

Court File No. BK-24-03137745-0032  
Estate No. 32-3137745

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

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
DATEC COATING CORPORATION OF THE CITY OF MISSISSAUGA IN THE PROVINCE  
OF ONTARIO**

Applicant

**MOTION RECORD OF THE APPLICANT**

(RE: Sale Approval, Stay Extension, Approval of Proposal Trustee Fees and Activities)  
(Returnable December 12, 2024)

December 5, 2024

**RECONSTRUCT LLP**

Richmond-Adelaide Centre  
120 Adelaide Street West, Suite 2500  
Toronto, ON M5H 1T1

**Sharon Kour** LSO No. 58328D

Email: [skour@reconllp.com](mailto:skour@reconllp.com)

Tel: 416.613.8283

**Jessica Wuthmann** LSO No. 72442W

Email: [jwuthmann@reconllp.com](mailto:jwuthmann@reconllp.com)

Tel: 416.613.8288

**Simran Joshi** LSO No. 89775A

Email: [sjoshi@reconllp.com](mailto:sjoshi@reconllp.com)

Tel: 416.304.6589

Fax: 416.613.8290

**Lawyers for the Applicant**

**TO: THE SERVICE LIST**

## SERVICE LIST

<p><b>RECONSTRUCT LLP</b> Richmond-Adelaide Centre 120 Adelaide Street West, Suite 2500 Toronto ON, M5H 1T1</p> <p><b>Sharon Kour</b> Email: <a href="mailto:Skour@reconllp.com">Skour@reconllp.com</a> Tel: 416.613.8283</p> <p><b>Jessica Wuthmann</b> LSO No. 72442W Email: <a href="mailto:jwuthmann@reconllp.com">jwuthmann@reconllp.com</a> Tel: 416.613.8288</p> <p><b>Simran Joshi</b> LSO No. 89775A Email: <a href="mailto:sjoshi@reconllp.com">sjoshi@reconllp.com</a> Tel: 416.304.6589</p> <p><b>Lawyers for the Applicant</b></p>	<p><b>WEIRFOULDS LLP</b> 4100 – 66 Wellington St. W. PO Box 35, TD Bank Tower Toronto, ON Canada M5K 1B7</p> <p><b>Phillip Cho</b> Email: <a href="mailto:pcho@weirfoulds.com">pcho@weirfoulds.com</a> 416.619.6296</p> <p><b>Lawyers for the Proposal Trustee</b></p>
<p><b>DODICK LANDAU INC.</b> 951 Wilson Avenue, Suite 15L, Toronto, ON, M3K 2A7</p> <p><b>Rahn Dodick</b> Email: <a href="mailto:rahn.dodick@dodick.ca">rahn.dodick@dodick.ca</a> Tel: 416 645 0552</p> <p><b>Proposal Trustee</b></p>	<p><b>URECKA CANADA CORPORATION</b> 202 King Street West Suite 307 Chatham-Kent ON N7M 1E5</p> <p><b>Prashant Pathak</b> Email: <a href="mailto:psp@ekagratagroup.com">psp@ekagratagroup.com</a></p> <p><b>DIP Lender and Stalking Horse Bidder</b></p>
<p><b>BENNETT JONES LLP</b> 100 King St W Suite 3400, Toronto, ON M5X 1A4</p> <p><b>Raj Sahni</b> Tel: 416.777.4804 <a href="mailto:sahnir@bennettjones.com">sahnir@bennettjones.com</a></p> <p><b>Aiden C.R. Nelms</b> Tel: 416.777.4642 <a href="mailto:nelmsa@bennettjones.com">nelmsa@bennettjones.com</a></p> <p><b>Counsel to the Purchaser</b></p>	

**CREDITORS****DE LAGE LANDEN FINANCIAL SERVICES CANADA INC.**

5046 Mainway, Unit 1  
Burlington, Ontario L7L 5Z1  
Canada

T +1 877 500 5355  
F +1 877 500 5356

[mhoo@leasedirect.com](mailto:mhoo@leasedirect.com)

**ROYAL BANK OF CANADA**

Commercial Financial Services  
200 Bay Street-19th Floor/S TWR  
PO Box 1STN  
R B C Toronto, Ontario M5J2 JU5

**Rohit Sukhija**  
[rohit.sukhija@rbc.com](mailto:rohit.sukhija@rbc.com)

**SCOTT PETRIE LLP**

200-252 Pall Mall Street  
London, ON, N6A 5P6

**David Swift**  
[dswift@scottpetrie.com](mailto:dswift@scottpetrie.com)  
519-433-5310 ext. 245

**Lawyers for Western Ontario Community  
Futures Development Corporation  
Association**

**GOVERNMENT ENTITIES****ATTORNEY GENERAL OF CANADA  
DEPARTMENT OF JUSTICE**

Ontario Regional Officer, Tax Law Section 120  
Adelaide Street West,  
Suite 400  
Toronto, Ontario M5H 1T1

[AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca](mailto:AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca)

**MINISTRY OF FINANCE (ONTARIO) –  
INSOLVENCY UNIT**

11-777 Bay Street  
Toronto, Ontario M5G 2C8

[insolvency.unit@ontario.ca](mailto:insolvency.unit@ontario.ca)  
Fax: (416) 325.1460

**Ontario Ministry of Finance – Legal  
Services Branch**

**CANADA REVENUE AGENCY**

1 Front Street West  
Toronto, ON M5J 2X6

Fax: 416.964.6411

**Pat Confalone**  
Tel: 416.954.6514  
[pat.confalone@cra-arc.gc.ca](mailto:pat.confalone@cra-arc.gc.ca)

**OFFICE OF THE SUPERINTENDENT  
OF BANKRUPTCY CANADA**

Innovation, Science and Economic  
Development Canada  
151 Yonge Street, Suite 400  
Toronto, ON M5C 2W7

Fax: (416) 973-7440  
[osbservice-bsfservice@ised-isde.gc.ca](mailto:osbservice-bsfservice@ised-isde.gc.ca)

<b>COUNTERPARTIES TO CONSENT REQUIRED CONTRACTS</b>	
<p><b>DOMINIC TALALLA</b> 17 Glenroy Avenue Toronto, ON M8Y 2L9</p> <p><b>Dominic Talalla</b> <a href="mailto:dominic@dateccoating.com">dominic@dateccoating.com</a></p>	<p><b>E.G.O. Elektro-Geratebau GmbH</b> Blanc-und Fischer-Platz 1-3 75038 Oberderdingen, Deutschland</p> <p><b>Rudolf Kaiser</b> Phone: +497-045-456-7545 <a href="mailto:Rudolf.kaiser@egoproducts.com">Rudolf.kaiser@egoproducts.com</a></p>
<p><b>MILLER THOMSON LLP</b> 5800-40 King Street W Toronto, ON, M5H 3S1</p> <p><b>Jay Hoffman</b> <a href="mailto:jhoffman@millerthomson.com">jhoffman@millerthomson.com</a></p> <p><b>Lawyers for E.G.O. Elektro-Geratebau GmbH</b></p>	<p><b>INTERTEK HEALTH SERVICES INC.</b> 2233 Argentia Rd., Suite 201 Mississauga, ON L5N 2X7</p> <p><b>Matt Allen</b> <a href="mailto:matt.allen@intertek.com">matt.allen@intertek.com</a></p>
<p><b>ONTARIO CENTRE OF INNOVATION</b> 325 Front St W., Suite 300 Toronto, ON M5V 2Y1</p> <p>Email: <a href="mailto:project-administration@oc-innovation.ca">project-administration@oc-innovation.ca</a> Fax: 416-861-1092</p>	<p><b>EGO Componentes Electronicos, S.A. de C.V.</b> Calle Robotica # 102 LT 2 MZ III Parque Industrial Amexhe 38188 APASEO EL GRANDE GUANAJUATO MEXICO</p> <p><b>Rudolf Kaiser</b> Phone: +497-045-456-7545 <a href="mailto:Rudolf.kaiser@egoproducts.com">Rudolf.kaiser@egoproducts.com</a></p>

### Email List

[Skour@reconllp.com](mailto:Skour@reconllp.com); [jwuthmann@reconllp.com](mailto:jwuthmann@reconllp.com); [sjoshi@reconllp.com](mailto:sjoshi@reconllp.com); [pcho@weirfoulds.com](mailto:pcho@weirfoulds.com); [mhoo@leasedirect.com](mailto:mhoo@leasedirect.com); [Edward.park@justice.gc.ca](mailto:Edward.park@justice.gc.ca); [insolvency.unit@ontario.ca](mailto:insolvency.unit@ontario.ca); [pat.confalone@cra-arc.gc.ca](mailto:pat.confalone@cra-arc.gc.ca); [AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca](mailto:AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca); [insolvency.unit@ontario.ca](mailto:insolvency.unit@ontario.ca); [pat.confalone@cra-arc.gc.ca](mailto:pat.confalone@cra-arc.gc.ca); [AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca](mailto:AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca); [rohit.sukhija@rbc.com](mailto:rohit.sukhija@rbc.com); [dswift@scottpetrie.com](mailto:dswift@scottpetrie.com); [rahn.dodick@dodick.ca](mailto:rahn.dodick@dodick.ca); [osbservice-bsfservice@ised-isde.gc.ca](mailto:osbservice-bsfservice@ised-isde.gc.ca); [psp@ekagratagroup.com](mailto:psp@ekagratagroup.com); [dominic@dateccoating.com](mailto:dominic@dateccoating.com); [jhoffman@millerthomson.com](mailto:jhoffman@millerthomson.com); [matt.allen@intertek.com](mailto:matt.allen@intertek.com); [project-administration@oc-innovation.ca](mailto:project-administration@oc-innovation.ca); [Rudolf.kaiser@egoproducts.com](mailto:Rudolf.kaiser@egoproducts.com); [sahnir@bennettjones.com](mailto:sahnir@bennettjones.com); [nelmsa@bennettjones.com](mailto:nelmsa@bennettjones.com);

Court File No. BK-24-03137745-0032  
Estate No. 32-3137745

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

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
DATEC COATING CORPORATION OF THE CITY OF MISSISSAUGA IN THE PROVINCE  
OF ONTARIO**

**INDEX**

<b>TAB</b>	<b>DOCUMENT</b>	<b>PG. NO.</b>
1.	Notice of Motion, returnable December 12, 2024	008
2.	Affidavit of Dominic Talalla sworn December 5, 2024	022
	<b>Exhibit "A"</b> - Certificate of Filing of a Notice of Intention to Make a Proposal dated October 4, 2024	039
	<b>Exhibit "B"</b> – Affidavit of Dominic Talalla sworn October 21, 2024 (without exhibits)	041
	<b>Exhibit "C"</b> – SISP Approval Order dated October 23, 2024	063
	<b>Exhibit "D"</b> – Stalking Horse Agreement dated October 21, 2024	081
	<b>Exhibit "E"</b> – Cash Flow Forecast period ending January 10, 2025	116
3.	Draft Assignment, Approval and Vesting Order	119
4.	Redline of the Commercial List's Model Approval and Vesting Order to the Draft Assignment, Approval and Vesting Order	130

# TAB 1

Bankruptcy Court File No. BK-24-03137745-0032  
Estate No. 32-3137745

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

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
DATEC COATING CORPORATION OF THE CITY OF MISSISSAUGA IN THE PROVINCE  
OF ONTARIO**

Applicant

**NOTICE OF MOTION**

(Returnable December 12, 2024)

(RE: Stay Extension, Assignment, Approval and Vesting Order, and Approval of Proposal  
Trustee's Reports and Fees)

Datec Coating Corporation (the "**Company**") will make a motion before Justice Cavanagh at 330 University Avenue, Toronto Ontario (the "**Court**") on **December 12, 2024 at 10:00 a.m. (Eastern Time)**, or as soon after that time as the motion can be heard by judicial videoconference via Zoom at Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard:

- in writing under subrule 37.12.1 (1) because it is on consent, unopposed or made without notice;
- in writing as an opposed motion under subrule 37.12.1 (4);
- In person;
- By telephone conference;
- By video conference.



At the following location:

**Video Conference Link:**

<https://ca01web.zoom.us/j/61804264297?pwd=MEpzRUtlUVB0UGc4eStsVGNTYmkxUT09#success>

**Meeting ID:** 618 0426 4297

**Passcode:** 057603

**THE MOTION IS FOR:**

1. an assignment, approval and vesting order substantially in the form attached as Tab 3 of the Company's Motion Record (the "**AVO**") that, among other things:
  - (a) extends the time to file a proposal pursuant to s. 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 ("**BIA**") for 9 days, from December 18, 2024 up to and including December 27, 2024;
  - (b) authorizes and approves the transaction (the "**Proposed Transaction**") contemplated by the Stalking Horse Asset Purchase Agreement (the "**Stalking Horse Agreement**") between the Company and Urecka Canada Corporation ("**Urecka**" or the "**Purchaser**") dated October 21, 2024;
  - (c) vests in the Purchaser all of the Company's right, title, benefit and interest in and to the assets described in the Stalking Horse Agreement (the "**Purchased Assets**") free and clear of all Encumbrances (as defined in the AVO) upon the delivery of the Proposal Trustee's certificate;
  - (d) assigns the agreements listed in Schedule "B" of the AVO (the "**Consent Required Contracts**") pursuant to Section 84.1 of the BIA;
  - (e) approves the First Report of Dodick Landau Inc. in its capacity as proposal trustee

(the “**Proposal Trustee**”) dated October 22, 2024 (the “**First Report**”) and the Second Report of the Proposal Trustee, to be filed (the “**Second Report**” and together with the First Report, the “**Reports**”);

- (f) approves the fees, costs and expenses of the Proposal Trustee, including those of its independent legal counsel, WeirFoulds LLP (collectively, the “**Professional Fees**”), as set out in the fee affidavits of Rahn Dodick and Philip Cho appended to the Second Report (together, the “**Fee Affidavits**”); and

- 2. such further and other relief as this Honourable Court deems just.

#### **THE GROUNDS FOR THIS MOTION ARE:**

##### **Background**

- 3. The Company is in the business of developing and manufacturing custom heating, coating and thermal solutions for various customers across Canada and the United States. (the “**Business**”). The Company both leverages its own patented thick film heating technology and develops new technology to provide application-specific, high performance heating solutions for its clients.
- 4. In around 2020, the Company began experiencing cash flow challenges due to increasing debt servicing requirements, increasing rent payments, and decreasing revenues caused by extrinsic conditions including high interest rates, the effects of COVID-19 on the Company’s customers in the food service industry, and the rising cost of labour and material.
- 5. In response to the Company’s cash flow pressures, the Company implemented an extensive operational restructuring process to decrease the Company’s operating costs and enhance the Company’s market position.

6. In addition, to sustain the Company's operations, in 2021, the Company obtained a fix term rate loan from RBC pursuant to the Highly Affected Sectors Credit Availability Program (HASCAP) to support Canadian businesses that have suffered a significant negative impact due to COVID-19.
7. In and around March 30, 2022, the Company also retained an investment banker, XL Business Consulting & Financing Inc., to conduct a marketing and sale process for the Company (the "**Pre-Filing Sale Process**"). The Pre-Filing Sale Process lasted over a year and a half but did not generate any offers. As such, the Company terminated the Pre-Filing Sale Process to preserve the Company's cash flow and resources for the day-to-day operations of the Business.
8. Despite the Company's efforts to address their liquidity challenges, the Company was unable to make its debt service payments to its secured creditors. As a result, on September 25, 2024, the Company's primary secured creditor, Western Ontario Community Futures Development Corporation Association, issued a Notice of Intention to Enforce Security under Section 244 of the BIA.
9. In order to preserve the Company's ongoing operations and value, the Company filed a Notice of Intention to Make a Proposal to its Creditors ("**NOI**") on October 4, 2024.
10. On October 23, 2024, this Court granted an order (the "**SISP Approval Order**") that, among other things:
  - (a) extended the time to file a proposal pursuant to Section 50.4(9) of the BIA up to and including December 18, 2024;
  - (b) approved the Company's sale and investment solicitation process ("**SISP**");

- (c) approved the Stalking Horse Agreement for the purposes of constituting the “stalking horse bid” in respect of the SISP (the “**Stalking Horse Bid**”);
- (d) authorized the Company to borrow up to \$125,000 under a credit facility (the “**DIP Facility**”) from Urecka to finance the Company’s working capital requirements and pay the costs and expenses of this proceeding, as more fully described in the commitment letter between the Company and Urecka dated October 21, 2024;
- (e) granted the following charges over the Company’s current and future assets, undertakings and property ranking in priority to all encumbrances with the following order of priority:
  - i) a first-ranking priority administration charge against the assets, property, and undertakings of the Company, in the maximum amount of \$75,000 as security for the payment of the professional fees and disbursements incurred and to be incurred by the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company, in connection with this proceeding; and
  - ii) a second-ranking charge in the maximum amount of \$125,000 as security for the Company’s obligations under the DIP Facility to Urecka.

### **The SISP**

11. The SISP was a 30-day single phase process that was implemented by the Proposal Trustee as an officer of this Court. The SISP commenced on November 2, 2024 and ended with a bid deadline of 5:00 p.m. on December 2, 2024 (the “**Bid Deadline**”).
12. The SISP involved the Stalking Horse Bid in the form of the Stalking Horse Agreement. If

no other bid was received by the Bid Deadline, the Proposal Trustee would declare the Stalking Horse Bid as the highest or otherwise best bid (the “**Successful Bid**”).

13. The Proposal Trustee commenced the SISP by emailing approximately 40 prospective bidders about the opportunity to perform due diligence and submit offers for a potential transaction or investment involving the Company’s Business and/or the Company’s assets.
14. Despite extensive marketing efforts, no bid or expression of interest, other than the Stalking Horse Bid, was received by the Bid Deadline. In accordance with the SISP, the Proposal Trustee declared the Stalking Horse Bid to be the Successful Bid.

### **The Stalking Horse Agreement**

15. The Stalking Horse Agreement contemplates the Purchaser acquiring most of the Company’s assets and continuing to operate the Business as a going concern.
16. The key terms of the Stalking Horse Agreement are as follows:
  - (a) **Purchased Assets** – the Purchased Assets include all of the Company’s assets, properties and undertakings, other than the excluded assets (“**Excluded Assets**”). The Purchased Assets include, but are not limited to, Assumed Contracts (as defined below), books and records, equipment, inventory, intellectual property, licences and permits, receivables, and customer deposits.
  - (b) **Assumed Contracts & Cure Costs** - The Purchaser shall assume all of the contracts and other written agreements to which the Company is a party (the “**Assumed Contracts**”). The Purchaser shall be responsible for curing any existing monetary default that exists on or before closing with respect to any Assumed

Contract (the “**Cure Costs**”). The parties are seeking an assignment order as part of the AVO to assign the Consent Required Contracts.

- (c) **Excluded Assets** - The Excluded Assets include, among other things, the Purchase Price (as defined herein), all cash in the Company’s bank accounts except for customer deposits, and the Scientific Research and Experimental Development tax credit administered by the federal and provincial government (the “**SR&ED Credit**”).
  - (d) **Purchase Price** - The total sum of \$300,000 (the “**Purchase Price**”) plus the cash sum required to pay the Cure Costs for all of the Assumed Contracts, if any. The Purchase Price will be comprised of a credit bid of all outstanding amounts owed by the Company to Urecka pursuant to the DIP Facility as of the time of closing, with the remainder to be paid in cash.
  - (e) “**As is, Where Is**” - The assets are being purchased on an “As Is, Where Is” basis as of the Closing Date (as defined below).
  - (f) **Treatment of Employees** - Five business days before closing, the Purchaser will provide a list of the employees to whom it wishes to offer new employment. The Purchaser will assume and be responsible for all liabilities in respect of the transferred employees after the Closing Date (as defined below).
  - (g) **Conditions to Closing** - The conditions to include, among other things, the Court granting the AVO.
19. The “**Closing Date**” under the Stalking Horse Agreement is three business days following the issuance of the AVO, or such later date as the Company and Purchaser may agree to in writing. The Company is currently anticipating a Closing Date of December 20, 2024.

### **Extension of the Time to File a Proposal**

20. The stay of proceedings pursuant to Section 50.4 of the BIA expires on December 18, 2024. The Company is seeking an order extending the stay of proceedings for a further 9 days up to and including December 27, 2024 (the “**Proposed Stay Period**”).
21. Since the SISP Approval Order, the Company has acted diligently and in good faith towards maximizing realization for its stakeholders. Among other things, the Company, with the assistance of the Proposal Trustee, has continued to operate the Business in the normal course, implemented the SISP, and continued to engage with its stakeholders. The Company will continue to act in good faith and with due diligence in implementing the Proposed Transaction.
22. The Proposed Stay Period is critical in providing the breathing room to complete the Proposed Transaction for the purpose of maximizing relation of the Business for the benefit of the Company’s stakeholders.
23. No creditors will be materially prejudiced by the Proposed Stay Period.
24. With the assistance of the Proposal Trustee, the Company previously prepared a 13-week cash flow statement for the period ending the week of January 10, 2025 (the “**Cash Flow Forecast**”). The Cash Flow Forecast demonstrates that the Company will have sufficient cash to operate over the Proposed Stay Period with the use of the DIP Facility.

### **Approval of the Proposed Transaction**

25. The Company seeks this Court’s approval of the Stalking Horse Agreement and the Proposed Transaction contemplated therein.

26. The Company is of the view that the Proposed Transaction presents the best possible outcome for its stakeholders in the circumstances. The Proposed Transaction should be approved because it, among other things:
- (a) represents the highest and best outcome for the Company's stakeholders and creditors as no other bids were received in the SISP and a liquidation would result in less value;
  - (b) ensures the continuation of the Business as a going concern, which will preserve employment for most of the Company's employees, provide continued and uninterrupted services to its customers, and preserve ongoing revenue for the Company's critical vendors;
  - (c) provides for the continuation of the Assumed Contracts and liabilities thereunder;
  - (d) permits the Proposal Trustee to have assistance from the Purchaser for the application to the SR&ED Credit, which will provide additional funds to the Company for the benefit of the secured creditors;
  - (e) preserves a Business that provides tangible benefits to the Canadian market by offering specific heating solutions for a wide variety of industries;
  - (f) releases and extinguishes the Company's debt under the DIP Facility; and
  - (g) will be a significant step in concluding the NOI process.
27. Based on the results of the Pre-Filing Sale Process and the SISP, it is highly unlikely that another purchaser would be willing to purchase the Business on superior terms. In addition, the Cash Flow Forecast demonstrates that the Company does not have sufficient liquidity to operate a further sale process.



**Assignment of Consent Required Contracts**

28. The Stalking Horse Agreement contemplates the assignment of Assumed Contracts as part of the Proposed Transaction.
29. To date, the Company has worked diligently to identify all of the Assumed Contracts that are Consent Required Contracts which require the consent of the counterparty to be assigned.
30. The Company intends to communicate directly with such counterparties to procure consents and waivers prior to the closing of the Proposed Transaction. However, it may not be possible for all consents and waivers relating to each Consent Required Contract to be obtained prior to the anticipated closing of the Proposed Transaction. Accordingly, the Company is seeking the assignment of the Consent Required Contracts in the AVO.
31. Any Cure Costs owing to the counterparties to the Consent Required Contracts as of the Closing Date will be paid directly by the Purchaser.

