

Court File No.:
BK-23-3015853-0033

Estate File No. 33-3015853

**ONTARIO
SUPERIOR COURT OF JUSTICE
(BANKRUPTCY)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
RELOGIX INC. OF THE CITY OF OTTAWA IN THE PROVINCE OF ONTARIO**

FIRST REPORT TO COURT OF THE PROPOSAL TRUSTEE

DATED DECEMBER 5, 2023

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INTRODUCTION

1. On November 29, 2023 (the "**Filing Date**"), Relogix Inc. ("**Relogix**" or the "**Company**") filed with the Official Receiver a Notice of Intention to Make a Proposal ("**NOI**") to its creditors and named Dodick Landau Inc. ("**DLI**") as Proposal Trustee (the "**Proposal Trustee**"). Attached as **Appendix "A"** is the Certificate of Filing of the NOI.
2. A detailed overview of Relogix's business operations and financial difficulties which led to the filing of the NOI is set out in the Affidavit of Andrew Millar ("**Millar**") sworn December 4, 2023 (the "**Millar Affidavit**"), served and filed with the Ontario Superior Court of Justice (Bankruptcy) (the "**Court**") in support of Relogix's motion for the relief set out herein.
3. All capitalized terms used in this report (the "**First Report**") but not otherwise defined shall have the meaning ascribed to such terms in the Millar Affidavit.
4. The purpose of this First Report of the Proposal Trustee is to provide the Court with information pertaining to the following:
 - i) summary of certain background information about Relogix;
 - ii) Relogix's projected cash flow for the period from December 1, 2023 to December 22, 2023;
 - iii) Relogix's request that it be authorized to obtain and borrow interim financing, including the terms of the debtor in possession ("**DIP**") facility;
 - iv) the proposed DIP charge (the "**DIP Charge**") sought by Relogix; and
 - v) the Proposal Trustee's recommendation that this Court make an order, as requested by Relogix:
 - a) approving the DIP Charge; and
 - b) approving the activities of the Proposal Trustee as set out in this Report.

TERMS OF REFERENCE

5. In preparing this Report, the Proposal Trustee has relied upon certain unaudited, draft and/or internal financial information, Relogix's books and records, discussions with the management of Relogix ("**Management**") and information from other third-party sources (collectively, the "**Information**").
6. Except as described in this Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Canadian Institute of Chartered Accountants Handbook (the "**CPA Handbook**") and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
7. Some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CPA Handbook, has not been performed. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations may be material.
8. The Proposal Trustee has prepared this Report in its capacity as a Court appointed officer. Parties using this Report, other than for the purpose of the motion, are cautioned that it may not be appropriate for their purposes.
9. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

10. Relogix is in the business of using state-of-the-art technology to provide companies with office workplace optimization analytics and insights (the "**Business**"). The Business helps its customers prepare and execute scalable, flexible and cost-effective real estate strategies for their enterprises. Relogix employs 18 non-union employees.

11. Since approximately mid-2022, Relogix began experiencing significant cash flow pressures due to the lingering effects that COVID-19 had in the corporate real estate market and the slower than anticipated return to corporate offices by its customers.
12. The Company has taken marketing steps to find a buyer or investor, including retaining the assistance of an investment bank. The Proposal Trustee was not engaged to assist in its marketing process. Relogix's marketing process has yielded, among other offers, an offer for a going concern sale of the Business (the "**Potential Sale Transaction**"). The Company has advised the Proposal Trustee that continuing the Business during this interim period as a going concern is the only way to ensure the Potential Sale Transaction closes and sale proceeds are received for the benefit of the creditors and stakeholders.

INTERIM FINANCING

13. As described in the Millar Affidavit, Relogix's liquidity constraints have resulted in it not having sufficient funds to continue operating the Business. Relogix had sought additional conventional bank financing as well as financing from potential purchasers, but was not able to obtain it prior to the Filing Date.
14. In order to allow the Company to continue operating and to bridge to the completion of the Potential Sale Transaction, Millar ("**DIP Lender**") agreed to extend financing to the Company. The DIP Lender's agreement was executed, subject to Court approval. A copy of the DIP Lender's agreement ("**DIP Agreement**") is attached hereto as **Appendix "B"**.
15. The terms of the DIP Agreement include the following terms:
 - i) the total available funds under the DIP facility are \$100,000 (the "**Interim Facility**");
 - ii) the Interim Facility is available on a draw basis;
 - iii) the Interim Facility may only be used to fund cash flow requirements of the Business on a going concern basis;
 - iv) interest shall be payable at the rate of 5% per annum, on the daily balance outstanding under the Interim Facility;

