Jan       | 9-Jan       | 16-Jan      | 23-Jan      | 30-Jan      | Total        |
| 1                                   |      |             |             |             |             |             |             |             |             |             |             |             |              |
| Receipts                            |      |             |             |             |             |             |             |             |             |             |             |             |              |
| Collections                         | 2    | 5,329,261   | 2,616,828   | 2,542,056   | 1,912,703   | 2,467,547   | 4,522,822   | 4,691,391   | 4,073,455   | 4,391,439   | 4,294,656   | 6,833,214   | 43,675,371   |
| Total Receipts                      |      | 5,329,261   | 2,616,828   | 2,542,056   | 1,912,703   | 2,467,547   | 4,522,822   | 4,691,391   | 4,073,455   | 4,391,439   | 4,294,656   | 6,833,214   | 43,675,371   |
| Disbursements                       |      |             |             |             |             |             |             |             |             |             |             |             |              |
| Inventory Purchases                 | 3    | (5,262,956) | (3,144,271) | (3,000,000) | (3,000,000) | (3,000,000) | (3,000,000) | (3,000,000) | (3,000,000) | (3,000,000) | (3,500,000) | (3,500,000) | (36,407,227) |
| Operating Expenses                  | 4    | (1,123,464) | (543,510)   | (876,373)   | (684,912)   | (1,125,867) | (1,248,867) | (1,145,301) | (924,373)   | (771,186)   | (739,186)   | (809,186)   | (9,992,225)  |
| Payroll and Benefits                | 5    | (326,413)   | (363,402)   | (326,413)   | (326,413)   | (326,413)   | (326,413)   | (326,413)   | (792,076)   | (297,076)   | (297,076)   | (297,076)   | (4,005,185)  |
| Occupancy costs                     | 6    | -           | (100,000)   | -           | -           | -           | (100,000)   | -           | -           | -           | -           | (100,000)   | (300,000)    |
| Other Expenses                      | 7    | 351,500     | -           | -           | (34,928)    | (20,000)    | (50,000)    | -           | -           | (54,825)    | -           | (60,000)    | 131,747      |
| Total disbursements                 |      | (6,361,333) | (4,151,183) | (4,202,786) | (4,046,253) | (4,472,279) | (4,725,279) | (4,471,714) | (4,716,450) | (4,123,087) | (4,536,262) | (4,766,262) | (50,572,890) |
| Net Cash Flow before the Undernoted |      | (1,032,071) | (1,534,355) | (1,660,731) | (2,133,550) | (2,004,733) | (202,457)   | 219,677     | (642,995)   | 268,351     | (241,606)   | 2,066,951   | (6,897,519)  |
|                                     |      |             |             |             |             |             |             |             |             |             |             |             |              |
| Professional Fees                   | 8    | (1,175,695) | (398,695)   | -           | -           | (1,190,000) | (250,000)   | -           | -           | (1,040,000) | (600,000)   | -           | (4,654,390)  |
| Principal Repayment                 | 9    | -           | -           | -           | -           | -           | (750,000)   | -           | -           | -           | (1,750,000) | -           | (2,500,000)  |
| Interest                            | 10   | -           | (1,138,560) | -           | -           | (1,157,998) | -           | (1,176,512) | -           | -           | -           | (1,158,429) | (4,631,500)  |
| Net Cash Flow                       |      | (2,207,766) | (3,071,610) | (1,660,731) | (2,133,550) | (4,352,731) | (1,202,457) | (956,836)   | (642,995)   | (771,649)   | (2,591,606) | 908,522     | (18,683,408) |
|                                     |      |             |             |             |             |             |             |             |             |             |             |             |              |
| Opening Cash balance / (Deficit)    |      | 25,959,545  | 23,751,779  | 20,680,169  | 19,019,439  | 16,885,888  | 12,533,157  | 11,330,700  | 10,373,864  | 9,730,869   | 8,959,221   | 6,367,615   | 25,959,545   |
| Net Cash Flow                       |      | (2,207,766) | (3,071,610) | (1,660,731) | (2,133,550) | (4,352,731) | (1,202,457) | (956,836)   | (642,995)   | (771,649)   | (2,591,606) | 908,522     | (18,683,408) |
| Closing cash balance / (Deficit)    |      | 23,751,779  | 20,680,169  | 19,019,439  | 16,885,888  | 12,533,157  | 11,330,700  | 10,373,864  | 9,730,869   | 8,959,221   | 6,367,615   | 7,276,137   | 7,276,137    |

Xiwan 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. (collectively, the "Company")

**Notes to Projected Weekly Cash Flow**

For the 11-Week Period Ending January 30, 2026

(Unaudited; \$USD )

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**Purpose and General Assumptions**

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

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

**Hypothetical Assumptions**

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

**Probable Assumptions**

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