**Approval of the Reports and Fees of the Proposal Trustee**

32. The AVO seeks approval of the Reports and the fees and activities of the Proposal Trustee and its counsel described therein.
33. The Reports extensively describe the Proposal Trustee and its counsel's actions and activities since its appointment as Proposal Trustee. All actions and activities of the Proposal Trustee have been undertaken in the best interests of the Company and its stakeholders.
34. The Fee Affidavits detail the Professional Fees of the Proposal Trustee and its counsel. The Company believes the Professional Fees are reasonable and commensurate to the

value added by the Proposal Trustee to these proceedings.

### **Other Grounds**

35. The *Rules of Civil Procedure*, RSO 1990, Reg 194, as amended, including without limitation, Rules 1.04, 2.01, 3.02, 37, and 39.
36. The BIA including, without limitation, ss. 50.4, 65.13, 69 and 84.1.
37. The inherent jurisdiction of this Court.
38. Such further and other grounds as counsel may advise and this Honourable Court may permit.

### **THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED ON THE HEARING OF THE MOTION:**

39. The Affidavit of Dominic Talalla, sworn December 5, 2024;
40. The Second Report; and
41. Such further and other evidence as counsel may advise and this Honourable Court may permit.

December 5, 2024

**RECONSTRUCT LLP**  
Richmond-Adelaide Centre  
120 Adelaide Street West  
Suite 2500  
Toronto, ON M5H 1T1

**Sharon Kour** LSO No. 58328D  
skour@reconllp.com  
Tel: 416.613.8283

**Jessica Wuthmann** LSO No. 72442W  
jwuthmann@reconllp.com  
Tel: 416.613.8288

**Simran Joshi** LSO No. 89775A  
sjoshi@reconllp.com  
Tel: 416.304.6589

**Lawyers for the Applicant**

**TO: THE SERVICE LIST**

IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF DATEC COATING  
CORPORATION OF THE CITY OF MISSISSAUGA IN THE  
PROVINCE OF ONTARIO

Bankruptcy Court File No. BK-24-03137745-0032  
Estate No. 32-3137745

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

*Proceedings commenced at Toronto*

**NOTICE OF MOTION OF THE APPLICANT**  
(Returnable December 12, 2024)

**RECONSTRUCT LLP**  
120 Richmond-Adelaide Centre  
120 Adelaide Street West  
Suite 2500  
Toronto, ON M5H 1T1

**Sharon Kour** LSO No. 58328D  
skour@reconllp.com  
Tel: 416.613.8283

**Jessica Wuthmann** LSO No. 72442W  
jwuthmann@reconllp.com  
Tel: 416.613.8288

**Simran Joshi** LSO No. 89775A  
sjoshi@reconllp.com  
Tel: 416.304.6589

**Lawyers for the Applicant**

# TAB 2

Bankruptcy Court File No. BK-24-03137745-0032  
Estate No. 32-3137745

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

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
DATEC COATING CORPORATION OF THE CITY OF MISSISSAUGA IN THE PROVINCE  
OF ONTARIO**

**AFFIDAVIT OF DOMINIC TALALLA  
(Sworn December 5, 2024)**

I, **DOMINIC TALALLA**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the chief executive officer of Datec Coating Corporation (the “**Company**”), the Company in this proceeding pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). I have been in this role since 2010. Accordingly, I have personal knowledge of the matters set out below unless otherwise stated to be based on information and belief. Where I have relied on information from others, I state the source of such information and verily believe it to be true.

**I. OVERVIEW**

2. On October 4, 2024, the Company filed a Notice of Intention to Make a Proposal (“**NOI**”) under the BIA. Dodick Landau Inc. was appointed as Proposal Trustee under the NOI (in such capacity, the “**Proposal Trustee**”). Attached hereto and marked as **Exhibit “A”** is a copy of the Certificate of Filing of a Notice of Intention to Make a Proposal.

3. On October 23, 2024, the Court granted an order (the “**SISP Approval Order**”) that, among other things, approved the Company’s sale and investment solicitation process (“**SISP**”) and approved the Stalking Horse Asset Purchase Agreement (the “**Stalking Horse Agreement**”) between the Company and Urecka Canada Corporation (“**Urecka**” or the “**Purchaser**”) for purposes of constituting the “stalking horse” bid in respect of the SISP (the “**Stalking Horse Bid**”).

4. The Proposal Trustee, with the assistance of the Company, conducted the SISP in accordance with its terms. The Company received no Qualified Bids (as defined herein), other than the Stalking Horse Bid. Accordingly, the Company now seeks the Court’s approval of the Stalking Horse Agreement and the transaction contemplated therein (the “**Transaction**”). The Company believes it is in the best interests of its stakeholders to complete the Transaction contemplated by the Stalking Horse Agreement. The Transaction provides material value for the Company’s stakeholders and permits the Business (as defined herein) to continue under a new entity that will retain some of the Company’s employees, customers, and suppliers.

5. This affidavit is submitted in support of the Company’s motion seeking an approval and vesting order (“**AVO**”) that, among other things:

- (a) extends the time to file a proposal pursuant to s. 50.4(9) of the BIA for 9 days, from December 18, 2024 up to and including December 27, 2024;
- (b) authorizes and approves the Transaction contemplated in the Stalking Horse Agreement between the Company and Purchaser;
- (c) vests in the Purchaser all of the Company’s right, title, benefit and interest in and to the assets described in the Stalking Horse Agreement (the “**Purchased Assets**”) free and clear of all Encumbrances (as defined in the AVO) upon the delivery of the Proposal Trustee’s certificate; and

- (d) assigns the agreements listed in Schedule “B” of the AVO (the “**Consent Required Contracts**”) pursuant to Section 84.1 of the BIA; and
- (e) approves the First Report of the Proposal Trustee dated October 22, 2024 (the “**First Report**”) and the Second Report of the Proposal Trustee, to be filed (the “**Second Report**” and with the First Report, the “**Reports**”) and the activities of the Proposal Trustee set out therein; and
- (f) approves the fees, costs and expenses of the Proposal Trustee, including those of its independent legal counsel, WeirFoulds LLP (collectively, the “**Professional Fees**”), as set out in the fee affidavits of Rahn Dodick and Philip Cho appended to the Second Report (together, the “**Fee Affidavits**”).

## II. BACKGROUND OF THE COMPANY AND NOI

6. The background of the Company, including its primary assets and creditors, and the factors leading to its insolvency are extensively discussed in my prior affidavit sworn October 21, 2024 (“**Initial Affidavit**”). My Initial Affidavit without exhibits is attached hereto as **Exhibit “B”**.

7. The Company is in the business of developing and manufacturing custom heating, coating, and thermal solutions for customers across Canada and the United States (the “**Business**”). The Company both leverages its own patented thick film heating technology and develops new technology to provide application-specific, high performance heating solutions for its clients.

8. The Company’s patented thick film heating technology allows the Company to provide innovative solutions to its customers. In particular, the elements manufactured from the technology can be printed directly on substrates, which provides a more uniform heated surface with increased heat transfer and reliability and saves space, materials, and costs.



9. The Company has led the heating technology industry for over 20 years and has created heating solutions for a wide variety of industries that include, among others, commercial food service, medical and precision devices, electronics, automotive, and appliances.

10. Given the specialized nature of the Company's Business, it relies heavily on its team of research scientists and engineers, which includes 9 full-time employees, 3 specialized contractors, and two students for the September to December 2024 term.

11. In and around 2020, the Company began experiencing cash flow pressures due to increasing debt servicing requirements, increasing rental payments, and decreasing revenues caused by extrinsic conditions including high interest rates, the effects of COVID-19 on the Company's customers in the food service industry, and the rising cost of labour and material.

12. In response to the Company's cash flow pressures, the Company implemented an operational restructuring process to decrease the Company's operating costs and enhance the Company's market position. The process included decreasing the number of employees, modifying the employment structure of the Business, scaling its operations in the kitchen appliance industry, increasing the price of their products, obtaining payment on delivery from the Company's customers, reducing its number of suppliers, and obtaining a fixed term rate loan from RBC in the amount of \$250,000 (the "**RBC Loan**").

13. Despite the operational restructuring and the RBC Loan, the Company continued to suffer liquidity challenges and was unable to make its debt service payment to its principal secured lender, Western Ontario Community Futures Development Corporation Association ("**WOCFDCA**"). Accordingly, on September 25, 2024, WOCFDCA delivered a demand to the Company and issued a Notice of Intention to Enforce Security under Section 244 of the BIA.

14. In order to preserve its ongoing operations and value, the Company filed the NOI on

October 4, 2024. The primary objectives of this NOI proceeding are to restructure the Company's balance sheet and implement a long-term solution to the Company's liquidity challenges in the interests of stakeholders.

15. On October 23, 2024, the Court granted the SISP Approval Order, that among other things:

- (a) extended the time to file a proposal pursuant to s. 50.4(9) of the BIA up to and including December 18, 2024;
- (b) approved the SISP;
- (c) approved the Stalking Horse Agreement for purposes of constituting the Stalking Horse Bid in the SISP;
- (d) authorized the Company to borrow up to \$125,000 under a credit facility (the "**DIP Facility**") from Urecka to finance the Company's working capital requirements and pay the costs and expenses of this proceeding, as more fully described in the commitment letter between the Company and Urecka dated October 21, 2024 (the "**DIP Term Sheet**");
- (e) granted the following charges over the Company's current and future assets, undertakings and property ranking in priority to all encumbrances with the following order of priority:
  - (i) a first-ranking priority administration charge against the assets, property, and undertakings of the Company, in the maximum amount of \$75,000 as security for the payment of the professional fees and disbursements incurred and to be incurred by the Proposal Trustee, counsel to the

Proposal Trustee and counsel to the Company, in connection with this proceeding; and

- (ii) a second-ranking charge in the maximum amount of \$125,000 as security for the Company's obligations under the DIP Facility to Urecka.

The SISP Approval Order is attached hereto as **Exhibit "C"**.

### **III. SALE EFFORTS**

#### **A. Pre-Filing Sale Efforts**

16. In and around March 30, 2022, the Company retained an investment banker, XL Business Consulting & Financing Inc. ("**XL**"), to conduct a marketing and sale process for the Company (the "**Pre-Filing Sale Process**").

17. During the Pre-Filing Sale Process, XL contacted over 30 parties that were in the industry or in a complimentary industry that may be interested in a strategic investment or purchase of the Business.

18. The Pre-Filing Sale Process lasted over a year and a half but did not generate an offer from any of the parties. As such, the Pre-Filing Sale Process was terminated.

19. After the termination of the Pre-Filing Sale Process, the Company was approached by Ekagrata Inc., a company affiliated to Urecka, the stalking horse bidder and lender under the DIP Term Sheet, who advised it was interested in investing in the Company. Unfortunately, before any transaction could be negotiated, the Company's cash flow pressures became dire and the Company was required to file the NOI.

## B. The SISP

20. After filing the NOI, the Company, in consultation with the Proposal Trustee, developed the SISP. The SISP was intended to widely expose the Company's Business to the market and provide a structured and orderly process for interested parties to perform due diligence and submit offers for a potential transaction or investment involving the Business and/or the Company's assets (the "**Opportunity**").

21. On October 23, 2024, this Court granted the SISP Approval Order approving the SISP.

22. The SISP contemplated a 30-day, single phase sale process that would be implemented and supervised by the Proposal Trustee as an officer of this Court. The Proposal Trustee would commence the SISP on October 31, 2024.

23. The SISP involved the Stalking Horse Bid in the form of the Stalking Horse Agreement. The Stalking Horse Bid was intended to stimulate market interest by setting a "floor" price that bidders must bet against.

24. Interested parties, who executed non-disclosure agreements, had until 5:00 p.m. on December 2, 2024 (the "**Bid Deadline**") to complete their due diligence and submit a binding offer that conformed with the requirements set forth in the SISP (the "**Bid Factors**"). The Bid Factors required the bid to, among other things:

- (a) provide a cash consideration sufficient to pay in full on closing of the transaction:
  - (i) a minimum incremental amount of \$20,000 in excess of the aggregate Purchase Price (as defined herein) contemplated by the Stalking Horse Agreement; and (ii) a break fee in the amount of \$10,000 (the "**Consideration Value**");
- (b) include an executed binding transaction document(s), including all exhibits and

schedules contemplated thereby, together with a blackline against the Stalking Horse Agreement, describing the terms and conditions of the proposed Transaction;

- (c) include evidence satisfactory to the Company and Proposal Trustee of the financial ability of the bidder to consummate the Transaction;
- (d) describe the bidder's intended treatment of the Company's stakeholders under or in connection with the proposed bid,
- (e) state it includes an acknowledgment and representation that the bidder: (i) has had an opportunity to conduct any and all required due diligence prior to making its bid, and has relied solely upon its own independent review, investigation and inspection in making its bid, and (ii) is making its bid on an "as is, where is" basis;
- (f) be accompanied by a cash deposit by wire transfer of immediately available funds in an amount equal to at least 10% of the Consideration Value; and
- (g) be submitted to the Proposal Trustee, with a copy to the Company's counsel, by the Bid Deadline.

25. After the Bid Deadline, the Proposal Trustee would consider the bids it received to determine if they complied with the Bid Factors or if they should otherwise be declared a compliant bid (a "**Qualified Bid**"). The SISP expressly stated that the Stalking Horse Bid constituted a Qualified Bid.

26. In the circumstances where there was more than one Qualified Bid, the Proposal Trustee would proceed with an auction to select the highest or otherwise best bid in the SISP (the "**Successful Bid**"). In the event that the Proposal Trustee, in consultation with the Company,

determined that there was no Qualified Bid other than the Stalking Horse Bid, the Proposal Trustee would declare the Stalking Horse Bid as the Successful Bid.

27. After declaring the Successful Bid, the SISP contemplated the Company would apply to the Court for approval of the Successful Bid on December 13, 2024 (subject to the Court's availability) and close a transaction on or around December 27, 2024.

### **C. Conduct of the SISP**

28. In accordance with the SISP Approval Order, the Proposal Trustee, with the assistance of the Company, administered the SISP. I understand that the Proposal Trustee will provide a detailed review of the SISP in its Second Report.

29. I am advised by the Proposal Trustee that he commenced the SISP by emailing approximately 40 prospective bidders about the potential Opportunity between November 2, 2024 and November 7, 2024. The prospective bidders included parties that expressed an interest in the Business during the Pre-Filing Sale Process, companies in the same industry, as well as financial investors and possible strategic parties.

30. I am also advised by the Proposal Trustee that he placed a notice about the SISP in the Insolvency Insider newsletter and website. The notice remained active for the duration of the SISP.

31. As a result of outreach to prospective bidders, 5 parties executed non-disclosure agreements and received access to a virtual data room (the "VDR"). The VDR contained due diligence documents, including financial statements, key contracts, forecasts, employee biographies, and an organization chart.

32. I am advised by the Proposal Trustee that he had multiple discussions with potential

bidders regarding the Opportunity.

33. Despite the Proposal Trustee's extensive marketing efforts, no bids, other than the Stalking Horse Bid, were received by the Bid Deadline. Accordingly, the Proposal Trustee declared the Stalking Horse Bid to be the Successful Bid.

#### IV. THE STALKING HORSE AGREEMENT AND TRANSACTION

34. The Stalking Horse Agreement contemplates the Purchaser purchasing substantially all of the Company's assets for the cash sum of Three Hundred Thousand (\$300,000) comprised of: (a) a credit bid of the amount outstanding under the DIP Term Sheet, plus interest, fees and expenses; and (b) the balance in cash (the "**Purchase Price**") plus the cash sum required to pay the Cure Costs (as defined herein) for all of the Assumed Contracts (as defined herein), if any. The Stalking Horse Agreement is attached hereto as **Exhibit "D"**.

35. The Stalking Horse Agreement will permit the Purchaser to continue to operate the Business as a going concern for the benefit of its stakeholders. It also permits the Proposal Trustee to have assistance from the Purchaser for the application to the Scientific Research and Experimental Development tax credit (the "**SR&ED Credit**"), which will provide additional funds to the Company for the benefit of the secured creditors.

36. The key terms of the Stalking Horse Agreement are as follows:

- (a) **Purchased Assets:** the Purchased Assets include all of the Company's assets, properties and undertakings, other than the excluded assets ("**Excluded Assets**"). The Purchased Assets include, but are not limited to, Assumed Contracts (as defined below), books and records, equipment, inventory, intellectual property, licences and permits, receivables, and customer deposits.

- (b) **Excluded Assets:** the Excluded Assets include, among other things, the Purchase Price, the SR&ED Credit, all cash in the Company's bank accounts except for customer deposits.
- (c) **Assumed Contracts & Cure Costs:** the Purchaser shall assume all of the contracts and other written agreements to which the Company is a party (the "**Assumed Contracts**"). The Purchaser shall be responsible for curing any existing monetary default that exists on or before closing with respect to any Assumed Contract (the "**Cure Costs**").
- (d) **"As Is, Where Is":** the assets are being purchased on an "As Is, Where Is" basis as of the Closing Date (as defined below).
- (e) **Consent Required Contracts:** the parties are seeking an assignment order as part of the AVO to assign the Consent Required Contracts.
- (f) **Deposit:** an amount representing 10% of the purchase price has been paid by the Purchaser to the Proposal Trustee.
- (g) **Treatment of Employees:** five business days before closing, the Purchaser will provide a list of the employees to whom it wishes to offer new employment. The Purchaser will assume and be responsible for all liabilities in respect of the transferred employees after the Closing Date (as defined below).
- (h) **Conditions to Closing:** the conditions to include, among other things, the Court granting of the AVO.

37. The "**Closing Date**" under the Stalking Horse Agreement is three business days following the issuance of the AVO, or such later date as the Company and Purchaser may agree to in



writing. The Company is currently anticipating a Closing Date of December 20, 2024.

## V. RELIEF SOUGHT

### A. Extension of the Stay of Proceedings

38. The stay of proceedings under the BIA expires at the end of the day on December 18, 2024. The Company is seeking an extension of the time to file a proposal pursuant to section 50.4(9) of the BIA for a further 9 days (from the expiry of the stay period at the end of the day on December 18, 2024) up to and including December 27, 2024 (the “**Proposed Stay Period**”).

39. Since the SISP Approval Order, the Company has acted diligently and in good faith towards maximizing realization for its stakeholders and developing a proposal for the creditors. Among other things, the Company, with the assistance of the Proposal Trustee, has:

- (a) continued to operate the Business in the normal course;
- (b) assisted the Proposal Trustee in implementing the SISP by providing documents for the VDR and responding to due diligence questions;
- (c) engaged with stakeholders, including its principal secured creditor WOCFDCA, to build consensus on the steps contemplated in this restructuring proceeding;
- (d) engaged with employees and partners to address any questions about the NOI proceeding; and
- (e) after declaring the Stalking Horse Agreement as the Successful Bid, worked with the Purchaser to facilitate the Transaction and seek Court approval of same.

40. The Proposed Stay Period is critical to providing the Company the breathing room to complete the going concern Transaction for the purpose of maximizing the realization of the

Business for the benefit of creditors and stakeholders. If the Proposed Stay Period is not granted, the Business would likely be forced to shut down, which would result in an irreparable destruction of asset value given the Company's primary assets – its intellectual property, goodwill, software, and inventory – require an operating Business to retain its value.

41. With the assistance of the Proposal Trustee, the Company previously prepared a 13-week cash flow statement for the period ending the week of January 10, 2025 (the "**Cash Flow Forecast**"). The Cash Flow Forecast demonstrates that the Company will have sufficient cash to operate over the Proposed Stay Period with the DIP Facility. The Cash Flow Forecast is attached hereto as **Exhibit "E"**.

42. I am not aware of any creditors who would be prejudiced by the continuation of these proceedings during the Proposed Stay Period.

#### **B. Approval of the Proposed Transaction**

43. The Company seeks the Court's approval of the Stalking Horse Agreement and the proposed Transaction contemplation therein.

44. The proposed Transaction is the best offer and only Qualified Bid received following the completion of the SISP. The SISP was robust and thoroughly canvassed the market.

45. The SISP was conducted by the Proposal Trustee, with the assistance of the Company, in a transparent manner that treated all potential bidders in an even-handed and fair manner. I understand all bidders were provided the same information and ability to conduct due diligence.

46. The Company believes that the proposed Transaction presents the best possible outcome for its stakeholders in the circumstances. Among other things, the Transaction:

- (a) ensures the continuation of the Business as a going concern, which will preserve

employment for most of the Company's employees, provide continued and uninterrupted services to its customers, and preserve ongoing revenue for the Company's critical vendors;

- (b) is a value-maximizing transaction that monetizes substantially all of the Company's assets for the benefit of the Company's secured creditors;
- (c) provides for the continuation of the Assumed Contracts and liabilities thereunder;
- (d) provides for assistance in submitting and collecting on the SR&ED Credit for the benefit of the Company's creditors;
- (e) protects the Business, which provides tangible benefits to the Canadian market by offering specific heating solutions for a wide variety of industries; and
- (f) will be a significant step in concluding the NOI process.

47. Based on the results of the Pre-Filing Sale Process and the SISP, I believe it is unlikely that another purchaser would be willing to purchase the Business on superior terms. In addition, based on the Cash Flow Forecast, the Company will not have sufficient liquidity to operate a further sale process. Accordingly, I believe that if the proposed Transaction does not proceed, the Company would be forced to cease operations and liquidate its assets in a bankruptcy. This would be a suboptimal outcome as compared to the proposed Transaction as the Company's creditors would likely recover significantly less proceeds in a liquidation.

48. I understand that the Proposal Trustee supports the approval of the proposed Transaction and the AVO.

49. Therefore, I believe that the proposed Transaction represents the best available outcome for stakeholders in the circumstances.

**C. Assignment of Consent Required Contracts**

50. The Stalking Horse Agreement contemplates the assignment of the Assumed Contracts as part of the Transaction.

51. The Assumed Contracts must be preserved in the hands of the Purchaser following closing to permit the Purchaser to continue operating the Business in the ordinary course. As a result, it is a condition to closing the Transaction that the Assumed Contracts be assigned to the Purchaser.

52. To date, the Company has worked diligently with the Purchaser to identify all the counterparties to the Assumed Contracts that must consent or be provided with notice of this motion. Although some of the Assumed Contracts can be assigned without the consent of the counterparty, the Company has identified several Assumed Contracts that require the consent of the counterparty to be assigned. These Consent Required Contracts are identified in Schedule "B" of the proposed AVO.

53. The Company intends to communicate directly with such counterparties to procure consents and waivers prior to the closing of the Transaction. However, it may not be possible for all consents and waivers relating to each Consent Required Contract to be obtained prior to the anticipated closing of the Transaction. Accordingly, in parallel with its ongoing efforts to secure consents and waivers, the Company is seeking the assignment of the Consent Required Contracts in the AVO.

54. None of the Consent Required Contracts are agreements that cannot be assigned under the BIA, such as: (a) agreements that have been entered into after the commencement of these NOI proceedings, (b) eligible financial contracts, or (c) collective agreements.

55. I am advised by the Company's counsel that all counterparties to the Consent Required

Contracts will be served with these motion materials.

56. It is essential to the proposed Transaction that the value of the Assumed Contracts be preserved in the hands of the Purchaser following the closing of the Transaction. The only way to do so is through the AVO given some of the Assumed Contracts are not permitted to be assigned without the consent of the counterparty.

57. As required by the Stalking Horse Agreement and proposed AVO, the Purchaser will pay any Cure Costs due and owing to the counterparties to the Consent Required Contracts as of the Closing Date. As of the date of swearing this affidavit, I am not aware of any Cure Costs owed to the counterparties to the Consent Required Contracts.