- v) no other fee or penalty shall be charged on the Interim Facility;
 - vi) the Interim Facility matures on the earliest of: a) six months following the date of the Initial Advance; b) the date on which the stay of proceedings ordered in the BIA Proceedings expires or is terminated or lifted; c) the occurrence of an event of default; or d) the sale of all or substantially all the assets of Rockshield ("**Transaction**"); and
 - vii) the Interim Facility shall be repaid in full from the net proceeds of any Transaction.
16. The Cash Flow Forecast indicates that Relogix will have sufficient funds available under the Interim Facility to fund expenditures until December 22, 2023, the period until when Relogix proposes to return to Court to seek approval of the agreement of purchase and sale and the Potential Sale Transaction, and to extend the time for the Company to file a proposal in accordance with s. 50.4(9) of the BIA ("**Return Date**").
17. It is a fundamental term of the DIP Agreement that the Court grant a charge in favour of the DIP Lender against the assets of Relogix (the "**DIP Charge**") securing all amounts owing under the DIP Agreement in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise in favour of any person, except for certain encumbrances listed in the DIP Agreement.
18. The Proposal Trustee is of the view that acceptance of the DIP Agreement and the Interim Facility contemplated therein:
- i) is required to fund the operations of Relogix while it carries out negotiations with respect to the Potential Sale Transaction;
 - ii) will enhance the prospects of a viable proposal being made by Relogix;
 - iii) in the view of the Proposal Trustee the creditors will not be materially prejudiced by the granting of the DIP Charge, as it will provide the Company with the cash flow it requires to fund its going concern operations while it continues its negotiations and, absent such funding, operations would cease; and
 - iv) is in the best interests of the Company and its stakeholders.
19. Furthermore, the Proposal Trustee is of the view that the costs associated with the Interim Facility are more than commercially reasonable in the circumstances for a DIP

Facility for a business in circumstances similar to Relogix's.

20. Without access to financing under the Interim Facility, the Company will: (i) not be able to maintain its operations and fund payroll, preserve asset value or complete the Proposed Sale Transaction; and (ii) be forced to wind down its operations and commence a liquidation of its assets, resulting in the loss of value and eighteen jobs to the material detriment of its creditors and stakeholders.

CASH FLOW FORECAST

21. Relogix, with the assistance of the Proposal Trustee, has prepared a weekly cash flow forecast ("**Cash Flow Forecast**") for the period from December 1, 2023 to December 22, 2023. A copy of the Cash Flow Forecast is attached hereto as **Appendix "C"** to this Report. The Cash Flow Forecast has been prepared by Management of Relogix for the purpose of this motion, using probable and hypothetical assumptions set out in notes 1 to 9 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over a three-week forecast period in Canadian dollars.
22. The Cash Flow Forecast projects that Relogix will have sufficient liquidity following receipt of advances under the Interim Facility totaling \$100,000, to fund Relogix's expenses and the Proposal proceeding throughout the period until the Return Date.
23. The Cash Flow Forecast projects that Relogix will require the use of the Interim Facility immediately in order to fund its near-term expenses including its upcoming payroll.
24. The Proposal Trustee's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied to the Proposal Trustee by certain of the Management and employees of Relogix. Since hypothetical assumptions need not be supported, the Proposal Trustee's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposal Trustee has also reviewed the support provided by Management of Relogix for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.
25. Based on the Proposal Trustee's review, nothing has come to its attention to cause it to believe that, in all material respects:

- i) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
- ii) as at the date of this Report, the probable assumptions developed by management are not suitably supported and consistent with the plans of Relogix or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
- iii) the Cash Flow Forecast does not reflect the probable and hypothetical Assumptions.

26. As described in the Disclaimer above, since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether the Cash Flow Forecast will be achieved. In addition, the Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of financial information presented in the Cash Flow Forecast, or relied upon by the Proposal Trustee in preparing this Report.

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

DIP CHARGE

28. Relogix requires immediate funding to maintain their existing operations and to pursue the Potential Sale Transaction, as evidenced by the Cash Flow Forecast.