**D. Approval of the Reports of the Proposal Trustee**

58. As described in the Reports, the Proposal Trustee has undertaken numerous activities to facilitate the NOI proceedings and the Company's restructuring efforts. The Company is now seeking approval of the activities of the Proposal Trustee as described in the Reports and the Professional Fees as described in the Fee Affidavits.

59. I swear this affidavit in support of the Company's requested relief in the within motion and for no other or improper purpose.

**SWORN REMOTELY by DOMINIC )  
TALALLA** stated as being located in the )  
City of Mississauga in the Province of )  
Ontario before me at the City of Toronto, )  
in the Province of Ontario, this 5<sup>th</sup> day of )  
December, 2024, in accordance with O. )  
Reg 431/20, Administering Oath or )  
Declaration Remotely. )

Signed by:  
*Simran Joshi*  
0D0B645B9A9E494...

A Commissioner for taking Affidavits.  
Simran Joshi LSO#89775A

Signed by:  
*Dominic Talalla*  
7CF2E00938554BC

**DOMINIC TALALLA**

THIS IS **EXHIBIT "A"** REFERRED TO IN THE  
AFFIDAVIT OF DOMINIC TALALLA SWORN REMOTELY BY **DOMINIC TALALLA** STATED  
AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF  
TORONTO, IN THE PROVINCE OF ONTARIO, THIS 5TH DAY OF DECEMBER 2024, IN  
ACCORDANCE WITH O. REG 431/20, *ADMINISTERING OATH OR DECLARATION  
REMOVED* SWORN BEFORE ME,

Signed by:

*Simran Joshi*

0D0B645B9A9E494...

-----  
A COMMISSIONER FOR TAKING AFFIDAVITS  
SIMRAN JOSHI  
LSO No. 89775A



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

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

District of Ontario  
Division No. 09 - Mississauga  
Court No. 32-3137745  
Estate No. 32-3137745

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

**Datec Coating Corporation**

Insolvent Person

**DODICK LANDAU INC.**

Licensed Insolvency Trustee

---

Date of the Notice of Intention:

October 04, 2024

---

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: October 07, 2024, 14:01

E-File/Dépôt Electronique

Official Receiver

Federal Building - Hamilton, 55 Bay Street N, 9th Floor, Hamilton, Ontario, Canada, L8R3P7, (877)376-9902

**Canada**

THIS IS **EXHIBIT "B"** REFERRED TO IN THE  
AFFIDAVIT OF DOMINIC TALALLA SWORN REMOTELY BY **DOMINIC TALALLA** STATED  
AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF  
TORONTO, IN THE PROVINCE OF ONTARIO, THIS 5TH DAY OF DECEMBER 2024, IN  
ACCORDANCE WITH O. REG 431/20, *ADMINISTERING OATH OR DECLARATION  
REMOVED* SWORN BEFORE ME,

Signed by:

*Simran Joshi*

0D0B645B9A9E494...

-----  
A COMMISSIONER FOR TAKING AFFIDAVITS  
SIMRAN JOSHI LSO No. 89775A



Bankruptcy Court File No. BK-24-03137745-0032  
Estate No. 32-3137745

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

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
DATEC COATING CORPORATION OF THE CITY OF MISSISSAUGA IN THE PROVINCE  
OF ONTARIO**

**AFFIDAVIT OF DOMINIC TALALLA  
(Sworn October 21, 2024)**

I, **DOMINIC TALALLA**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the chief executive officer of Datec Coating Corporation (the “**Company**” or “**Datec**”), the Company in this proceeding pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). Accordingly, I have personal knowledge of the matters set out below unless otherwise stated to be based on information and belief. Where I have relied on information from others, I state the source of such information and verily believe it to be true.

**I. OVERVIEW**

2. On October 4, 2024, Datec filed a Notice of Intention to Make a Proposal (“**NOI**”) under the BIA. Dodick Landau Inc. was appointed as Proposal Trustee under the NOI (in such capacity, the “**Proposal Trustee**”). Attached hereto and marked as **Exhibit “A”** is a copy of the Certificate of Filing of a Notice of Intention to Make a Proposal.

3. This affidavit is submitted in support of the Company’s motion seeking an order (“**SISP**”

**Approval Order**) that, among other things:

- (a) abridges the notice periods and service requirements pursuant to section 6 of the *Bankruptcy and Insolvency General Rules*;
- (b) extends the time to file a proposal pursuant to s. 50.4(9) of the BIA for 45 days, from November 3, 2024 up to and including December 18, 2024;
- (c) approves the sale and investment solicitation process ("**SISP**") in the form attached as Schedule "A" to the SISP Approval Order;
- (d) approves the Stalking Horse Asset Purchase Agreement (the "**Stalking Horse Agreement**") between the Company and Urecka Canada Corporation ("**Urecka**", and in its capacity as the stalking horse bidder, the "**Stalking Horse Bidder**") and authorizes the Company to execute the Stalking Horse Agreement for purposes of constituting the "stalking horse" bid in respect of the SISP;
- (e) authorizes the Company to borrow up to \$125,000 under a credit facility (the "**DIP Facility**") from Urecka (in its capacity as lender under the DIP Facility, the "**DIP Lender**") to finance the Company's working capital requirements and pay the costs and expenses of this proceeding, as more fully described in the commitment letter between the Company and DIP Lender dated October 21, 2024 (the "**Commitment Letter**"); and
- (f) grants the following charges over the Company's current and future assets, undertakings and property (collectively, the "**Property**") ranking in priority to all Encumbrances (as defined in the SISP Approval Order) with the following order of priority:

- (i) a first-ranking priority charge (“**Administration Charge**”), in the maximum amount of \$75,000, as security for the payment of the professional fees and disbursements incurred and to be incurred by the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company, in connection with this proceeding; and
- (ii) a second-ranking charge (the “**DIP Lender’s Charge**”) in the maximum amount of \$125,000 as security for the Company’s obligations under the DIP Facility to the DIP Lender.

4. The relief sought by the Company is intended to:

- (a) stabilize and preserve the going concern operations of the Company for the benefit of its stakeholders (including employees, customers, suppliers, and creditors); and
- (b) maximize the value of the Company for its stakeholders, including secured creditors, through the implementation of the SISP, which comprises of a “stalking horse bid” that is intended to stimulate competition and optimize the efficiency of the sale process.

## II. BACKGROUND OF THE COMPANY

5. Datec is in the business of developing and manufacturing custom heating, coating, and thermal solutions for customers across Canada and the United States (the “**Business**”). The Company both leverages its own patented thick film heating technology and develops new technology to provide application-specific, high performance heating solutions for its clients.

6. The Company has led the heating technology industry for over 20 years and has created heating solutions for a wide variety of industries that include, among others, commercial food

service, medical and precision devices, electronics, automotive, and appliances.

7. The Company's patented thick film heating technology allows the Company to provide innovative solutions to its customers. In particular, the elements manufactured from the technology can be printed directly on substrates, which provides a more uniform heated surface with increased heat transfer and reliability and saves space, materials, and costs.

8. The Company's principal assets are its intellectual property, equipment in its technology lab, inventory, manufacturing equipment, and brand goodwill. Specifically, the Company has 2 patent families with patents in multiple countries, 2 pending patents, and other trade secrets.

9. The Company's state-of-the-art technology lab is located at the Company's head office located at 130 Matheson Blvd East, Unit #2 in Mississauga, Ontario (the "**Leased Premises**"). The Company leases the Leased Premises pursuant to a Lease Agreement dated December 5, 2023.

10. Given the specialized nature of Datec's Business, it relies heavily on its team of research scientists and engineers, which includes 9 full-time employees, 3 specialized contractors, and two students for the September to December 2024 term.

11. The Company's cash management system is comprised of two bank accounts with the Royal Bank of Canada ("**RBC**"): a Canadian account and an USD account. The Company also has one credit card with RBC.

#### **A. Financial Difficulties**

12. In around 2020, Datec began experiencing cash flow pressures due to increasing debt servicing requirements, increasing rent payments for the Leased Premises, and decreasing revenues caused by extrinsic conditions including high interest rates, the effects of COVID-19 on

the Company's customers in the food service industry, and the rising cost of labour and material.

13. In response to the Company's cash flow pressures, the Company implemented an operational restructuring process to decrease the Company's operating costs and enhance the Company's market position. The process included decreasing the number of employees, modifying the employment structure of the Business, scaling its operations in the kitchen appliance industry, increasing the price of their products, trying to obtain payment on delivery from the Company's customers, and reducing its number of suppliers.

14. In addition, to sustain the Company's operations, in 2021, the Company obtained a fixed term rate loan from RBC pursuant to the Highly Affected Sectors Credit Availability Program (HASCAP) to support Canadian businesses that have suffered a significant negative impact due to COVID-19 (the "**RBC Loan**"). The RBC Loan is for the principal amount of \$250,000 pursuant to a loan agreement dated March 3, 2021 (the "**RBC Loan Agreement**"). A copy of the RBC Loan Agreement dated March 3, 2021 is attached as **Exhibit "B"**.

15. Despite the operational restructuring and the RBC Loan, the Company continued to suffer liquidity challenges as sales remained slower than expected due to the high interest rates and the long-term effects of COVID-19 on certain industries. The Company explored different options to generate cash flow for the Business including soliciting capital from current shareholders and requesting pre-payments from customers. Unfortunately, those options did not generate any additional cash flow for the Business.

16. Although the RBC Loan and decreased operating costs temporarily sustained the Business, the Company determined it required a long-term solution to restructure its Business and balance sheet. Accordingly, in and around March 30, 2022, the Company retained an investment banker, XL Business Consulting & Financing Inc. ("**XL**"), to conduct a marketing and sale process for the Company (the "**Pre-Filing Sale Process**").

17. During the Pre-Filing Sale Process, XL contacted over 30 parties that were in the industry or were in a complimentary industry that may be interested in a strategic investment in or purchase of the Business.

18. Approximately five parties expressed an interest in exploring a strategic transaction with the Company and actively participated in the Pre-Filing Sale Process. I was personally involved in facilitating discussions with these parties including answering their due diligence questions.

19. The Pre-Filing Sale Process lasted over a year and a half until approximately November 2023 but did not generate an offer from any of the parties for the Business. As such, the Company terminated the Pre-Filing Sale Process to preserve the Company's cash flow and resources for the day-to-day operations of the Business.

20. After the completion of the Pre-Filing Sale Process, the Company was approached by a company affiliated to Urecka ("**Ekagrata**"), the proposed Stalking Horse Bidder and DIP Lender, who advised it was interested in investing in the Company.

21. During the negotiations with Ekagrata, the Company's cash flow pressures continued to mount. As a result, in September 2024, as a result of cash flow pressures, the Company was unable to make its debt service payment to its principal secured lender, Western Ontario Community Futures Development Corporation Association ("**WOCFDCA**"). Accordingly, on September 25, 2024, WOCFDCA delivered a demand to the Company and issued a Notice of Intention to Enforce Security under section 244 of the BIA. A copy of the demand letter and notice are appended as **Exhibit "C"**.

22. In September 2024, the Company was also unable to make its monthly lease payments to De Lage Laden Financial Services Canada Inc. ("**De Lage**") for the equipment leased by the Company pursuant to an Equipment Leasing Agreement dated April 25, 2023 (the "**Equipment**

**Lease**”). On September 26, 2024, De Lage delivered a demand letter to the Company. A copy of De Lage’s demand letter is appended as **Exhibit “D”**.

23. In order to preserve its ongoing operations and value, the Company filed the NOI on October 4, 2024. The primary objectives of this NOI proceeding are to restructure Datec’s balance sheet and implement a long-term solution to the Company’s liquidity challenges in the interests of stakeholders.

#### **B. Primary Creditors of Datec**

24. The Company has approximately \$800,000 in liabilities of which approximately \$455,000 is secured debt. A copy of the List of Creditors filed with the NOI is attached as **Exhibit “E”**.

25. Pursuant to the Ontario Personal Property Security Registry search report for Datec (the **“PPSA Report”**), the Company has two secured creditors: De Lage and WOCFDCA. A copy of the PPSA Report is appended as **Exhibit “F”**.

26. WOCFDCA is the Company’s principal secured creditor. WOCFDCA is owed approximately \$435,000 pursuant to a promissory note and loan agreement from WOCFDCA to the Company for the principal amount of \$500,000 (together, the **“Loan Agreements”**). A copy of the Loan Agreements dated July 29, 2022 are attached as **Exhibit “G”**.

27. De Lage is the Company’s other secured creditor. In 2023, the Company purchased a heat meter, which is a device that measures thermal energy, from De Lage through the Equipment Lease. The amount outstanding under the Equipment Lease is approximately \$22,000. A copy of the Equipment Lease with De Lage is attached as **Exhibit “H”**.

28. The Company is also indebted to RBC in the approximate amount of \$225,000 pursuant to the RBC Loan. On behalf of the Company, I signed a general security agreement with RBC, but

there is no registration in favour of RBC on the PPSA Report.

29. The remainder of the Company's obligations are for trade payables and operating costs accrued in the ordinary course. The Company's primary trade payables are related to the purchase of supplies to produce the Company's products. The Company's primary operating costs are lease payments to the landlord.

### **C. Acute Liquidity Crises and Need for Interim Financing**

30. The Company has limited cash on hand and requires interim financing. Specifically, the Company presently has about \$16,400 of cash on hand.

31. With the assistance of the Proposal Trustee, the Company has prepared a 13-week cash flow statement for the period ending the week of January 10, 2025 (the "**Cash Flow Forecast**"). I understand that the Cash Flow Forecast will be appended to the First Report of the Proposal Trustee, to be filed.

32. The Cash Flow Forecast demonstrates that the Company requires access to emergency, interim financing in the approximate amount of \$125,000 throughout the next 13 weeks to preserve the going-concern nature of its Business.

33. There is no reasonable prospect that the Company's financial condition will improve without an operational and financial restructuring and without interim financing being made available. Without the interim financing, the Company would be forced to shut down operations, which would be detrimental to the Company's stakeholders including employees, customers, and suppliers.

### **III. RELIEF SOUGHT**



**A. Extension of the Stay of Proceedings**

34. The initial 30-day stay of proceedings under s. 50.4(8) of the BIA expires at the end of the day on November 3, 2024.

35. Since the filing of the NOI on October 4, 2024, Datec has acted diligently and in good faith toward maximizing realization for its stakeholders and developing a proposal for the creditors.

Among other things, the Company, with the assistance of the Proposal Trustee, has:

- (a) continued to operate the Business in the normal course, with the oversight of the Proposal Trustee;
- (b) negotiated the Commitment Letter for the DIP Facility;
- (c) developed the SISP with a view to canvassing the market for a transaction and developing a viable proposal;
- (d) negotiated the Stalking Horse Agreement;
- (e) engaged with employees and vendors to address any questions about the NOI proceeding; and
- (f) with the assistance of the Proposal Trustee, continued to assess various restructuring options with a view to closing a transaction and developing a viable proposal.

36. To permit Datec to continue operating while it implements the SISP, the Company is seeking an extension of time to file a proposal pursuant to section 50.4(9) of the BIA for a further 45 days (from the expiry of the initial stay period at the end of the day on November 3, 2024) up to and including December 18, 2024 (the “**Proposed Stay Period**”).

37. The extension of the stay of proceedings until December 18, 2024 will provide stability to the Business that will permit Datec to continue operating, provide reassurance to Datec's stakeholders, and give Datec the breathing room to implement the SISP.

38. The Proposed Stay Period is critical to maximizing the realization of the Business for creditors and stakeholders and avoiding the destruction of value that would result from a shut-down of operations. If the Business is forced to shut down, the Company would immediately experience a loss of its customers and market share. The Company would also suffer an irreparable loss in asset value given the Company's primary assets – its intellectual property, goodwill, software, and inventory - require an operating Business to retain its value.

39. The Cash Flow Forecast demonstrates that Datec will have sufficient cash to operate over the Proposed Stay Period with the availability of the DIP Facility. In the meantime, Datec continues to work with due diligence and in good faith to implement the SISP, complete a transaction, and develop a proposal for the benefit of its general body of creditors.

40. I am not aware of any creditors who would be prejudiced by the continuation of these proceedings during the Proposed Stay Period.

## **B. Approval of SISP**

### ***Overview of the Proposed SISP***

41. A primary objective of the NOI proceeding is to provide the Company the breathing room necessary to develop a value-maximizing restructuring solution for stakeholders including creditors, employees, customers, and suppliers.

42. To complement the Company's prior and ongoing operational restructuring efforts, the Company has determined that a sale and investment solicitation process is critical to developing

a value-maximizing restructuring solution. Accordingly, the Company - in consultation with the Proposal Trustee and Urecka - developed the SISP.

43. The SISP is intended to widely expose the Company's Business to the market and provide a structured and orderly process for interested parties to perform due diligence and submit offers for a potential transaction.

44. The SISP is a transparent and objective process that will be implemented and supervised by the Proposal Trustee as an officer of this Court. The Company will continue to operate in the normal course during the SISP in order to preserve and maximize going-concern value of the Business.

45. The SISP involves a stalking horse bid in the form of the Stalking Horse Agreement (the "**Stalking Horse Bid**"), wherein Urecka has agreed to purchase substantially all of the assets of the Company. The Stalking Horse Bidder has an arms-length relationship with the Company. A copy of the Stalking Horse Agreement is attached as **Exhibit "I"**.

46. The Stalking Horse Bid is intended to stimulate market interest by setting a "floor" price that bidders must bet against. It also provides comfort to stakeholders that value will be realized through the SISP and the Business will emerge as a going-concern.

47. I understand that the Proposal Trustee supports the approval of the SISP, recognizing that the SISP is fair and reasonable in the circumstances, and is in the best interest of creditors.

48. The SISP and Stalking Horse Agreement also mitigate the risk of employee resignations as a result of uncertainty around the outcome of the NOI proceeding and will increase the likelihood that the Company will be able to emerge from the NOI proceeding as a going concern.

### ***The SISP Timeline***

49. The SISP contemplates a 30-day, single phase sale process that will be managed by the Proposal Trustee. The following key milestones in the SISP are as follows:

Milestone	Deadline
Commencement of the SISP by placing a notice in certain publications, disseminating marketing materials to potentially interested parties, and opening a data room	October 31, 2024
“ <b>Bid Deadline</b> ” – interested parties to submit a binding offer that meets at least the requirements set forth in the SISP (“ <b>Qualified Bid</b> ”)	December 2, 2024
Holding of the auction, if necessary, or the selection of the highest or otherwise best bid (“ <b>Successful Bid</b> ”)	December 3, 2024
Seek court approval of the Successful Bid	December 13, 2024, subject to Court availability
Closing the transaction contemplated in the Successful Bid	No later than December 27, 2024

50. The SISP provides that the Proposal Trustee may extend the above deadlines by up to seven days or for a longer period with the consent of the Stalking Horse Bidder or by Court order. The ability to extend deadlines provides the Proposal Trustee and the Company with the necessary flexibility to maximize the Company’s success in the SISP.

51. The timeline of the SISP was designed to balance the limitations of the Company’s financial position with the need for sufficient flexibility to allow interested parties a reasonable opportunity to formulate and submit bids to maximize the Company’s success in the SISP.

52. Given the above and the extensive marketing of the Business in the Pre-Filing Sale

Process, the Company believes that the timeline of the SISP is sufficient to canvass the market.

### ***Key Terms of the SISP***

53. The main elements of the SISP are summarized below:

- (a) **Bid Deadline** – Potential bidders who wish to make an offer pursuant to the SISP must email a Qualified Bid by no later than 5:00 p.m. (Toronto time) on December 4, 2024, being the Bid Deadline.
- (b) **Determination of Qualified Bid** – To be considered a “Qualified Bid”, bids must satisfy certain criteria including, among other things:
  - i. providing for cash consideration sufficient to pay in full on closing of the transaction: (i) a minimum incremental amount of \$20,000 in excess of the aggregate Purchase Price (as defined herein) contemplated by the Stalking Horse Agreement; and (ii) a Break Fee in the amount of \$10,000 as contemplated by the Stalking Horse Agreement (the “**Consideration Value**”);
  - ii. being accompanied by a deposit of at least 10% of the Consideration Value, to be retained by the Proposal Trustee in trust;
  - iii. containing an executed binding transaction document(s), including all exhibits and schedules contemplated thereby, together with a blackline against the Stalking Horse Agreement (which shall be posted by the Company in the data room), describing the terms and conditions of the proposed transaction, including any liabilities proposed to be assumed, the Consideration Value, the structure and financing of the proposed

transaction, and any regulatory or other third-party approvals required;

- iv. stating it is not conditional upon any condition or contingency relating to due diligence, financing or any other material conditions precedent to the bidder's obligation to complete the transaction;
- v. being submitted by the Bid Deadline;
- vi. providing evidence satisfactory to the Proposal Trustee of the financial ability of the bidder to consummate the transaction;
- vii. not requesting any break fee, expense reimbursement or similar type of payment;
- viii. acknowledging the offer is expressly made on an "As Is, Where Is" (as defined herein) basis in all respects; and
- ix. describing the intended treatment of the Company's stakeholders including secured creditors, unsecured creditors, employees, customers, suppliers, and contractual counterparties.

(c) **Selection of Successful Bid** – In the event that the Proposal Trustee, in consultation with the Company, determines that there are no Qualified Bids, the Proposal Trustee shall promptly proceed to declare the Stalking Horse Bid as the Successful Bid. If the Proposal Trustee receives one or more Qualified Bids which are superior to the Stalking Horse Bid, it may proceed with an auction to select the highest or otherwise best bid in the SISF in accordance with the procedure delineated in the SISF.

(d) **Court Approval and Closing** – Upon selection of the Successful Bid, the

Company will bring a motion to the Court on notice to the service list for an order approving the Successful Bid. The Company, with the assistance of the Proposal Trustee, will then proceed to close the transaction as soon as possible after Court approval is granted.

### **C. Approval of the Stalking Horse Agreement**

54. As noted above, the SISP includes the Stalking Horse Bid, in the form of the Stalking Horse Agreement, to stimulate market interest by setting a “floor” price that bidders in the SISP must bid against. Notwithstanding that all reasonable efforts outlined in the SISP will be made to solicit interest, the Stalking Horse Bid also provides comfort and assurance to stakeholders that the SISP will result in a successful transaction that will permit the Company to emerge from these NOI proceedings as a going-concern for the benefit of their stakeholders including their 9 employees, 3 contractors, vendors, and customers.

55. The Company seeks Court approval of the Stalking Horse Agreement for purposes of constituting the “Stalking Horse Bid” in the SISP. For clarity, approval of the Stalking Horse Agreement on this motion is only being sought for the purposes of approving it as the Stalking Horse Bid under the SISP. To the extent the Stalking Horse Agreement is ultimately designated as the Successful Bid in the SISP, further approval will be sought from the Court to consummate the transaction contemplated therein.

56. The principal terms of the Stalking Horse Agreement are as follows:

- (a) **Purchaser:** Urecka.
- (b) **Purchased Assets:** the purchased assets include all of the Company’s assets, properties and undertakings other than the excluded assets (“**Excluded Assets**”) including but not limited to intellectual property, the Company’s software and

technology, certain contracts (“**Assumed Contracts**”), and the Company’s receivables.

- (c) **Excluded Assets:** the Excluded Assets include, among other things, the Purchase Price, all cash in the Company’s bank accounts except for customer deposits, and the Scientific Research and Experimental Development credits.
- (d) **“As Is, Where Is”:** the assets are being purchased on an “as is, where is basis” as of the closing date.
- (e) **Purchase Price:** the total sum of \$300,000 (the “**Purchase Price**”) plus the cash sum required to pay the cure costs for all of the Assumed Contracts, if any. The Purchase Price will be comprised of a credit bid of all outstanding amounts owed by the Company to Urecka pursuant to the DIP Facility as of the time of closing, with the remainder to be paid in cash.
- (f) **Deposit:** given Urecka is providing the DIP Facility, Urecka is not required to provide any deposit under the Stalking Horse Agreement.
- (g) **Break Fee:** the Stalking Horse Bidder is entitled to a break fee of \$10,000 (the “**Break Fee**”).
- (h) **Conditions to Closing:** the conditions to closing include, among other things, the Stalking Horse Bidder being chosen as the Successful Bid and the granting of the Approval and Vesting Order and Assignment Order (both as defined in the Stalking Horse Agreement) by the Court.

57. Based on my experience with the Company and the industry, I believe that the Stalking Horse Agreement represents a satisfactory monetization of the Company if it constitutes the



Successful Bid at the conclusion of the SISP.

58. I also believe that the presence of the Stalking Horse Agreement in the SISP is in the interests of stakeholders because it will stimulate competition for the Company and provide comfort to its stakeholders that a reasonable transaction will result from the SISP. It will also enhance the efficiency of the SISP by providing an objective basis for the minimum valuation of the Company and a form of the agreement for other bidders to use.

59. The Stalking Horse Agreement also entitles the Stalking Horse Bidder to a Break Fee equal to approximately 3% of the Purchase Price under the Stalking Horse Agreement. The Break Fee is only payable in the circumstances where the Stalking Horse Agreement is not selected as the Successful Bid under the SISP. If the Stalking Horse Agreement is chosen as the Successful Bid, then no Break Fee will be payable to the Stalking Horse Bidder.

60. I believe the Break Fee is fair and reasonable in the circumstances. The Stalking Horse Agreement, including the Break Fee, was negotiated amongst the parties with the oversight of the Proposal Trustee. The Stalking Horse Bidder requires these fees in exchange for its commitment to the SISP.

61. The Break Fee is also intended to compensate the Stalking Horse Bidder for the value that the Stalking Horse Bid provides to the SISP and the NOI proceeding generally. As discussed above, the Stalking Horse Agreement provides reassurance to stakeholders that the Business will continue as a going concern, which reassurance provides stability for the Company at a time when stability is of paramount importance. The Stalking Horse Agreement also benefits potential bidders by providing a base valuation of the Company's assets and the form of the Stalking Horse Agreement for their use.

62. Overall, I believe that the Stalking Horse Agreement is both fair and reasonable in the

circumstances. I also understand that the Proposal Trustee supports the approval of the Stalking Horse Agreement solely for the purpose of approving it as the Stalking Horse Bid under the SISP.

**D. Approval of the DIP Facility and DIP Lender's Charge**

63. The Cash Flow Forecast demonstrates that the Company requires approximately \$125,000 in interim financing to meet ordinary course of business expenses and to fund this NOI proceeding and the SISP. Any amounts advanced are expected to be used for payroll, supplier payments, and other ordinary course business expenses, as well as the payment of restructuring professionals in connection with this proceeding and the SISP.

64. The Company has obtained a debtor-in-possession financing from the DIP Lender to fund the Company's operational and restructuring expenses during the restructuring period subject to various terms and conditions as described in the Commitment Letter. An executed copy of the Commitment Letter is appended hereto as **Exhibit "J"**.

65. The Commitment Letter represents the best and only available interim financing arrangement that could be arranged by the Company within the time frame needed to meet the Company's cash flow needs

66. The key terms and conditions of the Commitment Letter are as follows:

- (a) a maximum loan amount of \$125,000;
- (b) interest accruing at a rate of 14% per annum;
- (c) borrowing under the DIP Facility is subject to a finance fee of 5% on each advance;
- (d) a maturity date of the earlier of (i) January 15th, 2025; (ii) the closing of the transaction contemplated by the Stalking Horse Agreement; (iii) the closing of any

transaction resulting from the SISP; (iv) the implementation of a proposal; (v) the date on which the proceedings are terminated or are converted into a bankruptcy proceeding under the BIA; and (vi) the occurrence of an Event of Default (as defined in the Commitment Letter); and

- (e) advances under the DIP Facility are conditional upon Court approval of the Commitment Letter, Court approval of the SISP and Stalking Horse Agreement, and the granting of a super-priority DIP Lender's Charge in favour of the DIP Lender over all of the Property of the Company, subordinate only to the Administration Charge.

67. The DIP Facility is expected to provide sufficient liquidity to allow the Company to operate and meet its obligations during the pendency of the NOI proceeding.

68. The DIP Lender requires all obligations under the Commitment Letter to be secured by a court-ordered priority charge, namely the DIP Lender's Charge. The DIP Lender's Charge will secure all the funds advanced to the Company under the DIP Facility. The DIP Lender's Charge will not secure any obligations incurred prior to the filing of the NOI.

69. The amount of the DIP Lender's Charge requested is necessary and limited to what is reasonably necessary for the continued operations of the Business in the ordinary course of business during the NOI proceeding. Without the DIP Lender's Charge, the DIP Lender will not provide the DIP Facility resulting in the Company's inability to finance its operations leading to bankruptcy, which would be detrimental to the Company's stakeholders.

70. The Proposal Trustee has advised that it is supportive of the approval of the Commitment Letter and the corresponding DIP Lender's Charge.

## **E. Approval of the Administration Charge**

71. Datec seeks a Court-ordered first-priority Administration Charge over its Property, up to a maximum amount of \$75,000, to secure the fees and disbursements incurred by the Proposal Trustee, counsel to the Proposal Trustee, and counsel to the Company in connection with this NOI proceeding. The Company requests that the Administration Charge rank in priority to all other security interests, claims of secured creditors, trusts, liens, charges, and Encumbrances, statutory or otherwise in favour of any person.

72. Datec has relied heavily upon each of the restructuring professionals that are the beneficiaries of the Administration Charge during the NOI proceeding. Each of these professionals have contributed, and will continue to contribute, significant value to the advancement of the NOI proceeding and the completion of a successful restructuring.

73. The Administration Charge is necessary to ensure that the Company has the continued expertise, knowledge and participation of the restructuring professional during the Proposed Stay Period, including to implement the SISP, effectively liaise with creditors, and assist in other restructuring initiatives. Each of the restructuring professionals who are the beneficiaries of the Administration Charge have a critical and discrete role in the restructuring of the Company.

74. The Company worked with the Proposal Trustee to estimate the quantum of the Administration Charge. Based on those discussions, the quantum of the Administration Charge is fair and reasonable in the circumstances as it is commensurate with the expected complexity of the Company's Business and anticipated restructuring.

75. I swear this affidavit in support of Datec's requested relief in the within motion and for no other or improper purpose.

**SWORN REMOTELY by Dominic Talalla** )  
stated as being located in the City of )  
Mississauga in the Province of Ontario )  
before me at the City of Toronto, in the )  
Province of Ontario, this 21st day of )  
October 2024, in accordance with O. Reg )  
431/20, Administering Oath or Declaration )  
Remotely. )

Signed by:  
*Simran Joshi*  
0D0B645B9A9E494...

A Commissioner for taking Affidavits.  
Simran Joshi LSO#89775A

Signed by:  
*Dominic Talalla*  
7CE2E00938554BC...

**DOMINIC TALALLA**

THIS IS **EXHIBIT "C"** REFERRED TO IN THE  
AFFIDAVIT OF DOMINIC TALALLA SWORN REMOTELY BY **DOMINIC TALALLA** STATED  
AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF  
TORONTO, IN THE PROVINCE OF ONTARIO, THIS 5TH DAY OF DECEMBER 2024, IN  
ACCORDANCE WITH O. REG 431/20, *ADMINISTERING OATH OR DECLARATION  
REMOVED* SWORN BEFORE ME,

Signed by:

*Simran Joshi*

0D0B645B9A9E494...

-----  
A COMMISSIONER FOR TAKING AFFIDAVITS  
SIMRAN JOSHI LSO No. 89775A

Bankruptcy Court File No. BK-24-03137745-0032  
Estate File No. 32-3137745

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

THE HONOURABLE ) WEDNESDAY, THE 23<sup>RD</sup>  
 )  
JUSTICE BLACK ) DAY OF OCTOBER, 2024

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
DATEC COATING CORPORATION OF THE CITY OF MISSISSAUGA IN THE PROVINCE  
OF ONTARIO**

**ORDER  
(Approval of Stalking Horse SISF, DIP Facility, Administration Charge, and Stay  
Extension)**

**THIS MOTION**, made by Datec Coating Corporation (the “**Company**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the “**BIA**”) for an order, among other things: (i) extending the time to file a proposal pursuant to s. 50.4(9) of the BIA up to and including December 18, 2024; (ii) approving the sale and investment solicitation process substantially in the form attached hereto as Schedule “A”; (iii) granting an Administration Charge (as defined herein); and (iv) approving the DIP Facility (as defined herein) and granting a DIP Lender’s Charge (as defined herein) on the Property (as defined herein) in favour of the DIP Lender, was heard on the 23rd day of October, 2024.

**ON READING** the affidavit of Dominic Talalla, sworn October 21, 2024 (the “**Talalla Affidavit**”), and the exhibits thereto, and the First Report of Dodick Landau Inc. in its capacity as proposal trustee of the Company (the “**Proposal Trustee**”).

**ON HEARING** the submissions of counsel for the Company, the Proposal Trustee, and such other counsel that were present, no one else appearing for any other person although duly

served:

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the materials filed, as set out in the Affidavit of Service of Simran Joshi sworn October 22, 2024, is hereby deemed adequate notice so that this Motion is properly returnable today and hereby dispenses with further service thereof.

## **STAY OF PROCEEDINGS**

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Company to file a proposal with the official receiver be and is hereby extended to and including December 18, 2024 (the “**Stay Period**”).

## **APPROVAL OF SALE AND INVESTMENT SOLICITATION PROCESS**

3. **THIS COURT ORDERS** that the terms of the Sale and Investment Solicitation Process (“**SISP**”) attached as **Schedule “A”** to this Order (the “**SISP Terms**”) are hereby approved.

4. **THIS COURT ORDERS** that the Company and Proposal Trustee are hereby authorized, empowered and directed to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with the SISP Terms and the terms of this Order.

5. **THIS COURT ORDERS** that the Company, the Proposal Trustee, and their respective affiliates, officers, directors, partners, employees, advisors, counsel and agents shall have no liability with respect to any and all losses, claims, damages or liability, of any nature or kind, to any person in connection with or as a result of performing their duties under the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Company and the Proposal Trustee, as applicable, as determined by this Court.

6. **THIS COURT ORDERS** that the Proposal Trustee or the Company may apply to this Court for directions with respect to the SISP at any time during the term thereof.

7. **THIS COURT ORDERS** that, pursuant to section 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS), the Proposal Trustee and the Company are authorized and permitted to send, or cause or permit to be sent, commercial electronic



messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the SISP in these proceedings.

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Company and the Proposal Trustee are authorized and permitted to disclose personal information of identifiable individuals (“**Personal Information**”) to prospective bidders or offerors and to their advisors, including human resources and payroll information, records pertaining to the Company’s past and current employees, and information on specific customers, but only to the extent desired or required to negotiate or attempt to complete a transaction under the SISP. Each prospective bidder or offeror to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information with security safeguards appropriate to the sensitivity of the Personal Information and as may otherwise be required by applicable federal or provincial legislation. Each prospective bidder or offeror to whom any Personal Information is disclosed shall also limit the use of such Personal Information to its participation in the SISP.

#### **APPROVAL OF THE STALKING HORSE AGREEMENT**

9. **THIS COURT ORDERS** that the Stalking Horse Asset Purchase Agreement between the Company and Urecka Canada Corporation (the “**Stalking Horse Agreement**”), which is attached as Exhibit “I” to the Talalla Affidavit, is hereby approved, including the break fee and expense reimbursement provisions set out therein, and the Company is hereby authorized and directed to execute the Stalking Horse Agreement for purposes of constituting the “stalking horse” bid in respect of the SISP. For the avoidance of doubt, nothing contained in this Order approves the sale or the vesting of the assets as contemplated in the Stalking Horse Agreement and it is understood that this Court’s approval of any transaction will be considered on a subsequent motion made to this Court in accordance with the SISP.

#### **CONTINUATION OF SERVICES**

10. **THIS COURT ORDERS** that during the Stay Period, all persons having oral or written agreements with the Company or statutory or regulatory mandates for the supply of goods and/or services are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Company, provided in each case that the normal prices or charges for such goods or services rendered after the date of this Order are paid by the Company in accordance with normal payment

practices of the Company or other practices as may be agreed upon by the supplier or service provider and each of the Company and the Proposal Trustee, or as may be ordered by this Court.

### **ADMINISTRATION CHARGE**

11. **THIS COURT ORDERS** that the Proposal Trustee, counsel to Proposal Trustee and counsel to the Company shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Company as part of the costs of these proceedings. The Company is hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel for the Proposal Trustee and counsel for the Company as such accounts are rendered. The Proposal Trustee and its counsel shall be authorized to immediately apply any such payments made by the Company to their fees and disbursements and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

12. **THIS COURT ORDERS** that, pursuant to Section 64.2 of the BIA, the Proposal Trustee, counsel to the Proposal Trustee, and the Company's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on all of the Company's current and future assets, undertakings and properties of every nature and kind whatsoever and wherever situate including all proceeds thereof (the "**Property**"), which charge shall not exceed an aggregate amount of \$75,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 19 and 21 hereof.

### **DIP FINANCING**

13. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to obtain and borrow under a credit facility (the "**DIP Facility**") from Urecka Canada Corporation or an affiliated entity (the "**DIP Lender**") to finance the Company's working capital requirements and its general corporate purposes, provided that borrowings under the DIP Facility shall not exceed \$125,000 unless permitted by further order of this Court.

14. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Company and the DIP Lender dated October 21, 2024 (the "**Commitment Letter**").

15. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Company is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

16. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 19 and 21 herein.

17. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;
- b) upon the occurrence of an event of default under the Commitment Letter or the Definitive Documents, the DIP Lender, upon 5 days’ notice to the Company and the Proposal Trustee, may exercise any and all of its rights and remedies against the Company or the Property under or pursuant to the Commitment Letter, the Definitive Documents and the DIP Lender’s Charge, including without limitation, to cease making advances to the Company and set off and/or consolidate any amounts owing by the DIP Lender to the Company against the obligations of the Company to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender’s Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and
- c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver or receiver and manager of the Company or the Property.

18. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by the Company under the BIA, with respect to any advances made under the Definitive Documents.

**VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

19. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge (together, the "**Charges**"), as among them, shall be as follows:

- a) First – Administration Charge (to the maximum amount of \$75,000); and
- b) Second – DIP Lender's Charge (to the maximum principal amount of \$125,000).

20. **THIS COURT ORDERS** that the filing, registration, or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

21. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any individual, firm, corporation, governmental agency, or any other entities (each and any, a "**Person**").

22. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Company obtains the prior written consent of the Proposal Trustee, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

23. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (the "**Chargees**") shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other

similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Company, and notwithstanding any provision to the contrary in any Agreement:

- a) the creation of the Charges shall not create or be deemed to constitute a breach by the Company of any Agreement to which it is a party;
- b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- c) the payments made by the Company pursuant to this Order, and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

24. **THIS COURT ORDERS** that the Charges created by this Order over leases of real property in Canada shall only be a charge in the Company’s interests in such real property leases.

#### **GENERAL**

25. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada and as against all Persons against whom it may otherwise be enforced.

26. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or in any other foreign jurisdiction to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to recognize and give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order.

27. **THIS COURT ORDERS** that each of the Company and the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or

administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

28. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Time on the date of this Order.

A handwritten signature in blue ink, appearing to read "W. D. Black", is written over a horizontal line.

Justice W. D. Black

**Schedule "A"**

**Sale Process**

## Sale and Investment Solicitation Process for Datec Coating Corporation

---

1. On October 4, 2024, Datec Coating Corporation (the “**Company**”) filed a Notice of Intention to make a proposal (the “**NOI**”) under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”). Dodick Landau Inc. was appointed as proposal trustee of the Company (the “**Proposal Trustee**”).
2. On October 23, 2024, the Court granted an order (the “**SISP Approval Order**”) that, among other things, authorizes the Company to implement a sale, refinancing and investment solicitation process (“**SISP**”) in accordance with the terms hereof. Capitalized terms that are not otherwise defined herein have the meanings ascribed to them in the SISP Approval Order.
3. This SISP sets out the manner in which: (a) binding bids for a sale or other strategic investment or transaction (a “**Transaction**”) involving the business, assets and/or equity of the Company (the “**Opportunity**”), will be solicited from interested parties; (b) any such bids received will be addressed; (c) any Successful Bid (as defined below) will be selected; and (d) Court approval of a Successful Bid will be sought.
4. The Company has received a Transaction bid from Urecka Canada Corporation (the “**Stalking Horse Bidder**”) pursuant to a purchase agreement in substantially the form attached to the Affidavit of Dominic Talalla dated October 21, 2024 (the “**Stalking Horse Agreement**”) which constitutes a Qualified Bid for all purposes and at all times under this SISP (the “**Stalking Horse Bid**”). The Stalking Horse Bid shall serve as the “stalking horse” bid for the purposes of the SISP.
5. Notwithstanding the receipt of the Stalking Horse Bid, all interested parties are encouraged to submit bids for a Transaction pursuant to this SISP.
6. The SISP shall be conducted by the Proposal Trustee in consultation with the Company.

### Commencement of the Sale Process

7. The Proposal Trustee, will:
  - (a) disseminate marketing materials and a copy of the SISP to potentially interested parties identified by the Company and the Proposal Trustee, or any other interested party who contacts the Company or the Proposal Trustee;
  - (b) arrange for notice of the SISP (and such other relevant information as the Proposal Trustee considers appropriate) (the “**Notice**”) to be published in *Insolvency Insider* and other such newspaper(s), publication(s) or journal(s) as the Proposal Trustee may consider appropriate;
  - (c) solicit interest from interested parties with a view to such parties entering into non-disclosure agreements (each an “**NDA**”). Parties shall only obtain access to the virtual data room (the “**VDR**”) and be permitted to participate in the SISP if they execute an NDA, in form and substance satisfactory to the Company and the Proposal Trustee; provided that those parties that have already executed an NDA



- with the Company shall not be required to execute a further NDA provided that such prior NDA has not expired or will not expire during the SISP;
- (d) provide interested parties who have executed an NDA with access to the VDR containing diligence information in respect of the Opportunity; and
  - (e) request that parties submit a binding offer that meets at least the requirements set forth in Section 9 below, as determined by the Proposal Trustee, in consultation with the Company (each a “**Qualified Bid**”), by the Qualified Bid Deadline (as defined below).

### Key Milestones

8. The SISP shall be conducted subject to the terms hereof and the following key milestones, each of which can be extended by up to seven (7) days by the Proposal Trustee, in consultation with the Company, or for a longer period with the consent of the Stalking Horse Bidder or by Court order:
- (a) the Court issues the SISP Approval Order approving the SISP by no later than October 23, 2024;
  - (b) the Proposal Trustee, with the assistance of the Company, commences the solicitation process by no later than October 31, 2024, it being understood that the Proposal Trustee, in consultation with the Company, shall be at liberty to provide marketing materials and commence discussions with interested parties prior to such date as it considers appropriate;
  - (c) deadline to submit a Qualified Bid – by no later than 5:00 p.m. (Toronto time) on December 2, 2024 (the “**Qualified Bid Deadline**”);
  - (d) date of the Auction (as defined below), if any – December 3, 2024;
  - (e) deadline to select a Qualified Bid as the Successful Bid (as defined below) if no Auction is required – by no later than 5:00 p.m. (Toronto time) on December 3, 2024;
  - (f) Approval Order (as defined below) hearing – by no later than December 13, 2024, subject to Court availability; and
  - (g) closing of the Successful Bid – as soon thereafter as possible and, in any event, by no later than December 27, 2024 (the “**Outside Date**”).

### Qualified Bid Requirements

9. In order to constitute a Qualified Bid, a bid must comply with the following:
- (a) it provides for cash consideration sufficient to pay in full on closing of the Transaction: (i) a minimum incremental amount of \$20,000 in excess of the aggregate purchase price contemplated by the Stalking Horse Agreement; and (ii) a break fee in the amount of \$10,000 (the “**Consideration Value**”);

- 3 -

- (b) it includes an executed binding Transaction document(s) (a “**Definitive Agreement**”), including all exhibits and schedules contemplated thereby, together with a blackline against the Stalking Horse Agreement (which shall be posted by the Company in Word format in the VDR), describing the terms and conditions of the proposed Transaction, including any liabilities proposed to be assumed, the Consideration Value, the structure and financing of the proposed Transaction, and any regulatory or other third-party approvals required;
- (c) it contains the legal name and identity (including jurisdiction of existence) and contact information of the bidder, full disclosure of its direct and indirect principals, and the name(s) of its controlling equity holder(s);
- (d) it discloses any past or current connections or agreements with the Company, any known, potential, prospective bidder participating in the SISP, or any current or former officer, manager, director, member or known current or former equity security holder of any of the Company;
- (e) it includes or is accompanied by evidence satisfactory to the Company and Proposal Trustee of the financial ability of the bidder to consummate the Transaction;
- (f) it includes full details of the bidder’s intended treatment of the Company’s stakeholders under or in connection with the proposed bid, including the Company’s secured creditors, unsecured creditors, employees, customers, suppliers, contractual counterparties and equity holders;
- (g) it is binding and irrevocable until the earlier of (i) the approval of the Successful Bid by the Court, and (ii) thirty (30) calendar days following the Qualified Bid Deadline, provided that if such bid is selected as a Successful Bid, it shall remain irrevocable until the closing of the Transaction contemplated by the Successful Bid;
- (h) it is not conditional upon any condition or contingency relating to due diligence, financing or an other material conditions precedent to the bidder’s obligation to complete the transaction;
- (i) it does not include any request for or entitlement to any break fee, expense reimbursement, or similar type of payment;
- (j) it includes an acknowledgment and representation that the bidder: (i) has had an opportunity to conduct any and all required due diligence prior to making its bid, and has relied solely upon its own independent review, investigation and inspection in making its bid; (ii) is not relying upon any written or oral statements, representations, promises, warranties, conditions, or guaranties whatsoever, whether express or implied (by operation of law or otherwise), made by any person or party, including the Company, the Proposal Trustee, and their respective employees, officers, directors, agents, advisors (including legal counsel) and other representatives, regarding the proposed Transaction, this SISP, or any information (or the completeness of any information) provided in connection therewith, except as expressly stated in the proposed Transaction documents; (iii) is making its bid on an “as is, where is” basis and without surviving representations or warranties of

any kind, nature, or description by the Company, the Proposal Trustee, or any of their respective employees, officers, directors, agents, advisors and other representatives, except to the extent set forth in the proposed Transaction documents; (iv) is bound by this SISP and the SISP Approval Order; and (v) is subject to the exclusive jurisdiction of the Court with respect to any disputes or other controversies arising under or in connection with the SISP or its bid;

- (k) it is accompanied by a cash deposit (the “**Deposit**”) by wire transfer of immediately available funds in an amount equal to at least 10% of the Consideration Value, which Deposit shall be retained by the Proposal Trustee in a non-interest-bearing trust account in accordance with the terms hereof;
- (l) it includes a statement that the bidder will bear its own costs and expenses (including all legal and advisor fees) in connection with the proposed Transaction;
- (m) it contemplates closing of the Transaction by not later than the Outside Date;
- (n) it includes such other information as may be reasonably requested by the Company or Proposal Trustee; and
- (o) it is received by the Proposal Trustee, with a copy to the Company, by the Qualified Bid Deadline at the email addresses specified on Schedule “A” hereto.