29. As noted above, a condition of the DIP Agreement is that the DIP Lender receives the benefit of a DIP Charge to the maximum amount of the aggregate of any and all advances by the DIP Lender to Relogix pursuant to the DIP Agreement. The Proposal Trustee supports Relogix's request for the DIP Charge.

30. For the reasons set out above, in the view of the Proposal Trustee, the DIP Agreement is reasonable and appropriate and is typical in similar proceedings, as is the proposed priority of the DIP Charge as set out in the form of draft order filed with the Court and, therefore, should be granted by the Court.

CONCLUSION AND RECOMMENDATION

31. Based on all of the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief requested by Relogix in the Order requested, as summarized in paragraph 4 of this Report.

All of which is respectfully submitted this 5th day of December 2023.

DODICK LANDAU INC.

In its capacity as the Proposal Trustee of
Relogix Inc. and not
in its personal or corporate capacity.

Per:



Rahn Dodick, CPA, CA, CIRP, LIT
President

APPENDIX "A"



Industry Canada
**Office of the Superintendent
of Bankruptcy Canada**

Industrie Canada
**Bureau du surintendant
des faillites Canada**

District of Ontario
Division No. 12 - Ottawa
Court No. 33-3015853
Estate No. 33-3015853

In the Matter of the Notice of Intention to make a proposal of:

Relogix Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

November 29, 2023

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: November 29, 2023, 15:52

E-File/Dépôt Electronique

Official Receiver

Place Bell Canada, 160 Elgin Street, 11th Floor, Suite B-100, Ottawa, Ontario, Canada, K2P2P7, (877)376-9902

Canada

APPENDIX "B"

INTERIM CREDIT FACILITY TERM SHEET

WHEREAS on November 29, 2023, Relogix Inc. filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (the "**NOI Proceedings**") and to appoint Dodick Landau Inc. as proposal trustee of the Borrower (in such capacity, the "**Proposal Trustee**"), and to seek an Order approving this Term Sheet and granting the DIP Charge (as defined herein);

AND WHEREAS the Borrower has requested that the DIP Lender (as defined below) provide interim financing to fund certain cash requirements of the Borrower during the pendency of the NOI Proceedings;

AND WHEREAS the DIP Lender is willing to provide the DIP Loan herein to the Borrower in accordance with the terms and conditions set out in this Term Sheet;

NOW THEREFORE in consideration of the mutual covenants, terms and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Borrower: Relogix Inc. (the "**Borrower**").

Lender: Andrew Millar (the "**DIP Lender**").

Effective Date: December 4, 2023.

Type of DIP Loan: A super-priority, debtor-in-possession interim, non-revolving credit facility up to a maximum principal amount of \$100,000 (the "**DIP Loan**").

Currency: Except as otherwise expressly provided herein, all dollar amounts herein are in Canadian Dollars. All payments made hereunder shall be made in the currency in respect of which the obligation requiring such payment arose.

Availability: Subject to the fulfillment of the applicable conditions precedent to the availability of the DIP Loan set out herein (including, without limitation, the Court's approval of the DIP Charge as defined below); and the Borrower's adherence to the Form 30 – Report of Consolidated Cash-Flow Statement by the Person Making the Proposal as filed pursuant to s. 50.4(2) of the *Bankruptcy and Insolvency Act* (the "**Approved Cash Flows**") being satisfactory to each of the Proposal Trustee and the DIP Lender; and provided that no Event of Default (as defined below) has occurred and is then continuing, then the DIP Loan shall be advanced by the DIP Lender.

Advances: Advances under the DIP Loan (collectively "**Advances**" and individually an "**Advance**") shall be deposited into the Deposit Account and utilized by the Borrower in accordance with the terms hereof. "**Deposit Account**" means the

account(s) maintained by the Borrower to which payments and transfers under this Term Sheet are to be deposited, which are specified in writing by the Borrower to the DIP Lender or such other account or accounts as the Borrower may from time to time designate by written notice to the DIP Lender.

Purpose, Use of Proceeds:

The proceeds of the DIP Loan will be used to fund cash flow requirements of the Borrower on a going concern basis provided that the same is, unless approved by the DIP Lender and the Proposal Trustee, (i) in accordance with the Approved Cash Flows, and (ii) not on account of a liability that existed as of the date of the filing of the NOI by the Borrower.

Court Officer:

The Proposal Trustee shall be Dodick Landau Inc. The Proposal Trustee shall be authorized to have direct discussions with the DIP Lender, and the DIP Lender shall be entitled to receive information from the Proposal Trustee as may be requested by the DIP Lender from time to time.