#### **Assessment of the Bids and Selection of the Successful Bid**

10. Following the Bid Deadline, the Proposal Trustee shall assess the bids received and determine whether such bids constitute a Qualified Bid (the “**Qualified Bidder**”). The Proposal Trustee may waive compliance with any one or more of the requirements specified in Section 9 above and deem a non-compliant bid to be a Qualified Bid.
11. Following the receipt of any bid, the Proposal Trustee may seek clarification with respect to any of the terms or conditions of such bid and/or request one or more amendments to such bid prior to determining if such bid should be considered a Qualified Bid. Each Qualified Bidder shall comply with all reasonable requests for additional information by the Proposal Trustee regarding the Qualified Bidder or the Qualified Bid. Failure of a Qualified Bidder to comply with such requests for additional information will be a basis for the Proposal Trustee to reject a Qualified Bid.
12. In the event that the Proposal Trustee, in consultation with the Company, determines that there are no Qualified Bids, the Proposal Trustee shall promptly proceed to declare the Stalking Horse Bid as the Successful Bid (as such term is defined below).
13. If the Proposal Trustee receives one or more Qualified Bids which are superior to the Stalking Horse Bid based on the Consideration Factors, it shall proceed with an auction (“**Auction**”) to select the highest or otherwise best bid in the SISP (the “**Successful Bid**” and the bidder making such bid, the “**Successful Bidder**”), and the Stalking Horse Bidder and each Qualified Bidder that submitted a Qualified Bid will be invited to attend the Auction. Each bidder invited to participate in the Auction will be deemed an “**Auction Bidder**”.

14. If an Auction is conducted, it shall be conducted in accordance with the following procedures:
- (a) The Auction shall be conducted at a time and date to be designated by the Proposal Trustee by electronic communication means (including videoconference, teleconference or such other reasonable means as the Proposal Trustee deems appropriate);
  - (b) The identity of each Auction Bidder participating in the Auction will be disclosed, on a confidential basis, to each other Auction Bidder;
  - (c) Except as otherwise permitted in the Proposal Trustee's discretion, only the Proposal Trustee, the Company and the Auction Bidders, and in each case their respective professional advisors, shall be entitled to attend the Auction. Each Auction Bidder shall appear at the Auction through a duly authorized representative that shall be designated by the Auction Bidder as its spokesperson;
  - (d) Except as otherwise set forth herein, the Proposal Trustee may waive and/or employ and announce at the Auction additional procedures that the Proposal Trustee deems reasonable under the circumstances for conducting the Auction, provided that such procedures are (i) not inconsistent with this SISP, the Stalking Horse Agreement or any order of the Court granted in the within proceedings, (ii) disclosed to each Auction Bidder, and (iii) designed, in the Proposal Trustee's judgement, to result in the solicitation of the highest and best offer;
  - (e) Not less than one (1) business day prior to the Auction, the Proposal Trustee shall: (i) identify the highest or otherwise best Qualified Bid received, which shall constitute the opening bid for purposes of the Auction (the "**Opening Bid**"), and (ii) provide the Definitive Agreement in respect of the Opening Bid to all Auction Bidders, on a confidential basis. Subsequent bidding at the Auction will continue in minimum increments of \$25,000. Each Auction Bidder shall, if requested by the Proposal Trustee, provide evidence of its financial wherewithal and ability to consummate the Transaction at the increased consideration bid at the Auction;
  - (f) Each Auction Bidder shall be given a reasonable opportunity to submit an overbid at the Auction to any then-existing overbids; and
  - (g) The Auction shall continue until the bidding has concluded and there is one remaining Auction Bidder that the Proposal Trustee has determined has submitted the highest or otherwise best bid of the Auction. At such time, the Auction shall be closed and the Auction Bidder that submitted the highest or otherwise best bid shall be designated by the Proposal Trustee as the Successful Bidder.

#### **Finalizing the Successful Bid and the Approval Order**

15. Following selection of the Successful Bid, if any, the Proposal Trustee, with the assistance of its advisors, and in consultation with the Company, shall seek to finalize any remaining necessary definitive agreement(s) with respect to the Successful Bid in accordance with the milestones set out in Section 8. Once the necessary definitive agreement(s) with respect to a Successful Bid have been finalized, as determined by the Company in consultation with the Proposal Trustee, the Company shall apply to the Court, on notice

to the service list, for an order or orders approving such Successful Bid and/or the mechanics to authorize the Company to complete the Transaction contemplated thereby, as applicable, and authorizing the Company to: (a) enter into any and all necessary agreements and related documentation with respect to the Successful Bid; (b) undertake such other actions as may be necessary to give effect to such Successful Bid; and (c) implement the Transaction contemplated in such Successful Bid (each, an “**Approval Order**”).

### **Treatment of Deposits**

16. If a Successful Bid is selected and an Approval Order authorizing the consummation of the Transaction contemplated thereunder is granted by the Court, any Deposit paid in connection with such Successful Bid will be non-refundable and shall, upon closing of the Transaction contemplated by such Successful Bid, be applied to the cash consideration to be paid in connection with such Successful Bid or be dealt with as otherwise set out in the Definitive Agreement entered into in connection with such Successful Bid. Any Deposit delivered with a Qualified Bid that is not selected as a Successful Bid will be returned to the applicable bidder by the Proposal Trustee as soon as reasonably practicable (but not later than ten (10) business days) after the date upon which the Successful Bid is approved pursuant to an Approval Order or such earlier date as may be determined by the Proposal Trustee.

### **General**

17. The Proposal Trustee, shall be permitted, in its discretion, to provide general updates and information in respect of the SISP to any other creditor (each a “**Creditor**”) and its legal and financial advisors, if applicable, on a confidential basis, upon: (a) the irrevocable confirmation in writing from such Creditor that it will not submit any bid in the SISP; and (b) such Creditor executing a confidentiality agreement or undertaking with the Company in form and substance satisfactory to the Company and the Proposal Trustee.
18. Subject to the SISP Approval Order or any other order of the Court, the Proposal Trustee, in consultation with the Company, shall have the right to adopt such other rules for, or extend any deadlines in, the SISP that, in its sole discretion, will better promote the goals of the SISP, provided that if such modification or amendment materially deviates from this SISP, such modification or amendment may only be made with the written consent of the Company or by order of the Court.
19. Unless otherwise set out herein, participants and prospective participants in this SISP shall not be permitted to receive any information that is not generally available to all participants relating to the number or identity of Qualified Bidders or the details of any confidential discussions or correspondence between the Proposal Trustee and Qualified Bidders in connection with this SISP.
20. The Proposal Trustee may, with the consent of the applicable participants, disclose such information to other bidders for the purpose of seeking to combine separate bids.
21. At any time during this SISP, the Company or the Proposal Trustee may apply to the Court for advice and directions regarding the implementation and completion of this SISP.

**SCHEDULE "A": E-MAIL ADDRESSES FOR DELIVERY OF BIDS**

To counsel for the Company:

[jwuthmann@reconllp.com](mailto:jwuthmann@reconllp.com); [sjoshi@reconllp.com](mailto:sjoshi@reconllp.com)

and with a copy to the Proposal Trustee and his Counsel:

[rahn.dodick@dodick.ca](mailto:rahn.dodick@dodick.ca); [pcho@weirfoulds.com](mailto:pcho@weirfoulds.com)

IN THE MATTER OF THE BANKRUPTCY AND  
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED AND

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF DATEC COATING CORPORATION OF THE CITY OF  
MISSISSAUGA IN THE PROVINCE OF ONTARIO

**F197**  
Bankruptcy Court File No. BK-24-0313745-0032  
Estate No. 32-3137745

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

Proceedings commenced at *Toronto*

**ORDER  
(Approval of Stalking Horse SISP, Administration Charge,  
DIP Facility, and Stay Extension)**

**RECONSTRUCT LLP**

Richmond-Adelaide Centre  
120 Adelaide Street West, Suite 2500  
Toronto, ON M5H 1T1

**Sharon Kour** LSO No. 58328D

[skour@reconllp.com](mailto:skour@reconllp.com)  
Tel: 416.613.8283

**Jessica Wuthmann** LSO No. 72442W

[jwuthmann@reconllp.com](mailto:jwuthmann@reconllp.com)  
Tel: 416.613.8288

**Simran Joshi** LSO No. 89775A

[sjoshi@reconllp.com](mailto:sjoshi@reconllp.com)  
Tel: 416.304.6589

**Lawyers for Datec Coating Corporation**

THIS IS **EXHIBIT "D"** REFERRED TO IN THE  
AFFIDAVIT OF DOMINIC TALALLA SWORN REMOTELY BY **DOMINIC TALALLA** STATED  
AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF  
TORONTO, IN THE PROVINCE OF ONTARIO, THIS 5TH DAY OF DECEMBER 2024, IN  
ACCORDANCE WITH O. REG 431/20, *ADMINISTERING OATH OR DECLARATION*  
*REMOVED* SWORN BEFORE ME,

Signed by:

*Simran Joshi*

0D0B645B9A9E494...

-----  
A COMMISSIONER FOR TAKING AFFIDAVITS  
SIMRAN JOSHI LSO No. 89775A



## STALKING HORSE ASSET PURCHASE AGREEMENT

This Agreement made this 21st day of October 2024.

### BETWEEN:

**Datec Coating Corporation**, a corporation existing under the laws of Ontario pursuant to the Ontario *Business Corporations Act*, RSO 1990, c. B.16

(the "**Company**")

- and -

**Urecka Canada Corporation**, a corporation existing under the laws of Canada pursuant to the *Canada Business Corporations Act*, RSC 1985, c. C-44, or its permitted nominee (the "**Purchaser**")

### RECITALS:

- A. The Company filed a Notice of Intention to Make a Proposal (the "**NOI**") under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**") on October 4, 2024 (the "**Proposal Proceedings**"). Dodick Landau Inc. was appointed as proposal trustee of the Company (in such capacity, the "**Proposal Trustee**").
- B. The Company has determined it is in the best interest of the creditors and stakeholders of the Company to conduct a sale process ("**Sale Process**") pursuant to which potential offerors may submit offers to purchase the assets of the Company.
- C. The Company will bring a motion for an Order approving a stalking horse sale process (the "**Sale Process Order**") to authorize the Company, with the assistance of the Proposal Trustee conduct a Sale Process with respect to the Purchased Assets and to approve this agreement as the stalking horse bid.
- D. Subject to the conditions set forth herein, the Company has agreed to sell, convey, transfer and deliver to the Purchaser, and the Purchaser has agreed to purchase, acquire, assume and accept from the Company the Purchased Assets and Assumed Obligations, on the terms and subject to the conditions of this Agreement.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confirmed, the Parties agree as follows:

## **ARTICLE 1 – INTERPRETATION**

### **1.1.1 Definitions**

In this Agreement and the Recitals herein, the following terms shall have the meanings set out below:

**“Administration Charge”** means a court ordered superior charge in priority to all security interests, claims and encumbrances, including without limitation of the DIP Financing Charge, securing the payment of the fees and disbursements of the Company’s legal counsel, the Proposal Trustee and the Proposal Trustee’s legal counsel, incurred in connection with the BIA proceedings;

**"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;

**"Agreement"** means this asset purchase agreement, including all schedules attached hereto and forming part hereof, and all written amendments and written restatements thereto from time to time;

**"Applicable Law"** means, with respect to any Person, property, transaction, event or other matter, all applicable laws, statutes, regulations, rules, by-laws, ordinances, protocols, regulatory policies, codes, guidelines, official directives, orders, rulings, judgments and decrees of any Governmental Authority;

**"Approval and Vesting Order"** means an order of the Court, substantially in the form of **Schedule “D”**, that approves this Agreement and the transactions contemplated hereby and vesting, upon the delivery of the Trustee’s Certificate to the Purchaser, all right, title and interest of the Company to the Purchased Assets in the Purchaser, free and clear of all Claims and Encumbrances pursuant to the terms and conditions of this Agreement;

**"Article"** or **"Section"** or **"Schedule"** means the specified Article, Section of or Schedule to this Agreement and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement;

**“Assignment Order”** means an order of the Court, in form and substance satisfactory to the Company, Proposal Trustee, and the Purchaser, acting reasonably, and obtained on a motion made on notice to such Persons as the Company and the Purchaser determine, to be sought by the Company, authorizing and approving the assignment to the Purchaser of any Assumed Contracts for which the consent, approval or waiver of the party or parties thereto (other than the Company) is required to assign such Assumed Contracts.

**"Assumed Contracts"** has the meaning ascribed thereto in Section 2.10;

**"Assumed Obligations"** has the meaning ascribed thereto in Section 2.8;

**"Bid Deadline"** has the meaning ascribed thereto in the Sale Procedures;

**"Books and Records"** means all of the books and records relating to the Purchased Assets, including, without limitation, all personnel files/records relating to all Transferred Employees and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, business reports, projections and all other documents, surveys, plans, files, records, assessments, correspondence, and other data and information, financial or otherwise, including all data, information and databases stored on computer-related or other electronic media, excluding any of the foregoing as applicable to any Excluded Assets;

**"Break Fee"** has the meaning ascribed thereto in Section 4.1(b);

**"Business"** means the business carried on by the Company which includes, among other things, developing and manufacturing of custom thick-film heating element solutions, research and development of novel thermal and dielectric materials, and thermal solutions;

**"Business Day"** means a day on which banks are open for business in the City of Toronto, but does not include a Saturday, Sunday or statutory holiday recognized in the Province of Ontario;

**"Claims"** means any and all claims, demands, complaints, grievances, actions, applications, suits, causes of action, orders, charges, prosecutions or other similar processes, and **"Claim"** means any one of them;

**"Closing"** means the completion of the purchase and sale of the Purchased Assets, in accordance with the provisions of this Agreement;

**"Closing Date"** has the meaning ascribed thereto in Section 3.1;

**"Closing Time"** has the meaning ascribed thereto in Section 3.1;

**"Contracts"** means the right, title and interest of the Company to and in all pending and/or executory contracts, agreements, leases and arrangements Related to the Business to or by which any of the Company or any of the Purchased Assets or Business is bound or affected, and **"Contract"** means any one of them;

**"Court"** means the Ontario Superior Court of Justice (Commercial List);

**"Credit Bid Amount"** means an amount equivalent to all of the indebtedness of the Company owing to the Purchaser under the DIP Financing Term Sheet, plus interests and costs accrued as of the Closing Date;

**"Cure Costs"** means, a payment required to cure any existing monetary defaults that exist on or before Closing in relation to an Assumed Contract, other than those arising by reason only of the Company's insolvency, the commencement of proceedings under this Proposal Proceeding, or the Company's failure to perform a non-monetary obligation;

**"Customer Deposits"** means the funds received by the Company from a customer as a deposit for work to be performed by the Company for the Customer;

**"DIP Financing"** means interim financing provided by the Purchaser to the Company in the amount of \$125,000 plus interest and fees pursuant to the terms of the DIP Term Sheet, which interim financing is secured by the DIP Financing Charge;

**"DIP Financing Charge"** means a court ordered superior priority charge in priority to all security

interests, claims and encumbrances, but subordinate to the Administration Charge, securing the obligations of the Company under the DIP Term Sheet;

**"DIP Term Sheet"** means the DIP Term Sheet setting out the terms of the DIP Financing, which term sheet was approved by the Court;

**"Effective Time"** means 12:01 a.m. on the Closing Date;

**"Employee"** means an individual who was formerly employed or engaged by the Company or, as at the Effective Time, is employed or engaged by the Company in connection with the Business, and **"Employees"** means every Employee;

**"Employee Liabilities"** means any and all Liabilities having priority over registered security interests (whether by statute, contract, common law or otherwise) owed to any of the Employees, or otherwise arising out of, or resulting from, the relationship between the Company and any of the Employees, including any Liability arising as a result of such party being deemed to be a successor employer, related employer or otherwise responsible or liable for payment of any amounts owing to, on behalf of, or in respect of, any of the Employees (including, but not limited to, the Transferred Employees), whether pursuant to the *Employment Standards Act, 2000* (Ontario), the *Pay Equity Act* (Ontario) or the *Workplace Safety and Insurance Act, 1997* (Ontario). Without limiting the foregoing, Employee Liabilities shall include:

- (a) all salaries, wages, bonuses, commissions, vacation pay, public holiday pay and other compensation relating to the employment of the Employees (including accrued but unpaid vacation pay and any retroactive pay) and all Liabilities under employee benefit plans relating to employment of the Employees; and
- (b) all termination pay, severance pay, damages in lieu of reasonable notice and other related Liabilities (under statute, contract, common law or otherwise) in respect of the termination and/or severance of employment of the Employees;

**"Encumbrances"** means any and all security interests (whether contractual, statutory, or otherwise), mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, leases, title retention agreements, reservations of ownership, demands, executions, levies, charges, options or other rights to acquire any interest in any assets, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, and all contracts to create any of the foregoing, or encumbrances of any kind or character whatsoever, other than Permitted Encumbrances;

**"Equipment"** means all equipment and personal property owned by the Company wherever located, including all fixed and tangible assets, machinery, chattels, tooling, furniture, computer hardware and other tangible assets;

**"Excluded Assets"** means the following:

- (a) all cash, bank balances, deposits, moneys in possession of banks and other depositories, and similar cash items of, owned or held by, or for the account of, the Company except for Customer Deposits;
- (b) the Purchase Price;

- (c) the SR&ED Credit;
- (d) all minute books, share ledgers, corporate seals, capital stock, equity interests and stock certificates of the Company;
- (e) all policies of insurance or assurance (including directors' and officers' insurance and claims against insurance and insurance settlements), except for the right to receive the proceeds of insurance in respect of Purchased Assets and all Books and Records related thereto which shall not constitute Excluded Assets;
- (f) original Tax records and books and records pertaining thereto, minute books, corporate seals, taxpayer and other identification numbers and other documents relating to the organization, maintenance, and existence of the Company, in each case that do not relate to the Business or the Purchased Assets;
- (g) any Books and Records that the Company is required by Applicable Law to retain in its possession, provided however, the Purchaser shall be provided with copies of all such Books and Records that pertain to the Business; and
- (h) any other assets that the Purchaser elects to exclude in writing prior to Closing pursuant to Section 2.5.

**"Excluded Liabilities"** has the meaning ascribed thereto in Section 2.9;

**"Governmental Authorities"** means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, and **"Governmental Authority"** means any one of them;

**"HST"** means all of the harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada);

**"Intellectual Property"** means any or all of the following items of the Company, wherever located, domestic or foreign: all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, copyrights and copyright rights, brand names, trade dress, business and product names, domain names, corporate names, logos, slogans, trade secrets, inventions, process formulae, industrial models, designs, specifications, data, technology, methodologies, computer programs (including all source code), confidential and proprietary information, whether or not subject to statutory registration, all related technical information, manufacturing, engineering and technical drawings, know how, all pending applications for and registrations of patents, trademarks, service marks and copyrights, including all obligations of third parties relating to the protection of the foregoing, the goodwill associated with the foregoing, and the right to sue for past payment, if any, in connection with any of the foregoing, and all documents, disks and other media on which any of the foregoing is stored, including without limitation;

**"Inventory and Supplies"** means all items that are held by the Company for sale, license,

rental, lease, or other distribution (and includes all supplies used by the Company in the operation of the Business) on hand at Closing;

**"Liability"** means any debt, loss, damage, adverse claim, fines, penalties, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, and whether in or under statute, contract, tort, strict liability or otherwise), and includes all costs and expenses relating thereto (including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation), and, **"Liabilities"** means the plural thereof;

**"Licences and Permits"** means all licences, permits, filings, certificates, authorizations, approvals or indicia of authority Related to the Business or the Purchased Assets or necessary for the operation or use of the Purchased Assets;

**"Ordinary Course"** means, with respect to an action taken or omitted to be taken by a Person, that such action is reasonably practicable and generally consistent with the recent past practices of the Person having specific regard to the recent circumstances leading up to and including the transactions contemplated by this Agreement and, as applicable, subject to any Orders in the Proposal Proceeding;

**"Outside Date"** means January 15, 2024;

**"Parties"** means the Company and the Purchaser collectively, and **"Party"** means any one of them;

**"Person"** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;

**"Prepaid Amounts"** means all prepayments, prepaid charges, deposits, security deposits, sums and fees Related to the Business or in respect of the Purchased Assets;

**"Proposal Trustee"** has the meaning given to that term in Recital A and shall include Dodick Landau Inc. in its capacity as trustee in bankruptcy of the Company;

**"Purchase Price"** has the meaning ascribed thereto in Section 2.2;

**"Purchased Assets"** means all of the Company's right, title and interest in all of its assets, properties and undertakings, other than the Excluded Assets, including but not limited to, the following assets:

- (a) Assumed Contracts;
- (b) Books and Records;
- (c) Claims of the Company;
- (d) Equipment;

- (e) Intellectual Property, including but not limited to trademarks, copyrights, trade secrets, patents;
- (f) All software owned by the Company including but not limited to application software, executables, databases, scripts, data backups, system software, software platforms, all related source code, object code and other code or data in any form or stage of development;
- (g) All online access keys, accounts, admin privileges, passwords, certificates, authorities and access permissions;
- (h) Any and all licenses, permissions, and authorizations necessary for the use, modification, and distribution of any third-party software or technology integrated with or used in conjunction with the software and systems of the Company, to the extent such licenses, permissions, and authorizations are transferable to the Purchaser;
- (i) Any digital assets related to the software business, including but not limited to domain names, websites, web applications, cloud accounts, telephone and facsimile numbers, email addresses, social media accounts and the content therein, along with any associated credentials or access keys;
- (j) all customer lists and supplier lists;
- (k) Inventory and Supplies;
- (l) Licenses and Permits;
- (m) Prepaid Amounts;
- (n) Receivables;
- (o) Customer Deposits;
- (p) All rights and interests under or pursuant to all warranties, representations and guarantees, express implied or otherwise, of or made by suppliers or others in connection with the Purchased Assets or otherwise Related to the Business;
- (q) All goodwill associated with the Business, including, without limitation, the goodwill associated all names previously and currently operating under including but not limited to "Datec" and any variation thereof including the right of the Purchaser to hold itself out as operating the Business as the successor to the Company; and
- (r) all other property, assets and undertakings of the Company used in or Related to the Business of whatsoever nature or kind.

**"Qualified Bid"** has the meaning ascribed thereto in the Sale Procedures;

**"Receivables"** means the right, title and interest of the Company to all accounts receivable,



bills receivable, trade accounts, book debts, insurance claims, and choses-in-action, now or hereafter due or owing to the Company, Related to the Business or the Purchased Assets, together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits, attributable to the period prior to Closing, and without limiting the generality of the foregoing, includes all tax refunds and government subsidies.

**"Related to the Business"** means, directly or indirectly, used in, arising from, or relating in any manner to the Business;

**"Sale Procedures"** means the sale and solicitation process approved by the Sale Process Order and on terms substantially similar to those attached as **Schedule "A"** hereto;

**"Sale Process Order"** means an order of the Court approving the execution of this Agreement as a "stalking horse" asset purchase agreement and the Sale Procedures, in form and content acceptable to the Purchaser and the Company;

**"SR&ED Credit"** means the Scientific Research and Experimental Development tax credit administered by the federal and provincial government;

**"Stalking Horse Bid"** has the meaning ascribed thereto in Section 4.1(a);

**"Taxes"** means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, harmonized, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax, including, Canada Pension Plan and provincial pension plan contributions (or equivalent in the jurisdiction where the Purchased Assets may be located), employment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any Governmental Authority, and whether disputed or not;

**"Transaction"** means the transaction of purchase and sale and assignment and assumption contemplated by this Agreement;

**"Transferred Employees"** means Employees who have accepted an offer of employment from the Purchaser as of the Closing;

**"Trustee's Certificate"** means a certificate from the Proposal Trustee confirming the Closing of the transactions contemplated hereby, substantially in the form attached to the Approval and Vesting Order; and

**"Winning Bidder"** has the meaning ascribed thereto in Section 4.1(c).

### 1.1.2 Section References

Unless the context otherwise, references in this Agreement to Sections are to Sections of this Agreement.

### 1.1.3 Schedules

The following Schedules shall form an integral part of this Agreement:



- Schedule "A"** – Sale Procedures
- Schedule "B"** – Excluded Assets
- Schedule "C"** – Assumed Contracts
- Schedule "D"** – Form of Approval and Vesting Order

## **ARTICLE 2 – PURCHASE AND SALE**

### **2.1 Purchase and Sale of Purchased Assets**

At the Closing Time, subject to the terms and conditions of this Agreement and the Approval and Vesting Order, the Company shall sell, and the Purchaser shall purchase the Purchased Assets and the Purchaser shall assume the Assumed Obligations.

### **2.2 Purchase Price**

In consideration of the sale, assignment, transfer and conveyance of the Purchased Assets to the Purchaser, the purchase price payable by the Purchaser to the Company for the Purchased Assets shall be equal to the sum of Three Hundred Thousand Dollars (\$300,000.00), comprised of: (a) the assumption of the amount outstanding under the DIP Term Sheet, plus interest, fees and expenses (as outlined in the DIP Term Sheet); and (b) the remainder in cash (together, the "**Purchase Price**") plus the cash sum required to pay the Cure Costs for all of the Assumed Contracts, if any.

### **2.3 Satisfaction of Purchase Price**

The Purchaser shall satisfy the Purchase Price by payment as follows:

- (a) the Credit Bid Amount shall be applied in full and final satisfaction of all Liabilities of the Company to the Purchaser under the DIP Term Sheet outstanding as of Closing; and
- (b) the balance of the Purchase Price shall be paid in cash on Closing to the Proposal Trustee by way of a certified cheque, wire transfer or bank draft.

The Purchaser will pay the Cure Costs for all of the Assumed Contracts by electronic wire transfer to each counterparty to the Assumed Contract on the Closing Date. The wire transfer information shall be provided by the Company to the Purchaser at least three (3) days prior to Closing.

### **2.4 Allocation of Purchase Price**

The Purchase Price shall be allocated among the Purchased Assets in the manner agreed to by the Purchaser and the Company (each acting reasonably) prior to the Closing Date, provided that failure of the Parties to agree upon an allocation shall not result in the termination of this Agreement but rather shall result in the nullity of the application of this section of the Agreement such that each Party shall be free to make its own reasonable allocation.

### **2.5 Excluded Assets**

Save and except as otherwise expressly set out herein, the Purchaser may, at its option, exclude any of the Purchased Assets from the transaction contemplated hereby at any time prior to Closing upon delivery of prior written notice to the Company, whereupon such assets shall be deemed to form part of the Excluded Assets, provided, however, that there shall be no reduction in the Purchase Price as a result of such exclusion. Any changes, including exclusions, to the

list of Purchased Assets agreed upon by the Parties shall be promptly updated in **Schedule "B"**, with the final version to be attached to this Agreement prior to Closing.

## 2.6 SR&ED Credit

The Purchaser agrees to assist the Company, including any trustee in bankruptcy, with all of the necessary tasks with respect to filing the application material for the Company to receive the 2024 SR&ED Credit for the benefit of the Company's creditors. In particular, the Purchaser is responsible, at reasonable cost and expense, including but not limited to the cost of retaining appropriate consultants, for making all necessary information in its possession available and filing the application material for the SR&ED Credit with the Canada Revenue Agency by no later than the end of day on March 14, 2025 for the 2024 fiscal year. The Purchaser will provide evidence that the application for the 2024 SR&ED Credit was filed to the Company, including any trustee in bankruptcy, within five Business Days after submitting the application to the Canada Revenue Agency. The Purchaser agrees to execute an undertaking on Closing, in a form agreeable to the Proposal Trustee, Company and Purchaser, all acting reasonably, in this regard. The Purchaser's standard in assisting with filing for the 2024 SR&ED Credit is not intended to create any more costs and liabilities than the Company has incurred in its past practices. This undertaking will not create any personal or contingent liability to the Purchaser for the SR&ED Credit other than the commitment to conduct the above-noted exercise.

## 2.7 Taxes and Elections

- (a) The Purchaser shall be responsible for the payment on Closing of all Taxes that are required to be paid or remitted in connection strictly with the consummation of the purchase contemplated in this Agreement.
- (b) If applicable, at the Closing, the Receiver and the Purchaser shall jointly execute an election under Section 167 of the *Excise Tax Act* (Canada) to seek to cause the sale of the Purchased Assets to take place on an HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST return for the applicable reporting period in which the sale of the Purchased Assets takes place.
- (c) If applicable, at the Closing, the Company and the Purchaser shall execute jointly an election in prescribed form under Section 22 of the *Income Tax Act* (Canada) in respect of the Receivables and shall file such election with their respective tax returns for their respective taxation years that include the Closing Date.
- (d) The Purchaser agrees to indemnify and save the Company harmless from and against all claims and demands for payment of all Taxes payable by Purchaser strictly in connection with the purchase of the Purchased Assets, including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such Taxes when due.
- (e) The Purchaser shall, at all times, indemnify and hold harmless the Company's directors, officers, and employees, and the Proposal Trustee against and in respect of any and all amounts assessed by any taxing authority in the event that any Tax exemption claimed by the Purchaser was inapplicable, invalid, or not properly made, including all taxes, interest, and penalties assessed and

including all reasonable legal and professional fees incurred by the Company's directors, officers, and employees as a consequence of or in relation to any such assessment. Notwithstanding anything else in this Agreement, this indemnity shall survive the Closing Date in perpetuity and shall not be subject to any caps or restrictions.

## 2.8 Assumed Obligations

At Closing, the Purchaser shall assume and be liable for the following (collectively, the "**Assumed Obligations**"):

- (a) any Liabilities in connection with the Assumed Contracts as set out in Section 2.10;
- (b) all Liabilities and Claims arising or accruing from the use of the Purchased Assets from and after the Closing; and
- (c) all Permitted Encumbrances.

## 2.9 Excluded Liabilities

Except for the Assumed Obligations, the Purchaser is not assuming, and shall not be deemed to have assumed, any Liabilities of the Company not specifically assumed (collectively, the "**Excluded Liabilities**"), which Excluded Liabilities include, but are not limited to, the following:

- (a) all Liabilities and Claims arising or accruing from the use of the Purchased Assets prior to the Closing;
- (b) all Employee Liabilities that arise out of, or result from the employment or engagement by the Company (or any predecessor to the Company) of any of the Employees (including the Transferred Employees) (unless otherwise imposed by law) and/or the termination or severance of such engagement or employment; and
- (c) all Encumbrances, other than Permitted Encumbrances.

## 2.10 Assumed Contracts

The Purchaser shall assume the Contracts which are listed and described in **Schedule "C"** (which Contracts shall be referred to as the "**Assumed Contracts**" and of which any one of them is an "**Assumed Contract**"). Save and except as hereinafter set out, the Purchaser shall be able to add or remove Contracts from Schedule "C" up until at least five (5) Business Days prior to the hearing date for the Approval and Vesting Order, by giving notice to the Company and Proposal Trustee in writing. This Agreement and any document delivered under this Agreement will not constitute an assignment or an attempted assignment of any Contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third Person if such consent has not been obtained and such assignment or attempted assignment would constitute a breach of such Contract, in which event, the provisions of Section 2.11 hereof shall govern.

### **2.11 Assignment of Assumed Contracts**

The Company, in cooperation with the Purchaser, shall take such reasonable steps as necessary to obtain the consent of the counterparties for the assignment of the Assumed Contracts. If necessary, such steps shall include the Company making reasonable efforts to obtain an Assignment Order.

### **2.12 Assignment of Licenses and Permits**

To the extent the Licenses and Permits are transferrable and assignable, the Company, in cooperation with the Purchaser, shall take such reasonable steps as necessary to obtain the consent of the counterparties for the assignment of the Licenses and Permits.

If the Licenses and Permits cannot be transferred or assigned, such assets shall be deemed to form part of the Excluded Assets, provided, however, that there shall be no reduction in the Purchase Price as a result of such exclusion.

## **ARTICLE 3 – CLOSING ARRANGEMENTS**

### **3.1 Closing**

Closing shall take place at 10:00 a.m. (Toronto, Ontario time) (the "**Closing Time**") on the third business day following the granting of the Approval and Vesting Order or such other date as the Parties may agree to in writing, but in any event shall not be later than the Outside Date, and if such date falls on a holiday or weekend, it shall be the next Business Day (the "**Closing Date**").

The Closing shall take place by electronic transmission of documents, or at such other time and location, and in such other manner, as the Parties may agree upon in writing.

### **3.2 Tender**

Except as otherwise set out herein, any tender of documents or money under this Agreement may be made upon the Parties or their respective counsel and money may be tendered by official bank draft drawn upon a Canadian chartered bank, by negotiable cheque payable in Canadian funds and certified by a Canadian chartered bank or trust company, or by wire transfer of immediately available funds to the account specified by that Party.

### **3.3 Company's Closing Deliveries**

At the Closing, the Company shall deliver to the Purchaser the following, each in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a copy of the Approval and Vesting Order, issued by the Court;
- (b) a copy of the Assignment Order, if any;
- (c) the Books and Records;
- (d) if applicable, the elections referred to in Section 2.6;

- (e) a general conveyance with respect to the Purchased Assets;
- (f) any assignments, transfers or bills of sale as may be requested by the Purchaser to effect the transfer of the Intellectual Property;
- (g) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date, with the same effect as though made on and as of the Closing Date; and
- (h) such further and other documentation as is referred to in this Agreement or as the Purchaser or its lawyers may reasonably require to complete the transactions provided for in this Agreement.

### **3.4 Purchaser's Closing Deliveries**

At the Closing, the Purchaser shall deliver to the Company the following, each in form and substance satisfactory to the Company, acting reasonably:

- (a) the balance of the Purchase Price;
- (b) a release of the Company's Credit Bid Amount
- (c) an executed assignment agreement evidencing the assumption by the Purchaser of all Intellectual Property;
- (d) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (e) a general conveyance with respect to the Purchased Assets;
- (f) a certified resolution of the Purchaser authorizing the Agreement and the purchase of the Purchased Assets;
- (g) a certificate of status of the Purchaser;
- (h) an undertaking of the Purchaser to the Proposal Trustee to assist with the filing of the SR&ED Credit as referred to in Section 2.6;
- (i) if applicable, the elections referred to in Section 2.6; and
- (j) such further and other documentation as is referred to in this Agreement or as the Company or its lawyers may reasonably require to complete the transactions provided for in this Agreement.

### **3.5 Risk**

The Purchased Assets, including all software, intellectual property rights, operational

functionalities, and associated services, shall remain at the risk of the Company until the Closing. From and after Closing, such risks shall be assumed by the Purchaser.

In the event that any of the Purchased Assets are subject to material impairment prior to Closing, including but not limited to operational disruptions exceeding 24 consecutive hours, intellectual property disputes that call into question the ownership and the ability to operate the service, or any other circumstances that significantly impair the business's value or operations, the Company/Seller shall notify the Purchaser in writing within twenty-four (24) hours upon becoming aware of such material impairment.

In the event of such material impairment to the Purchased Assets prior to Closing, the Purchaser shall, at its sole and absolute discretion, have the right to elect to terminate this Agreement by providing written notice to the Company, upon which, the Parties shall each be released from all obligations under this Agreement.

For purposes of this Agreement, 'material impairment' shall include any event or condition that significantly disrupts the functionality, marketability, or the Company's rights and obligations in respect of the Purchased Assets, rendering the business's continuous operation or the value of the Purchased Assets substantially compromised.

### **3.6 Conduct Prior to Closing**

Prior to the Closing, the Company shall conduct the Business in the Ordinary Course, except to the extent required to allow the Company to comply with its obligations under this Agreement or as may be permitted with the written consent of the Purchaser (such consent not to be unreasonably conditioned, withheld, or delayed), subject in all cases to any Court orders granted in the Proposal Proceedings. Without limiting the generality of, but subject to, the foregoing, the Company shall:

- (a) maintain, preserve and protect the Purchased Assets in the condition in which they exist on the date hereof, other than ordinary wear and tear and other than replacements, dispositions, modifications or maintenance in the Ordinary Course;
- (b) use reasonable commercial efforts in the circumstances to preserve the goodwill of the Company and maintain satisfactory relationships with suppliers and customers;
- (c) continue to pursue all current sales pipeline and customer opportunities especially the high potential ones including among others EGO, Everspecher and Modine;
- (d) not terminate any Employees without the prior written consent of the Purchaser, such consent not to be unreasonably withheld;
- (e) not convey, encumber or otherwise dispose of any of the Purchased Assets except in the Ordinary Course;
- (f) not amend or modify any Assumed Contract in any material respect, waive any material rights in respect of any Assigned Agreement or disclaim any Assigned Agreement;



- (g) not enter into any material contract or agreement in respect of the Business without the prior written consent of the Purchaser, such consent not to be unreasonably withheld;
- (h) use reasonable commercial efforts to maintain any insurance currently in effect respecting the Purchased Assets until Closing; and
- (i) comply in all material respects with all Applicable Laws relating to the conduct of the Business and the ownership and use of the Purchased Assets.

### 3.7 Delivery of the Trustee 's Certificate

When the conditions set out in Article 5 below have been satisfied and/or waived by the Company and/or the Purchaser, as applicable, the Company and the Purchaser or their respective counsel will each deliver to the Proposal Trustee confirmation that such conditions of Closing, as applicable, have been satisfied and/or waived (the "**Conditions Certificates**"). Upon receipt of the Conditions Certificates, the Proposal Trustee shall: (a) issue the Trustee's Certificate to the Purchaser and the Company, at which time the Closing will be deemed to have occurred; and (b) file a copy of the Trustee's Certificate with the Court and provide a copy of same to the service list in the Proposal Proceedings. In the case of (a) and (b), the Proposal Trustee will be relying exclusively on the Conditions Certificates without any obligation whatsoever to verify the satisfaction or waiver of the applicable conditions. The Parties hereby acknowledge and agree that the Proposal Trustee shall have no liability to the Parties in connection with the Trustee's Certificate or otherwise in connection with this Agreement.

## ARTICLE 4 – SALE PROCEDURE

### 4.1 Sale Procedures

- (a) The Company shall bring a motion on or before October 23, 2024, for approval of the Sale Procedures. The Sale Process Order shall recognize the Purchase Price as a baseline or "stalking horse bid" (the "**Stalking Horse Bid**"), and shall also provide for a marketing process of the Purchased Assets by the Company with the potential for competitive bidding. The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a superior bid can be obtained for the Purchased Assets;
- (b) In consideration for the Purchaser's expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and subject to Court approval, the Purchaser shall be entitled to a break fee of \$10,000 (the "**Break Fee**") payable by the Company to the Purchaser only in the event that a successful bid other than the Stalking Horse Bid is accepted by the Company, approved by the Court and completed. The payment of the foregoing amounts shall be approved in the Sale Process Order and shall be payable to the Purchaser out of the sale proceeds derived from and upon completion of the winning bid. The Parties acknowledge and agree that the foregoing amounts represent a fair and reasonable estimate of the expenses that will be incurred by the Purchaser as a result of preparing for and entering into this Agreement, and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Assets. For certainty, the

Break Fee does not form part of the Purchase Price.

- (c) Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the selected winning bid in the Sale Process (the “**Winning Bidder**”), then upon the closing of a transaction with such Winning Bidder, this Agreement shall be terminated and the Purchaser shall be entitled to the Break Fee, and a return of the Deposit and neither Party hereto shall have any further liability or obligation, except as expressly provided for in this Agreement.
- (d) If no Qualified Bids other than the Stalking Horse Bid are received by the Bid Deadline, the Company shall forthwith bring a motion to the Court to obtain the Approval and Vesting Order and, if granted, shall proceed with completing the transaction contemplated hereby forthwith.

#### **4.2 Approval and Vesting Order**

The Approval and Vesting Order shall approve this Agreement and the transactions contemplated hereby and vest, upon the delivery of the Trustee's Certificate to the Purchaser, all right, title and interest of the Company in and to the Purchased Assets to the Purchaser, or as it may direct, free and clear of all Claims and Encumbrances pursuant to the terms and conditions of this Agreement, other than Permitted Encumbrances.

### **ARTICLE 5 – CONDITIONS PRECEDENT**

#### **5.1 Conditions Precedent of the Purchaser**

The Purchaser shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing, by the Purchaser at any time; and the Company agrees with the Purchaser to take all such commercially reasonable actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Execution of this Agreement.* The Company shall deliver a fully executed copy of this Agreement to the Purchaser;
- (b) *Representations and Warranties.* The representations and warranties of the Company in Section 6.1 shall be true and correct at the Closing Time;
- (c) *Sale Process Order.* The Sale Process Order shall have been issued by the Court, shall not be stayed, varied, superseded or under appeal, and the applicable time for appealing the Sale Process Order shall have expired;
- (d) *Winning Bidder.* The Company shall have determined in accordance with the Sale Procedure that this Agreement is a successful bid and the Purchaser is the Winning Bidder;
- (e) *Approval and Vesting Order Final:* The Approval and Vesting Order shall have been issued by the Court, in a form satisfactory to the Purchaser, shall not be



stayed, varied, superseded or under appeal, and the applicable time for appealing the Approval and Vesting Order shall have expired if the hearing for the Approval and Vesting Order was contested;

- (f) *Assignment of Assumed Contracts*: The Company shall have the authorization to assign all of the Assumed Contracts whether by the terms of the Assumed Contracts, the consent, approval, waiver of the counterparty to the Assumed Contract, or the Assignment Order;
- (g) *Company's Compliance*. The Company shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing Time and shall have executed and delivered to the Purchaser at the Closing Time all the deliveries contemplated in Section 3.3;
- (h) *Post-Filing Obligations*. All post-filing obligations of the Company have been paid, including but not limited to, the Cure Costs prior to Closing; and
- (i) *No Legal Action*: No action or proceeding a will be pending or threatened by any Person (other than the Purchaser), and there is no order or notice from any Person to (or seeking to) enjoin, restrict or prohibit, on a temporary or permanent basis any of the transactions contemplated by this Agreement or imposing any terms or conditions on the transactions contemplated by this Agreement, the Business or the business of the Purchaser or otherwise limiting the right of the Purchaser to conduct the Business after Closing on substantially the basis as heretofore operated.

## 5.2 Conditions Precedent of the Company

The Company shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Company, and may be waived, in whole or in part, in writing by the Company at any time; and the Purchaser agrees with the Company to take all such commercially reasonable actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Purchaser's Compliance*. The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be to be performed by or complied with at or before the Closing Time and shall have executed and delivered to the Company at the Closing Time all the deliveries contemplated in Section 3.4 in this Agreement;
- (b) *Sale Process Order*. The Sale Process Order shall have been issued by the Court, shall not be stayed, varied, superseded or under appeal, and the applicable time for appealing the Sale Procedure Order shall have expired;
- (c) *Approval and Vesting Order Final*: The Approval and Vesting Order shall have been issued by the Court, shall not be stayed, varied, superseded or under appeal, and the applicable time for appealing the Approval and Vesting Order shall have expired if the hearing for the Approval and Vesting Order was

contested; and

- (d) *Representations and Warranties.* The representations and warranties of the Purchaser in Section 6.2 shall be true and correct at the Closing Time.

### **5.3 Non-Satisfaction of Conditions**

If any condition precedent set out in Sections 5.1 or 5.2 is not satisfied or performed at or before the Closing Time, the Party for whose benefit the condition precedent is inserted may:

- (a) waive compliance with the condition, in whole or in part, in its sole discretion by written notice to the other Party (but may not claim for any matter waived) and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) elect on written notice to the other Party to terminate this Agreement, in which event each Party shall be released from all obligations under this Agreement.

## **ARTICLE 6 – REPRESENTATIONS AND WARRANTIES**

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

As a material inducement to the Purchaser entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Company set out in this Section 6.1, the Company hereby represents and warrants to the Purchaser as follows:

- (a) *Due Authorization.* Subject to the granting of the Approval and Vesting Order, the Company has all necessary authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments.
- (b) *Enforceability of Obligations.* Subject to the granting of the Approval and Vesting Order, this Agreement constitutes a valid and binding obligation of the Company, enforceable against the Company, in accordance with its terms.
- (c) *HST.* The Company is a registrant under Part IX of the *Excise Tax Act* (Canada), and its Business Number is 895943561.
- (d) *Residency.* The Company is not a non-resident within the meaning of section 116 of the *Income Tax Act* (Canada).

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

As a material inducement to the Company entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Company is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 6.2, the Purchaser hereby represents and warrants to the Company as follows:

- (a) *Incorporation of the Purchaser.* The Purchaser is a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such laws;
- (b) *Due Authorization.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments;
- (c) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser, enforceable against the Purchaser, in accordance with its terms;
- (d) *Approvals and Consents.* Except as otherwise provided herein, no authorization, consent or approval of or filing with or notice to any Governmental Authority or other Person is required in connection with the execution, delivery or performance of this Agreement by the Purchaser or the purchase of any of the Purchased Assets hereunder;
- (e) *HST.* The Purchaser is or will on Closing be a registrant under Part IX of the *Excise Tax Act (Canada)*; and
- (f) *Residency.* The Purchaser is not a non-resident within the meaning of section 116 of the *Income Tax Act (Canada)*.

### **6.3 Acquisition of Purchased Assets on "As Is, Where Is" Basis**

The Purchaser acknowledges that the Company is selling the Purchased Assets on an "as is, where is basis" as they shall exist on the Closing Date, subject to the terms of the Approval and Vesting Order. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Company does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Company to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations, expressed or implied, pursuant to the *Sale of Goods Act (Ontario)* or similar legislation do not apply hereto and have been waived by the Purchaser. The Purchaser further acknowledges that all written and oral information (including analyses, financial information and projections and studies) obtained by the Purchaser from the Company or any of its directors, officers, employees, professional consultants or advisors with respect to the Purchased Assets or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete.

### **6.4 No Additional Representations and Warranties**

- (a) None of the Company and the Purchaser, nor their respective Representatives, have made or shall be deemed to have made any other representation or

warranty, express or implied, at law or in equity, in respect of the Company, the Purchaser, the Purchased Assets or the Transactions other than those stated expressly herein.

- (b) None of representations and warranties contained in this Article 6 shall survive Closing and, other than in the case of fraud, the Purchaser's sole recourse for any material breach of representation or warranty in this Article 6 shall be for the Purchaser to not complete the Transactions in accordance with Section 8.1 of this Agreement.