Termination Date:

The maturity of the DIP Loan (the "Termination Date") shall be the earliest of:

- (a) Six (6) months following the initial Advance hereunder or such other date agreed to by the DIP Lender in its sole discretion;
- (b) the effective date of any merger, amalgamation, consolidation, arrangement, reorganization, recapitalization, sale or any other transaction affecting all or a material part of its assets or operations or resulting in the change of ownership or control of the Borrower confirmed by the Court and satisfactory to the DIP Lender (any of the foregoing being a "Transaction");
- (c) the date on which the stay of proceedings provided for in the NOI Proceedings is dismissed or terminated or the date on which either of the Borrower becomes bankrupt or the stay is lifted to allow a filing of bankruptcy petition under the *Bankruptcy and Insolvency Act*, receivership or similar insolvency proceeding is not otherwise stayed; and
- (d) the date of the acceleration of the DIP Loan and the termination of the commitment with respect to the

DIP Loan as a result of an Event of Default hereunder (as defined herein).

All outstanding amounts under the DIP Loan, together with all interest accrued in respect thereof and all other amounts owing under this Term Sheet shall be payable in full on the Termination Date.

Interest Rate:

All amounts outstanding under the DIP Loan will bear interest at a rate of 5% *per annum*, on the daily balance outstanding under the DIP Loan.

Interest accrues and shall be due and payable on the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.

No other fee or penalty shall be charged on the DIP Loan.

Repayment:

Unless otherwise repaid as contemplated herein, the DIP Loan shall be due, owing, payable and repaid on the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.

Mandatory Prepayments:

Unless otherwise consented to by the DIP Lender in its sole discretion, the DIP Loan shall be repaid in full from the net proceeds of any Transaction involving the Borrower.

Representations and Warranties: The Borrower represents and warrants to the DIP Lender as of the date hereof, and as of the date of each advance under the DIP Loan that:

- (a) the Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power to carry on business as now and formerly conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to constitute a material adverse effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required;
- (b) the execution, delivery and performance, as applicable, of this Term Sheet has been duly authorized by all actions, if any, required on the part and by the Borrower's directors, and constitutes a legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium and other similar laws of general

application that limit the enforcement of creditors' rights generally and to general equitable principles;

- (c) the Approved Cash flows represent the Borrower's best estimate as at each applicable date of the likely results of the operations of the Borrower during the period applicable hereto and, to the Borrower's knowledge, such results are achievable as provided therein; and
- (e) except in respect of periods preceding the date of the filing of the NOI by the Borrower, all employee wages and other amounts owing to employees are up-to-date and there are no amounts owing in respect of wages, termination pay, pension benefit contributions or other benefits except those accruing in the normal course and in accordance with the established practices and arrangements of the Borrower.

Covenants:

The Borrower covenants and agrees that:

- (a) the Borrower shall pay all amounts and satisfy all obligations in respect of the DIP Loan;
- (b) the Borrower shall not make or permit to be made any payment on account of obligations owing as of the date of the filing of the NOI by the Borrower without the prior consent of the Proposal Trustee and the DIP Lender or pursuant to an Order of the Court;
- (c) the Borrower shall not undertake any actions with respect to their respective assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, have a material adverse effect on the Borrower or the Collateral (as defined below);
- (d) the Borrower shall promptly provide the DIP Lender with any additional financial information reasonable requested by the DIP Lender, to the extent that such information is readily available;
- (e) the Borrower shall not incur any indebtedness, including the giving of guarantees, other than indebtedness specifically contemplated hereby or permitted in writing by the DIP Lender;

- (f) the Borrower shall not incur, create, assume or suffer to exist any lien, charge, security interest or other encumbrance on any Collateral now owned or hereafter acquired other than: (i) those encumbrances existing as of the date of the filing of the NOI by the Borrower or permitted by the DIP Lender in its sole discretion, and (ii) the DIP Charge (defined below);
- (g) the Borrower shall not enter into any other credit facility or loan arrangements that would be secured in priority to or *pari passu* with the DIP Loan;
- (h) without the prior written consent of the DIP Lender, the Borrower shall not: (i) declare or pay any dividends on, or make any other payments or distributions (whether by reduction of capital or otherwise) with respect to any of its respective issued and outstanding share or other equity interests, or (ii) make any loans;
- (i) the Borrower shall not sell any of its assets outside of the ordinary course of business without the prior written consent of the DIP Lender; and
- (j) the Borrower shall update the Approved Cash Flows and provide a copy thereof to the DIP Lender together with a comparison to the prior version for the DIP Lender's approval, it being understood that such updated Approved Cash Flows, if approved, become the Approved Cash Flows for the purposes hereof.