## **ARTICLE 7 – EMPLOYEES**

### **7.1 Offers to Employees**

The Purchaser may offer new employment, conditional upon Closing and effective as of the Effective Time, to such of the Employees as determined by the Purchaser in its sole discretion, on such terms as the Purchaser and each of the Transferred Employees may agree.

### **7.2 Transferred Employees**

The Purchaser shall provide to the Company a list five (5) Business Days before Closing, indicating:

- (a) those Employees to whom offers of employment or expressions of interest have been made;
- (b) those Employees who have accepted any such offer; and
- (c) those Employees who the Purchaser has determined will not be offered employment with the Purchaser.

The Purchaser shall assume and be responsible for all Employee Liabilities in respect of Transferred Employees following the Closing Date.

## **ARTICLE 8 – TERMINATION**

### **8.1 Termination by the Parties**

This Agreement may be terminated:

- (a) upon the mutual written agreement of the Company and the Purchaser;
- (b) pursuant to Section 5.3(b) by either Party;
- (c) pursuant to Section 4.1(c); or
- (d) pursuant to Section 3.5.

### **8.2 No Fault Termination**

If this Agreement is terminated through no fault of the Purchaser, such as Sections 3.5 and

4.1(c), the Parties shall each be released from all obligations under this Agreement.

### **8.3 Breach by Purchaser**

If the Purchaser fails to comply with its obligations under this Agreement, the Company may by notice to the Purchaser elect to treat this Agreement as having been repudiated by the Purchaser. In that event, the Purchased Assets may thereafter be sold by the Company to any other party.

## **ARTICLE 9 – POST-CLOSING MATTERS**

### **9.1 Post-Closing Receipts**

If, following the Closing Date, any of the Purchased Assets are paid to or otherwise received by the Company or Proposal Trustee, or if any of the Excluded Assets are paid to or otherwise received by the Purchaser, then the Company, the Proposal Trustee or the Purchaser, as the case may be, shall hold such assets in trust for the other and shall promptly deliver such assets to the Company or the Purchaser, as the case may be.

### **9.2 Books and Records**

The Purchaser shall preserve and keep the Books and Records which relate to the Purchased Assets and delivered at Closing for a period of six years from the Closing Date or for any longer period as may be required by any Applicable Law or Governmental Authority. Upon reasonable advance notice, after the Closing Date, the Purchaser will grant the Company, the Proposal Trustee or any trustee in bankruptcy of the Company reasonable access during normal business hours, to use such Books and Records included in the Purchased Assets, including, without limitation, any personnel files/records of the Transferred Employees relating to the period up to the Closing and any Employees engaged by the Company at or in respect of the Purchased Assets up to and including the Closing Date, and computer systems, tapes, disks, records and software acquired as part of the Purchased Assets.

### **9.3 Use of Business Name**

If requested by the Purchaser, on or promptly following the Closing Date, the Company shall discontinue use of the name "Datec" and any variation thereof and shall, subject to the Court's approval, as soon as is reasonably practicable file articles of amendment to change the corporate name of Datec to another name not confusingly similar to its present name.

## **ARTICLE 10 – GENERAL CONTRACT PROVISIONS**

### **10.1 Headings and Sections**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

### **10.2 Number and Gender**

Unless the context requires otherwise, words importing the singular include the plural and vice versa, and words importing gender include all genders. Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

### **10.3 Currency**

Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian dollars.

### **10.4 Statutory References**

All references in this Agreement to any statute or regulation is to that statute or regulation as now enacted or as may from time to time be amended, re-enacted or replaced and includes all regulations made thereunder, unless something in the subject matter or context is inconsistent therewith or unless expressly provided otherwise in this Agreement.

### **10.5 No Strict Construction**

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party, including, without limitation, the doctrine of *contra proferentum*.

### **10.6 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 sets out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties relating to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement. Subject to the Approval and Vesting Order being issued by the Court, this Agreement is intended to create binding obligations on the part of the Company as set forth herein and on acceptance by the Purchaser, is intended to create binding obligations on the part of the Purchaser, as set out herein.

### **10.7 Expenses**

Subject to Section 4.1(b), each Party shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in connection with the transactions contemplated in this Agreement, and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement.

### **10.8 Notices**

Any notice, consent or approval required or permitted to be given in connection with this Agreement 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 email as follows:

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

Dominic Talalla  
[dominic@dateccoating.com](mailto:dominic@dateccoating.com)

With a copy to its counsel at:

Reconstruct LLP  
Attn: Jessica Wuthmann  
[jwuthmann@reconllp.com](mailto:jwuthmann@reconllp.com)

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

Urecka Canada Corporation  
The Daily Planer Building  
202 King Street West  
Chatham N7M 1E5  
Prashant Pathak  
[psp@ekagratagroup.com](mailto:psp@ekagratagroup.com)

(c) in the case of the Proposal Trustee at:

Dodick Landau Inc.  
Rahn Dodick  
[rahn.dodick@dodick.ca](mailto:rahn.dodick@dodick.ca)

With a copy to:

Weirfoulds LLP  
Attn: Philip Cho  
[pcho@weirfoulds.com](mailto:pcho@weirfoulds.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 Party in accordance with the provisions of this Section.

### **10.9 Successors and Assigns**

This Agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

### **10.10 Third Party Beneficiaries**

Unless where provided to the contrary by the specific terms hereof, this Agreement shall not



confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

#### **10.11 Time of the Essence**

Time shall be of the essence in respect of the obligations of the Parties arising prior to Closing under this Agreement.

#### **10.12 Amendment**

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

#### **10.13 Further Assurances**

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, 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 Date, provided that the reasonable costs and expenses of any actions taken after the Closing Date at the request of a Party shall be the responsibility of the requesting Party.

#### **10.14 Paramountcy**

In the event of any conflict or inconsistency between the provisions of this Agreement and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

#### **10.15 Severability**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

#### **10.16 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of Ontario. The Parties consent to the jurisdiction and venue of the Court for the resolution of any disputes under this Agreement.

#### **10.17 Non-Merger**

The representations, warranties and covenants of each Party contained in this Agreement will not merge on and will survive the closing of the Transaction and will continue in full force and



effect, notwithstanding the closing of the Transaction or any investigation or knowledge acquired by or on behalf of the other Party.

#### **10.18 Independent Legal Advice**

The Purchaser warrants that it has received independent legal advice in connection with this Agreement.

#### **10.19 Execution and Delivery**

This Agreement may be executed in any number of 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. Counterparts may be executed and delivered either in original form or by electronic delivery in portable document format (PDF).

#### **10.20 Damages**

Under no circumstance shall any of the Parties or their representatives be liable for any special, punitive, exemplary, consequential, or indirect damages (including loss of profits) that may be alleged to result, in connection with, arising out of, or relating to this Agreement or the transactions contemplated herein.

#### **10.21 No Brokers**

It is understood and agreed that the Purchaser shall not be liable for any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for the Company. It is further understood and agreed that the Company shall not be liable for any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for the Purchaser.

**[Remainder of page left blank intentionally. Signature page follows.]**

**IN WITNESS OF WHICH** the Parties have executed this Agreement.

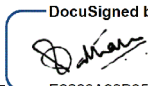
**DATEC COATING CORPORATION**

Signed by:  
Per: \_\_\_\_\_  \_\_\_\_\_  
7CE2E00938554BC...

Name: Dominic Talalla  
Title: President

I have the authority to bind the Corporation

**URECKA CANADA CORPORATION**

DocuSigned by:  
Per: \_\_\_\_\_  \_\_\_\_\_  
E2260A93B3584BD...

Name: Prashant Pathak  
Title:

I have the authority to bind the Corporation

**Schedule "A"**  
**Sale Procedures**

**Schedule "B"**  
**Excluded Assets**

- (a) all cash, bank balances, deposits, moneys in possession of banks and other depositories, and similar cash items of, owned or held by, or for the account of, the Company except for Customer Deposits;
- (b) the Purchase Price;
- (c) the SR&ED Credit;
- (d) all minute books, share ledgers, corporate seals, capital stock, equity interests and stock certificates of the Company;
- (e) all policies of insurance or assurance (including directors' and officers' insurance and claims against insurance and insurance settlements), except for the right to receive the proceeds of insurance in respect of Purchased Assets and all Books and Records related thereto which shall not constitute Excluded Assets;
- (f) original Tax records and books and records pertaining thereto, minute books, corporate seals, taxpayer and other identification numbers and other documents relating to the organization, maintenance, and existence of the Company, in each case that do not relate to the Business or the Purchased Assets;
- (g) any Books and Records that the Company is required by Applicable Law to retain in its possession, provided however, the Purchaser shall be provided with copies of all such Books and Records that pertain to the Business; and
- (h) any other assets that the Purchaser elects to exclude in writing prior to Closing pursuant to Section 2.5.

**Schedule “C”  
Assumed Contracts**

<b>Name of Contract and Date</b>	<b>Contractual Counterparty</b>
Escrow Reviewer Agreement dated April 17, 2018	E.G.O Elektro-Geratebau and Intertek Health Sciences Inc.
OCI Funding Agreement dated March 21, 2023	Ontario Centre of Innovation
Amended and Restated Technology Cooperation Agreement dated February 7, 2018	E.G.O. Elektro-Gerätebau GmbH
Royalty Agreement dated December 5, 2022	Symbient Environmental Technologies Inc.
SWWP Employer Funding Acceptance Form dated October 15, 2024	Gavin Villanueva
SWWP Employer Funding Acceptance Form dated October 15, 2024	Ryan Pang
P526796 dated October 8, 2024	Cayuga Displays Inc.
4511781426 dated October 22, 2024	EGO Componentes Electronicos, S.A. de C.V.
4511781427 dated October 22, 2024	EGO Componentes Electronicos, S.A. de C.V.
4511781428 dated October 22, 2024	EGO Componentes Electronicos, S.A. de C.V.
89726 dated December 10, 2024	Hardt Equipment
PO-1536 dated May 31, 2024	Voltera
Mutual Non-Disclosure Agreement dated August 29, 2024	Franesse DP Ltd.
Mutual Non-Disclosure Agreement - 2023	Jiaxing L&R Industries Co. Ltd.
Mutual Non-Disclosure Agreement dated December 19, 2023	Optomec, Inc
Mutual Non-Disclosure Agreement dated January 23, 2024	ITW Electronics Assembly Equipment, a division of Illionis Total Works Inc.
Confidentiality Agreement dated April 19, 2024	Qingdao Haier Smart Techonolgy R&D Co. Ltd
Mutual Non-Disclosure Agreement dated June 1, 2024	Shaw Almex Industries Ltd.

**Schedule "D"**  
**Form of Approval and Vesting Order**

Estate File No. 32-3137745

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

THE HONOURABLE ) WEEKDAY, THE #  
 )  
JUSTICE ) DAY OF MONTH, 2024

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
DATEC COATING CORPORATION OF THE CITY OF MISSISSAUGA IN THE PROVINCE  
OF ONTARIO**

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by Datec Coating Corporation (the “**Vendor**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the “**BIA**”) for an order that, among other things, (i) approves the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Company, as vendor, and Urecka Canada Corporation, as purchaser (in such capacity, the “**Purchaser**”), dated October ●, 2024; and (ii) vesting in the Purchaser the Vendor’s right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Dominic Talalla, sworn ●, 2024 (the “**Talalla Affidavit**”), and the exhibits thereto, and the Second Report of Dodick Landau Inc. in its capacity as proposal trustee of the Vendor (the “**Proposal Trustee**”).

**ON HEARING** the submissions of counsel for the Vendor, the Proposal Trustee, and such other counsel that were present, no one else appearing for any other person although duly served:

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the materials filed, as set out in the Affidavit of Service of ● sworn ●, 2024, is hereby deemed adequate notice so that this Motion is properly returnable today and hereby dispenses with further service thereof.

#### **APPROVAL AND VESTING**

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Vendor is hereby authorized and approved, with such minor amendments as the Vendor and the Purchaser, with the approval of the Proposal Trustee, may deem necessary. The Vendor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Proposal Trustee's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Proposal Trustee's Certificate**"), all of the Vendor's right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Black dated October 23, 2024; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (the "**Net Proceeds**") shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Proposal Trustee's Certificate all Claims and Encumbrances shall attach to the Net Proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold



and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee's Certificate forthwith after delivery to the Purchaser.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Vendor is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Vendor's records pertaining to the Vendor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Vendor.

7. **THIS COURT ORDERS** that, notwithstanding:

- the pendency of these proceedings;
- any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of the Vendor and any bankruptcy order issued pursuant to any such applications; and
- any assignment in bankruptcy made in respect of the Vendor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendor and shall not be void or voidable by creditors of the Vendor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

## **GENERAL**

8. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada and as against all Persons against whom it may otherwise be enforced.

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or in any other foreign jurisdiction to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to recognize and give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that each of the Vendor, the Proposal Trustee and the Purchaser be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

---

THIS IS **EXHIBIT "E"** REFERRED TO IN THE  
AFFIDAVIT OF DOMINIC TALALLA SWORN REMOTELY BY **DOMINIC TALALLA** STATED  
AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF  
TORONTO, IN THE PROVINCE OF ONTARIO, THIS 5TH DAY OF DECEMBER 2024, IN  
ACCORDANCE WITH O. REG 431/20, *ADMINISTERING OATH OR DECLARATION*  
*REMOTELY* SWORN BEFORE ME,

Signed by:

*Simran Joshi*

0D0B645B9A9E494...

-----  
A COMMISSIONER FOR TAKING AFFIDAVITS  
SIMRAN JOSHI LSO No. 89775A

**Datec Coating Corporation**  
**Weekly Cash Flow Forecast**  
**For the period from October 11, 2024 to January 10, 2025**  
**\$Cdn**

Week Ending	Notes	Week 1 18-Oct-24	Week 2 25-Oct-24	Week 3 01-Nov-24	Week 4 08-Nov-24	Week 5 15-Nov-24	Week 6 22-Nov-24	Week 7 29-Nov-24	Week 8 06-Dec-24	Week 9 13-Dec-24	Week 10 20-Dec-24	Week 11 27-Dec-24	Week 12 03-Jan-25	Week 13 10-Jan-25	TOTAL
<b>Receipts</b>	2	22,669	59,601	30,000	6,467	13,815	20,000	53,333	-	-	34,601	28,648	-	158,000	427,134
<b>Disbursements</b>															
Materials	3	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	26,000
Payroll	4	9,000	-	37,738	300	27,300	-	42,838	2,200	34,300	-	42,838	-	29,100	225,613
Professional fees	5	-	-	10,000	25,000	-	25,000	-	10,000	-	-	-	-	10,000	80,000
Occupancy Costs	6	3,090	2,600	19,515	-	2,090	-	2,600	19,515	2,090	-	2,600	19,515	-	73,614
G&A Expenses	7	850	-	1,426	-	850	-	-	1,426	-	850	200	1,226	-	6,828
<b>Total Disbursements</b>		14,940	4,600	70,678	27,300	32,240	27,000	47,438	35,141	38,390	2,850	47,638	22,741	41,100	412,055
<b>Net Cash Flow</b>		<b>7,729</b>	<b>55,001</b>	<b>(40,678)</b>	<b>(20,834)</b>	<b>(18,425)</b>	<b>(7,000)</b>	<b>5,896</b>	<b>(35,141)</b>	<b>(38,390)</b>	<b>31,751</b>	<b>(18,990)</b>	<b>(22,741)</b>	<b>116,900</b>	<b>15,079</b>
<b>Bank Balance</b>															
Opening Bank Balance		908	8,637	63,638	22,960	127,126	108,701	101,701	107,597	72,456	34,066	65,817	46,828	24,087	908
Add: Net Cash Flow		7,729	55,001	(40,678)	(20,834)	(18,425)	(7,000)	5,896	(35,141)	(38,390)	31,751	(18,990)	(22,741)	116,900	15,079
Add: Debtor In Possession Financing		-	-	-	125,000	-	-	-	-	-	-	-	-	-	125,000
<b>Closing Bank Balance</b>	8	<b>8,637</b>	<b>63,638</b>	<b>22,960</b>	<b>127,126</b>	<b>108,701</b>	<b>101,701</b>	<b>107,597</b>	<b>72,456</b>	<b>34,066</b>	<b>65,817</b>	<b>46,828</b>	<b>24,087</b>	<b>140,987</b>	<b>140,987</b>

This statement of forecast cash flow of Datec Coating Corporation is prepared in accordance with section 50.4 (2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the accompanying notes and Trustee's report on cash flow statement dated this 13th day of October, 2024.

Dodick Landau Inc.

Datec Coating Corporation

Per:   
 Rahn Dodick, CPA, CA, CIRP, LIT

Per: \_\_\_\_\_  
 Mr. Dominic Talalla

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED AND**

**Bankruptcy Court File No. BK-24-03137745-0032  
Estate No. 32-3137745**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF DATEC COATING CORPORATION OF  
THE CITY OF MISSISSAUGA IN THE PROVINCE OF ONTARIO**

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

Proceedings commenced at *Toronto*

**AFFIDAVIT OF DOMINIC TALALLA  
(sworn December 5, 2024)**

**RECONSTRUCT LLP**  
Richmond-Adelaide Centre  
120 Adelaide Street West, Suite 2500  
Toronto ON, M5H 1T1

**Sharon Kour** LSO No. 58328D  
[skour@reconllp.com](mailto:skour@reconllp.com)  
Tel: 416.613.8283

**Jessica Wuthmann** LSO No. 72442W  
[jwuthmann@reconllp.com](mailto:jwuthmann@reconllp.com)  
Tel: 416.613.8288

**Simran Joshi** LSO No. 89775A  
[sjoshi@reconllp.com](mailto:sjoshi@reconllp.com)  
Tel: 416.304.6589

**Lawyers for the Applicant**

# TAB 3

Bankruptcy Court File No. BK-24-03137745-0032  
Estate File No. 32-3137745

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

THE HONOURABLE	)	THURSDAY, THE 12 <sup>TH</sup>
	)	
JUSTICE CAVANAGH	)	DAY OF DECEMBER, 2024

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

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
DATEC COATING CORPORATION OF THE CITY OF MISSISSAUGA IN THE PROVINCE  
OF ONTARIO**

**ASSIGNMENT, APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by Datec Coating Corporation (the “**Vendor**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the “**BIA**”) for an order that, among other things, (i) extends the time to file a proposal pursuant to Section 50.4(9) of the BIA up to and including December 27, 2024; (ii) approves the sale transaction (the “**Transaction**”) contemplated by the stalking horse asset purchase agreement (the “**Stalking Horse Agreement**”) between the Vendor, as vendor, and Urecka Canada Corporation, or its nominee, as purchaser (the “**Purchaser**”), dated October 21, 2024 and appended as Exhibit “D” to the affidavit of Dominic Talalla, sworn December 5, 2024 (the “**Talalla Affidavit**”); (iii) vesting in the Purchaser the Vendor’s right, title and interest in and to the assets described in the Stalking Horse Agreement (the “**Purchased Assets**”); (iv) approving the assignment of contracts listed at **Schedule “B”** of this Order (the “**Consent Required Contracts**”); and (v) approving the First Report of the Proposal Trustee dated October 22, 2024 (the “**First Report**”) and the Second Report of the Proposal Trustee, to be filed (the “**Second Report**” and together with the First Report, the “**Reports**”) and the fees and disbursements of the Proposal Trustee and its counsel, as set out in the Second Report, was heard this by judicial videoconference.

**ON READING** the Talalla Affidavit, and the exhibits thereto, and the Second Report of Dodick Landau Inc., in its capacity as proposal trustee of the Vendor (the “**Proposal Trustee**”), to be filed (the “**Second Report**”) and on hearing the submissions of counsel for the Vendor and the Proposal Trustee, no one else appearing for any other person on the service list, although duly served as appears from the affidavit of service of ● sworn December ●, 2024, filed:

### **SERVICE AND DEFINED TERMS**

1. **THIS COURT ORDERS** that the time for service of the Motion Record of the Vendor is hereby deemed adequate notice so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDRS** that capitalized terms used in this Order and not otherwise defined herein shall have the meaning ascribed to them in the Stalking Horse Agreement.

### **STAY OF PROCEEDINGS**

3. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Vendor to file a proposal with the official receiver be and is hereby extended to and including December 27, 2024.

### **APPROVAL AND VESTING**

4. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Stalking Horse Agreement by the Vendor is hereby authorized and approved, with such minor amendments as the Vendor and the Purchaser, with the approval of the Proposal Trustee, may deem necessary. The Vendor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
5. **THIS COURT ORDERS AND DECLARES** that this Order shall constitute the only authorization required by the Vendor and Proposal Trustee to proceed with the Transaction and that no shareholder, partner, or other approvals shall be required in connection therewith.
6. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Proposal Trustee’s certificate to the Purchaser substantially in the form attached as **Schedule “A”** hereto



(the “**Proposal Trustee’s Certificate**”), all of the Vendor’s right, title and interest in and to the Purchased Assets described in the Stalking Horse Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Black dated October 23, 2024; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

7. **THIS COURT ORDERS** that upon the issuance of the Proposal Trustee’s Certificate, any of the Vendor, the Purchaser or the Proposal Trustee, shall be authorized to take all such steps as may be necessary to effect the discharge of all Encumbrances registered against the Purchased Assets (including by filing such financing change statements in the Ontario Personal Property Registry (or any analogous legislation as may be necessary) provided that the Vendor, the Purchaser and the Proposal Trustee shall not be authorized to effect any discharge that would have the effect of releasing any Encumbrances against any property other than the Purchased Assets.

8. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (the “**Net Proceeds**”) shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Proposal Trustee’s Certificate all Claims and Encumbrances shall attach to the Net Proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

9. **THIS COURT ORDERS** that the Proposal Trustee may rely on written notice from the Vendor and the Purchaser or their respective counsel regarding satisfaction or waiver, as applicable, of conditions to Closing under the Stalking Horse Agreement and shall incur no liability

with respect to the delivery of the Proposal Trustee's Certificate.

10. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee's Certificate forthwith after delivery thereof.

11. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Vendor is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Vendor's records pertaining to the Vendor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Vendor.

12. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of the Vendor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Vendor,

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendor and shall not be void or voidable by creditors of the Vendor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

#### **ASSIGNMENT OF CONSENT REQUIRED CONTRACTS**

13. **THIS COURT ORDERS** that, in addition to all obligations under the Consent Required Contracts arising from and after the close of the Transaction, for which the Purchaser shall be liable, the Purchaser shall be liable for and shall pay the counterparty (or to the Proposal Trustee in trust on Closing for distribution to the applicable counterparty as soon as practicable thereafter)

under such Consent Required Contracts the Cure Costs (as defined below), if any, on the Closing Date or as otherwise agreed to by the parties. For the purposes of this paragraph, “**Cure Costs**” shall mean, those monetary defaults in relation to the Consent Required Contracts existing prior to the Closing Date, the quantum of which shall not include defaults arising by reason only of the insolvency of the Vendor, the commencement of these BIA proceedings or the failure to perform a non-monetary obligation under the Consent Required Contracts.