Security:

As continuing security (the "DIP Security") for the prompt payment of all amounts payable by the Borrower to the DIP Lender under this Term Sheet and as continuing security for the due and punctual performance by the Borrower of its existing and future obligations pursuant to this Term Sheet, the Borrower hereby grants, conveys, assigns, transfers, mortgages and charges as and by way of a fixed and specific security interest, to and in favour of the DIP Lender all of its property, assets, rights and undertaking, real and personal, moveable or immovable, tangible and intangible, legal or equitable, of whatsoever nature and kind, whatsoever locate, both present and future, now or hereinafter owned or acquired (collectively, the "Collateral"), including, without limitation, all real and

immovable property (including leasehold lands) now or hereafter owned or acquired by such Borrower.

The DIP Security shall be elevated by way of a Court-ordered super-priority charge (the "DIP Charge") over the Collateral, which shall rank in priority to any security interests, claims, trusts or deemed trusts (statutory or otherwise) without any other formality or requirement, such as without limitation under the *Personal Property Security Act* or registrations in land registration offices or otherwise.

Events of Default:

An "Event of Default" shall include, without limitation, the following:

- (a) the Borrower defaults in the payments of any amount due and payable to the DIP Lender (whether of principal, interest or otherwise) pursuant to this Term Sheet;
- (b) any representations and warranties made by the Borrower in this Term Sheet proves to be incorrect as of the date given;
- (c) the Borrower fails or neglects to observe or perform any term, covenant, condition or obligation contained or referred to in this Term Sheet or any other document between the Borrower and the DIP Lender;
- (d) the stay of proceedings provided for by virtue of the NOI Proceedings expires without being extended, the NOI Proceedings are dismissed or terminated or the Borrower becomes subject to a bankruptcy proceeding under the *Bankruptcy and Insolvency Act* or a receivership or similar insolvency proceeding;
- (e) the entry of an order staying, amending, reversing, vacating or otherwise modifying, in each case without the prior written consent of the DIP Lender, the DIP Loan, the DIP Charge or the DIP Order (as defined below) or any other order granted by the Court in the NOI Proceedings; or
- (f) the Borrower undertakes any actions with respect to its assets, business operations and/or capital structure which would, in the sole determination of

the DIP Lender, have a material adverse effect on the Borrower or the Collateral.

Upon the occurrence of an Event of Default, and in accordance with the notice terms of the DIP Order, all indebtedness of the Borrower to the DIP Lender shall become immediately due and payable and the DIP Lender may take all steps necessary to enforce its security.

The DIP Lender shall also have the right to exercise all other customary remedies, including, without limitation, the right to enforce and realize on all Collateral.

Conditions Precedent, to Advance of DIP Loan

The conditions precedent for making the DIP Loan available to the Borrower, include, without limitation:

- (a) the representations and warranties made by the Borrower in this Term Sheet being true and correct as of the date given;
- (b) no Event of Default has occurred; and
- (c) issuance of an order by the Court (the "DIP Order"), satisfactory in form and substance to the DIP Lender in its sole discretion, approving the DIP Loan, granting the DIP Charge with the priority contemplated herein and authorizing the payment by the Borrower of all of the fees and expenses in respect of the DIP Loan and of any monies advanced by the DIP Lender to the Borrower on or after the date of the filing of the NOI, unless otherwise agreed to by the DIP Lender in its sole discretion.

Illegality:

In the event that it becomes illegal for the DIP Lender to lend or continue to lend, the DIP Lender will be repaid and/or the DIP Lender's commitment will be cancelled.

Taxation:

All payments of principal, interest and fees will be made free and clear of all present and future taxes, levies, duties or other deductions of any nature whatsoever, levied either now or at any future time.

Governing Law, Jurisdiction:

Laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario. The Borrower agrees to submit to the non-exclusive jurisdiction of the Court.