14. **THIS COURT ORDERS** that upon delivery of the Proposal Trustee’s Certificate:
- (a) all of the rights and obligations of the Vendor under and to the Consent Required Contracts listed in **Schedule “B”** hereto shall be assigned, transferred, and conveyed to and assumed by the Purchaser pursuant to Section 84.1 of the BIA, and such assignment is valid and binding upon all counterparties to the Consent Required Contracts, notwithstanding any restriction, condition or prohibition, if any, contained in any such Consent Required Contracts relating to the assignment thereof, including, but not limited to, provisions, if any, relating to a change of control or requiring the consent of or notice for any period in advance of the assignment to any party to any such Consent Required Contract; and
  - (b) the counterparties to the Consent Required Contracts are prohibited from exercising any rights or remedies under the Consent Required Contracts, and shall be forever barred and estopped from taking such action by reason of:
    - (i) any circumstance that existed or event that occurred on or prior to the Closing Date that would have entitled such counterparty to the Consent Required Contract to enforce those rights or remedies or caused an automatic termination to occur;
    - (ii) any default arising due as a result of this proceeding;
    - (iii) any restriction, condition or prohibition contained therein relating to the assignment thereof or any change of control;
    - (iv) the proposed Transaction or any parts thereof (including the assignment of the Consent Required Contracts pursuant to this Order); or
    - (v) any breach of a non-monetary obligation under a Consent Required

Contract,

and are hereby deemed to waive any defaults relating thereto.

#### **APPROVAL OF PROPOSAL TRUSTEE'S REPORTS**

15. **THIS COURT ORDERS** that the Reports are hereby approved.

16. **THIS COURT ORDERS** that the fees and disbursements of the Proposal Trustee and its counsel as set out in the Second Report, including the estimated fees and disbursements, are hereby approved.

#### **GENERAL**

17. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada and as against all persons against whom it may otherwise be enforced.

18. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or in any other foreign jurisdiction to give effect to this Order and to assist the Vendor, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Vendor and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to recognize and give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Vendor, the Proposal Trustee and their respective agents in carrying out the terms of this Order.

19. **THIS COURT ORDERS** that each of the Vendor, the Proposal Trustee and the Purchaser be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

20. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

---

**Schedule A – Form of Proposal Trustee’s Certificate**

Bankruptcy Court File No. BK-24-03137745-0032  
Estate File No. 32-3137745

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

**IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL TO CREDITORS OF WHOLLY VEGGIE INC.**

**PROPOSAL TRUSTEE’S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (the “**Court**”) dated December 12, 2024, the Court, *inter alia*, approved the sale transaction (“**Transaction**”) contemplated by the stalking horse asset purchase agreement dated October 21, 2024 (the “**Stalking Horse Agreement**”) between Datec Coating Corporation, as vendor (the “**Company**”) and Urecka Canada Corporation, or its nominee, as purchaser (the “**Purchaser**”, and, together with the Company, the “**Parties**”) and provided for the vesting in the Purchaser of the Company’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the undersigned (the “**Proposal Trustee**”) to the Purchaser of a certificate certifying that the Parties have confirmed to the Proposal Trustee (i) the payment by the Purchaser, to the Proposal Trustee, of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in the Stalking Horse Agreement have been satisfied or waived by the Parties; and (iii) the Transaction has been completed to the satisfaction of the Parties.

B. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Stalking Horse Agreement.

**THE PROPOSAL TRUSTEE CERTIFIES** the following:

1. The Purchaser has paid and the Proposal Trustee has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Stalking Horse Agreement;

2. The conditions to Closing as set out in the Stalking Horse Agreement have been satisfied or waived by the Parties; and
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.

This Certificate was delivered by the Proposal Trustee at \_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**DODICK LANDAU INC., solely in its capacity  
as Proposal Trustee of Datec Coating  
Corporation, and not in its personal or  
corporate capacity**

Per: \_\_\_\_\_

Name: Rahn Dodick

Title: President

**Schedule “B” – Consent Required Contracts**

<b>Contractual Counterparty</b>	<b>Contract</b>
Dominic Talalla	Consulting Agreement dated June 1, 2023
E.G.O Elektro-Geratebau and Intertek Health Sciences Inc.	Escrow Reviewer Agreement dated April 17, 2018
Ontario Centre of Innovation and E.G.O Elektro-Geratebau	OCI Funding Agreement dated March 21, 2023
E.G.O. Elektro-Gerätebau GmbH	Amended and Restated Technology Agreement dated February 7, 2018
EGO Componentes Electronicos, S.A. de C.V.	4511781426 dated October 22, 2024
EGO Componentes Electronicos, S.A. de C.V.	4511781427 dated October 22, 2024
EGO Componentes Electronicos, S.A. de C.V.	4511781428 dated October 22, 2024

IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED AND

Bankruptcy Court File No. BK-24-03137745-0032  
Estate No. 32-3137745

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF DATEC COATING CORPORATION OF THE CITY OF  
MISSISSAUGA IN THE PROVINCE OF ONTARIO

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

Proceedings commenced at *Toronto*

**ORDER  
(Assignment, Approval and Vesting Order)**

**RECONSTRUCT LLP**  
Richmond-Adelaide Centre  
120 Adelaide Street West, Suite 2500  
Toronto, ON M5H 1T1

**Sharon Kour** LSO No. 58328D  
[skour@reconllp.com](mailto:skour@reconllp.com)  
Tel: 416.613.8283

**Jessica Wuthmann** LSO No. 72442W  
[jwuthmann@reconllp.com](mailto:jwuthmann@reconllp.com)  
Tel: 416.613.8288

**Simran Joshi** LSO No. 89775A  
[sjoshi@reconllp.com](mailto:sjoshi@reconllp.com)  
Tel: 416.304.6589

**Lawyers for Datec Coating Corporation**



# TAB 4

Bankruptcy Court File No. BK-24-03137745-0032  
Estate File No. 32-3137745

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

THE HONOURABLE — ) ~~WEEKDAY~~THURSDAY, THE #12<sup>TH</sup>  
) )  
JUSTICE —CAVANAGH ) DAY OF ~~MONTH~~DECEMBER, ~~20YR~~2024

~~BETWEEN:~~

**PLAINTIFF**  
**IN THE MATTER OF THE BANKRUPTCY AND**  
**INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF**  
**DATEC COATING CORPORATION OF THE CITY OF MISSISSAUGA IN THE PROVINCE**  
**OF ONTARIO**

Plaintiff

—and—

**DEFENDANT**

Defendant

**ASSIGNMENT, APPROVAL AND VESTING ORDER**

~~THIS MOTION, made by [RECEIVER'S NAME] in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of [DEBTOR] (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and [NAME OF PURCHASER] (the "Purchaser") dated [DATE] and appended to the Report of the Receiver dated [DATE] (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.~~

THIS MOTION, made by Datec Coating Corporation (the "**Vendor**") pursuant to the

Bankruptcy and Insolvency Act, R.S.C. 1985, c B-3, as amended (the “BIA”) for an order that, among other things, (i) extends the time to file a proposal pursuant to Section 50.4(9) of the BIA up to and including December 27, 2024; (ii) approves the sale transaction (the “Transaction”) contemplated by the stalking horse asset purchase agreement (the “Stalking Horse Agreement”) between the Vendor, as vendor, and Urecka Canada Corporation, or its nominee, as purchaser (the “Purchaser”), dated October 21, 2024 and appended as Exhibit “D” to the affidavit of Dominic Talalla, sworn December 5, 2024 (the “Talalla Affidavit”); (iii) vesting in the Purchaser the Vendor’s right, title and interest in and to the assets described in the Stalking Horse Agreement (the “Purchased Assets”); (iv) approving the assignment of contracts listed at Schedule “B” of this Order (the “Consent Required Contracts”); and (v) approving the First Report of the Proposal Trustee dated October 22, 2024 (the “First Report”) and the Second Report of the Proposal Trustee, to be filed (the “Second Report” and together with the First Report, the “Reports”) and the fees and disbursements of the Proposal Trustee and its counsel, as set out in the Second Report, was heard this by judicial videoconference.

**ON READING** the ~~Report~~ Talalla Affidavit, and the exhibits thereto, and the Second Report of Dodick Landau Inc., in its capacity as proposal trustee of the Vendor (the “Proposal Trustee”), to be filed (the “Second Report”) and on hearing the submissions of counsel for the Receiver, ~~[NAMES OF OTHER PARTIES APPEARING]~~, ~~no one~~ Vendor and the Proposal Trustee, ~~no one else~~ appearing for any other person on the service list, although ~~properly~~ duly served as appears from the affidavit of ~~[NAME]~~ service of ● sworn ~~[DATE]~~ December ●, 2024, filed<sup>†</sup>:

### **SERVICE AND DEFINED TERMS**

1. **THIS COURT ORDERS** that the time for service of the Motion Record of the Vendor is hereby deemed adequate notice so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDRS** that capitalized terms used in this Order and not otherwise defined herein shall have the meaning ascribed to them in the Stalking Horse Agreement.

<sup>†</sup>~~This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.~~

### STAY OF PROCEEDINGS

3. THIS COURT ORDERS that pursuant to Section 50.4(9) of the BIA, the time for the Vendor to file a proposal with the official receiver be and is hereby extended to and including December 27, 2024.

### APPROVAL AND VESTING

4. 1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved,<sup>2</sup> and the execution of the Sale Stalking Horse Agreement by the Receiver<sup>3</sup>Vendor is hereby authorized and approved, with such minor amendments as the Receiver Vendor and the Purchaser, with the approval of the Proposal Trustee, may deem necessary. The Receiver Vendor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

5. THIS COURT ORDERS AND DECLARES that this Order shall constitute the only authorization required by the Vendor and Proposal Trustee to proceed with the Transaction and that no shareholder, partner, or other approvals shall be required in connection therewith.

6. 2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's Proposal Trustee's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "Receiver's Proposal Trustee's Certificate"), all of the Debtor's Vendor's right, title and interest in and to the Purchased Assets described in the Sale Stalking Horse Agreement [~~and listed on Schedule B hereto~~]<sup>4</sup> shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual,

<sup>2</sup>~~In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

<sup>3</sup>~~In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

<sup>4</sup>~~To allow this Order to be free standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.~~

statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims"<sup>5</sup>) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice [NAME]Black dated [DATE]October 23, 2024; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; ~~and (iii) those Claims listed on Schedule C hereto~~ (all of which are collectively referred to as the "Encumbrances", ~~which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D~~) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

7. ~~3.~~ **THIS COURT ORDERS** that upon the ~~registration in the Land Registry Office for the [Registry Division of {LOCATION}] of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver~~[Land Titles Division of {LOCATION}] of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act<sup>6</sup>, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property ~~all of the Claims listed in Schedule C hereto.~~issuance of the Proposal Trustee's Certificate, any of the Vendor, the Purchaser or the Proposal Trustee, shall be authorized to take all such steps as may be necessary to effect the discharge of all Encumbrances registered against the Purchased Assets (including by filing such financing change statements in the Ontario Personal Property Registry (or any analogous legislation as may be necessary) provided that the Vendor, the Purchaser and the Proposal Trustee shall not be authorized to effect any discharge that would have the effect of releasing any Encumbrances against any

<sup>5</sup>The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.

<sup>6</sup>Elect the language appropriate to the land registry system (Registry vs. Land Titles).

property other than the Purchased Assets.

8. ~~4.~~ **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds<sup>7</sup> from the sale of the Purchased Assets (the "Net Proceeds") shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the ~~Receiver's~~Proposal Trustee's Certificate all Claims and Encumbrances shall attach to the ~~net proceeds~~Net Proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale<sup>8</sup>, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

9. **THIS COURT ORDERS** that the Proposal Trustee may rely on written notice from the Vendor and the Purchaser or their respective counsel regarding satisfaction or waiver, as applicable, of conditions to Closing under the Stalking Horse Agreement and shall incur no liability with respect to the delivery of the Proposal Trustee's Certificate.

10. ~~5.~~ **THIS COURT ORDERS AND DIRECTS** the ~~Receiver~~Proposal Trustee to file with the Court a copy of the ~~Receiver's~~Proposal Trustee's Certificate, ~~forthwith after delivery thereof.~~

11. ~~6.~~ **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the ~~Receiver~~Vendor is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the ~~Company's~~Vendor's records pertaining to the ~~Debtor's~~Vendor's past and current employees, ~~including personal information of those employees listed on Schedule "●" to the Sale Agreement.~~ The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the ~~Debtor~~Vendor.

<sup>7</sup>~~The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".~~

<sup>8</sup>~~This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.~~

12. ~~7.~~ **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the ~~Bankruptcy and Insolvency Act (Canada)~~ BIA in respect of the ~~Debtor~~ Vendor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the ~~Debtor~~ Vendor,

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the ~~Debtor~~ Vendor and shall not be void or voidable by creditors of the ~~Debtor~~ Vendor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the ~~Bankruptcy and Insolvency Act (Canada)~~ BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

#### **ASSIGNMENT OF CONSENT REQUIRED CONTRACTS**

13. **THIS COURT ORDERS** that, in addition to all obligations under the Consent Required Contracts arising from and after the close of the Transaction, for which the Purchaser shall be liable, the Purchaser shall be liable for and shall pay the counterparty (or to the Proposal Trustee in trust on Closing for distribution to the applicable counterparty as soon as practicable thereafter) under such Consent Required Contracts the Cure Costs (as defined below), if any, on the Closing Date or as otherwise agreed to by the parties. For the purposes of this paragraph, "Cure Costs" shall mean, those monetary defaults in relation to the Consent Required Contracts existing prior to the Closing Date, the quantum of which shall not include defaults arising by reason only of the insolvency of the Vendor, the commencement of these BIA proceedings or the failure to perform a non-monetary obligation under the Consent Required Contracts.

14. **THIS COURT ORDERS** that upon delivery of the Proposal Trustee's Certificate:

- (a) all of the rights and obligations of the Vendor under and to the Consent Required Contracts listed in **Schedule "B"** hereto shall be assigned, transferred, and conveyed to and assumed by the Purchaser pursuant to Section 84.1 of the BIA, and such assignment is valid and binding upon all counterparties to the Consent

- Required Contracts, notwithstanding any restriction, condition or prohibition, if any, contained in any such Consent Required Contracts relating to the assignment thereof, including, but not limited to, provisions, if any, relating to a change of control or requiring the consent of or notice for any period in advance of the assignment to any party to any such Consent Required Contract; and
- (b) the counterparties to the Consent Required Contracts are prohibited from exercising any rights or remedies under the Consent Required Contracts, and shall be forever barred and estopped from taking such action by reason of:
- (i) any circumstance that existed or event that occurred on or prior to the Closing Date that would have entitled such counterparty to the Consent Required Contract to enforce those rights or remedies or caused an automatic termination to occur;
  - (ii) any default arising due as a result of this proceeding;
  - (iii) any restriction, condition or prohibition contained therein relating to the assignment thereof or any change of control;
  - (iv) the proposed Transaction or any parts thereof (including the assignment of the Consent Required Contracts pursuant to this Order); or
  - (v) any breach of a non-monetary obligation under a Consent Required Contract,

and are hereby deemed to waive any defaults relating thereto.

#### **APPROVAL OF PROPOSAL TRUSTEE'S REPORTS**

15. ~~8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the Bulk Sales Act (Ontario)~~ that the Reports are hereby approved.

16. THIS COURT ORDERS that the fees and disbursements of the Proposal Trustee and its counsel as set out in the Second Report, including the estimated fees and disbursements, are hereby approved.

#### **GENERAL**

17. THIS COURT ORDERS that this Order shall have full force and effect in all provinces and territories in Canada and as against all persons against whom it may otherwise be enforced.

18. ~~9. THIS COURT HEREBY REQUESTS~~ the aid and recognition of any court, tribunal,



regulatory or administrative body having jurisdiction in Canada ~~or in~~, the United States or in any other foreign jurisdiction to give effect to this Order and to assist the ~~Receiver and its~~ Vendor, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Receiver~~ Vendor and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to recognize and give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the ~~Receiver and its~~ Vendor, the Proposal Trustee and their respective agents in carrying out the terms of this Order.

19. THIS COURT ORDERS that each of the Vendor, the Proposal Trustee and the Purchaser be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

20. THIS COURT ORDERS that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

---

**Schedule A – Form of ~~Receiver's~~ Proposal Trustee's Certificate**

Bankruptcy Court File No.                      BK-24-03137745-0032  
Estate File No. 32-3137745

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

**IN THE MATTER OF THE BANKRUPTCY AND  
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL TO CREDITORS OF WHOLLY VEGGIE INC.**

~~BETWEEN:~~

**~~PLAINTIFF~~**

Plaintiff

~~—and—~~

**~~DEFENDANT~~**

Defendant

**~~RECEIVER'S~~ PROPOSAL TRUSTEE'S CERTIFICATE**

**RECITALS**

A. ~~A.~~ Pursuant to an Order of the Honourable ~~[NAME OF JUDGE]~~ Justice Cavanagh of the Ontario Superior Court of Justice (the "Court") dated ~~[DATE OF ORDER]~~, ~~[NAME OF RECEIVER]~~ was appointed as the receiver (the "Receiver") of the undertaking, property and assets of ~~[DEBTOR]~~ (the "Debtor").

December 12, 2024. ~~B.~~ Pursuant to an Order of the Court dated ~~[DATE]~~, the Court, *inter alia*, approved the ~~agreement of purchase and sale made as of [DATE OF AGREEMENT]~~ (the "Sale Agreement") between the Receiver ~~[Debtor]~~ and ~~[NAME OF PURCHASER]~~ (the "~~Purchaser~~" sale transaction ("Transaction")) contemplated by the stalking horse asset purchase agreement dated October 21, 2024 (the "Stalking Horse Agreement") between Datec Coating Corporation, as vendor (the "Company") and Urecka Canada Corporation, or its nominee, as purchaser (the "Purchaser", and, together with the Company, the "Parties") and provided for

the vesting in the Purchaser of the ~~Debtor's~~Company's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the ~~Receiver~~undersigned (the "Proposal Trustee") to the Purchaser of a certificate ~~confirming~~certifying that the Parties have confirmed to the Proposal Trustee (i) the payment by the Purchaser, to the Proposal Trustee, of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in ~~section 4.1 of~~ the ~~Sale~~Stalking Horse Agreement have been satisfied or waived by the ~~Receiver and the Purchaser~~Parties; and (iii) the Transaction has been completed to the satisfaction of the ~~Receiver~~Parties.

B. ~~C.~~ Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the ~~Sale~~Stalking Horse Agreement.

**THE ~~RECEIVER~~PROPOSAL TRUSTEE CERTIFIES** the following:

1. The Purchaser has paid and the ~~Receiver~~Proposal Trustee has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the ~~Sale~~Stalking Horse Agreement;
2. The conditions to Closing as set out in ~~section 4.1 of~~ the ~~Sale~~Stalking Horse Agreement have been satisfied or waived by the ~~Receiver and the Purchaser~~Parties; and
3. The Transaction has been completed to the satisfaction of the ~~Receiver~~Proposal Trustee.
4. This Certificate was delivered by the ~~Receiver at~~ \_\_\_\_\_ Proposal Trustee at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

~~[NAME OF RECEIVER]~~DODICK LANDAU INC., solely in its capacity as Receiver of the undertaking, property and assets of [DEBTOR] Proposal Trustee of Datec Coating Corporation, and not in its personal or corporate capacity

Per: \_\_\_\_\_

Name: Rahn Dodick

Title: [President](#)

*[Different first page setting changed from on in original to off in modified.]*

**Schedule "B" – ~~Purchased Assets~~ Consent Required Contracts**

<u>Contractual Counterparty</u>	<u>Contract</u>
<u>Dominic Talalla</u>	<u>Consulting Agreement dated June 1, 2023</u>
<u>E.G.O Elektro-Geratebau and Intertek Health Sciences Inc.</u>	<u>Escrow Reviewer Agreement dated April 17, 2018</u>
<u>Ontario Centre of Innovation and E.G.O Elektro-Geratebau</u>	<u>OCI Funding Agreement dated March 21, 2023</u>
<u>E.G.O. Elektro-Gerätebau GmbH</u>	<u>Amended and Restated Technology Agreement dated February 7, 2018</u>
<u>EGO Componentes Electronicos, S.A. de C.V.</u>	<u>4511781426 dated October 22, 2024</u>
<u>EGO Componentes Electronicos, S.A. de C.V.</u>	<u>4511781427 dated October 22, 2024</u>
<u>EGO Componentes Electronicos, S.A. de</u>	

*[Different first page setting changed from on in original to off in modified.]*

*[Different first page setting changed from on in original to off in modified.]*

<a href="#">C.V.</a>	<a href="#">4511781428 dated October 22, 2024</a>
----------------------	---

*[Different first page setting changed from on in original to off in modified.]*

*[Different first page setting changed from on in original to off in modified.]*

IN THE MATTER OF THE BANKRUPTCY AND  
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED AND

Bankruptcy Court File No. BK-24-03137745-0032  
Estate No. 32-3137745

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF DATEC COATING CORPORATION OF THE CITY OF  
MISSISSAUGA IN THE PROVINCE OF ONTARIO

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER  
(Assignment, Approval and Vesting Order)

RECONSTRUCT LLP  
Richmond-Adelaide Centre  
120 Adelaide Street West, Suite 2500  
Toronto, ON M5H 1T1

Sharon Kour LSO No. 58328D  
skour@reconllp.com  
Tel: 416.613.8283

Jessica Wuthmann LSO No. 72442W  
jwuthmann@reconllp.com  
Tel: 416.613.8288

Simran Joshi LSO No. 89775A  
sjoshi@reconllp.com  
Tel: 416.304.6589

Lawyers for Datec Coating Corporation

**~~Schedule C—Claims to be deleted and expunged from title to Real Property~~**

*[Different first page setting changed from on in original to off in modified.]*

*[Different first page setting changed from on in original to off in modified.]*

**~~Schedule D—Permitted Encumbrances, Easements and Restrictive Covenants  
related to the Real Property  
(unaffected by the Vesting Order)~~**

*[Different first page setting changed from on in original to off in modified.]*



<b>Summary report: Litera Compare for Word 11.5.0.74 Document comparison done on 12/5/2024 1:22:54 PM</b>	
<b>Style name:</b> Default Style	
<b>Intelligent Table Comparison:</b> Active	
<b>Original filename:</b> model-approval-and-vesting-order-EN.doc	
<b>Modified filename:</b> Assignment, Approval and Vesting Order - Applicant - Datec Coating Corporation - 00-DEC-2024.docx	
<b>Changes:</b>	
Add	157
Delete	146
<del>Move From</del>	0
Move To	0
Table Insert	2
<del>Table Delete</del>	0
Table moves to	0
<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	<b>305</b>

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC  
1985, c B-3, AS AMENDED

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF DATEC COATING CORPORATION OF THE CITY OF MISSISSAUGA IN  
THE PROVINCE OF ONTARIO

Court File No. BK-24-03137745-0032  
Estate No. 32-3137745

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

Proceedings commenced at TORONTO

**MOTION RECORD OF THE APPLICANT**  
(Returnable December 12, 2024)

**RECONSTRUCT LLP**  
Richmond-Adelaide Centre  
120 Adelaide Street West, Suite 2500  
Toronto, ON M5H 1T1

**Sharon Kour** LSO No. 58328D  
Email: [skour@reconllp.com](mailto:skour@reconllp.com)  
Tel: 416.613.8283

**Jessica Wuthmann** LSO No. 72442W  
Email: [jwuthmann@reconllp.com](mailto:jwuthmann@reconllp.com)  
Tel: 416.613.8288

**Simran Joshi** LSO No. 89775A  
Email: [sjoshi@reconllp.com](mailto:sjoshi@reconllp.com)  
Tel: 416.304.6589

Fax: 416.613.8290

**Lawyers for the Applicant**