Amendments, Waivers, Etc.:

No amendment or waiver of any provisions of this Term Sheet or consent to any departure by the Borrower from any provision thereof is effective unless it is in writing and signed by the DIP Lender (and in the case of amendments,

the Borrower). Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

Notices:

Any notice, request, consent, waiver or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or direct electronic transmission, including email, pdf email or "DocuSign" to such person at its address set out on its signature page hereof. Any such notice, request or other communication hereunder shall be concurrently sent to the Proposal Trustee and its counsel. Any such notice shall be deemed to be given and received when received, unless received after 5:00 Eastern Time or on a day other than a business day, in which case such notice, request, consent, waiver or other communication shall be deemed to be received on the next following business day.

Entire Agreement:

This Term Sheet constitutes the entire agreement between the parties hereto pertaining to the matters therein set forth and supersede and replace any prior understandings or arrangements pertaining to the DIP Loan. There are no warranties, representations or agreements between the parties in connection with such matters except as specifically set forth herein or in this Term Sheet.

**Counterparts and
Facsimile Signatures:**

This Term Sheet may be executed in any number of counterparts, each of which when taken together shall constitute one and the same instrument. Any counterpart of this Term Sheet can be executed and delivered by any manner of direct electronic transmission including without limitation "pdf email" or "DocuSign", each of which shall be deemed to be an original hereof.

[Remainder intentioned left blank; Signature page follows]


IN WITNESS HEREOF, the parties hereby execute this Term Sheet as of December 4th, 2023.

RELOGIX INC.



By: _____
Name: Andrew Millar
Title: CEO

ANDREW MILLAR in his capacity as DIP LENDER



ANDREW MILLAR

APPENDIX "C"

Relogix Inc.**Weekly Cash Flow Forecast**

For the period from December 1, 2023 to December 22, 2023

Week Ending	Notes	<u>08-Dec-23</u>	<u>15-Dec-23</u>	<u>22-Dec-23</u>	<u>Total</u>
Receipts	2	<u>48,143</u>	<u>37,877</u>	<u>20,340</u>	<u>106,360</u>
Disbursements					
Direct Costs	3	1,787	1,787	18,387	21,960
Payroll	4	2,694	49,731	20,208	72,633
Occupany Costs	5	148	148	2,337	2,633
G&A Expenses	6	2,146	2,920	2,289	7,355
Professional Fees	7	-	-	15,000	15,000
Total Disbursements		<u>6,775</u>	<u>54,586</u>	<u>58,220</u>	<u>119,581</u>
Net Cash Flow		<u>41,368</u>	<u>(16,709)</u>	<u>(37,880)</u>	<u>(13,221)</u>
Bank Balance					
Opening Bank Balance	8	-	41,368	74,659	-
Add: Net Cash Flow		41,368	(16,709)	(37,880)	(13,221)
Add: DIP Advances	9	-	50,000	50,000	100,000
Closing Bank Balance		<u>41,368</u>	<u>74,659</u>	<u>86,779</u>	<u>86,779</u>

Relogix Inc. (“Relogix” or the “Company”)

Major Assumptions

Cash Flow Forecast

For the Period December 1, 2023 to December 22, 2023 (the “Period”)

1. Relogix’s financial projections have been prepared for the purpose of meeting the requirements of the Bankruptcy and Insolvency Act. The Projection is based on the hypotheses that Relogix will continue operations in the normal course.

Receipts:

2. Relogix’s sales projections for the purposes of this cash flow are based on collections of existing receivables from completed or ongoing customer projects as well as expected new billings from customers with existing contracts. The cash flow forecast assumes that the Company will collect its sales based on historic collection terms.

Disbursements:

3. Direct costs represent the hard costs associated with the Company’s service offering.
4. Payroll includes amounts for eighteen salaried employees including group benefits and WSIB. Other payroll costs include source deduction remittances in the Period. Payroll is processed in-house.
5. Occupancy expenses include monthly insurance costs and certain utilities.
6. General and administrative expenses include various software expenses, general office expenses, vehicles expenses and bank charges.
7. Professional fees include fees for the restructuring costs for the Period.
8. The opening cash balance as of December 1, 2023 is zero.
9. Based upon the DIP Agreement provided to Relogix, the Lender will provide a first advance to Relogix of \$50,000 with a subsequent advance of \$50,000. Based upon the timing of receipt of Court approval of the financing arrangement by Relogix, Relogix estimates that the first advance will be received in the week ending December 15, 2023, and the second advance the week following and will be sufficient to finance Relogix’s cash flow needs in the Period.