



FORCE FILED

NO. S-248103
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
FELIX PAYMENT SYSTEMS LTD.

PETITIONER

NOTICE OF APPLICATION

Name of applicant: The Petitioner, Felix Payment Systems Ltd. ("**Felix**")

To: Service List, attached hereto as **Schedule "A"**, and

Royal Bank of Canada
36 York Mills Road, 4th Floor
Toronto, ON M2P 0A4

TAKE NOTICE that an application will be made by Felix to the Honourable Justice Masuhara at the courthouse at 800 Smithe Street, Vancouver, British Columbia on February 28, 2025 at 10:00 a.m., for the orders set out in Part 1 below.

Felix estimates that the application will take a half day.

- ☐ This matter is within the jurisdiction of an associate judge.
- ☒ This matter is not within the jurisdiction of an associate judge. Justice Masuhara is seized of these proceedings and this matter has been booked through trial scheduling.

PART 1: ORDER(S) SOUGHT

1. Felix seeks an order substantially in the form attached hereto as **Schedule "B"** (the "**Approval and Reverse Vesting Order**") that, among other things:

- (a) approves the transactions (the "**Transactions**") contemplated in the Stalking Horse Subscription Agreement, dated December 3, 2024 (the "**Stalking Horse Subscription Agreement**"), among Felix and Jake Boxer, Doug Mordy, the CA Mordy Legacy Trust, and PEL Chartered Professional Accountants Inc. (collectively, the "**Purchasers**"); and
- (b) such other orders, directions, and declarations as counsel for Felix may advise and this Court may deem appropriate in the circumstances.

PART 2: FACTUAL BASIS

Background

1. On October 15, 2024, Felix filed a notice of intention to make a proposal (the "**NOI**") under the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, which commenced the NOI proceeding (the "**NOI Proceeding**"). Alvarez & Marsal Canada Inc. ("**A&M**") was appointed to act as the proposal trustee. On November 12, 2024, this Court (sitting in bankruptcy and insolvency) granted Felix an extension of time to file a proposal to December 30, 2024.

Affidavit #5 of Andrew Cole, dated February 24, 2025
(the "**Fifth Cole Affidavit**") at para 3

2. On November 25, 2024, this Court granted an initial order with respect to Felix under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("**CCAA**"), which, among other things:

- (a) established an initial stay of proceedings against Felix up to and including December 6, 2024 (the "**Initial Stay Period**");
- (b) granted Felix a continuation of the NOI Proceeding as a proceeding under the CCAA (the "**CCAA Proceeding**");
- (c) appointed A&M as an officer of the Court to monitor the assets, business, and financial affairs of Felix (in such capacity, the "**Monitor**");
- (d) authorized Felix to borrow up to a principal amount of \$400,000 under a debtor-in-possession ("**DIP**") credit facility (the "**DIP Facility**") from the Purchasers (in such capacity, the "**DIP Lender**") to finance Felix's critically required operating

expenses and other general corporate purposes, post-filing expenses, and costs in accordance with the applicable cash flow forecast;

- (e) granted the Administration Charge, the Directors' Charge, and the DIP Lender's Charge (each as defined in the Initial Order) in the following priorities:
 - (i) First — the Administration Charge in favour of the Monitor, counsel to the Monitor, and counsel to Felix up to a maximum of \$150,000;
 - (ii) Second — the DIP Lender's Charge in favour of the DIP Lender; and
 - (iii) Third — the Directors' Charge in favour of the directors and officers of Felix up to a maximum of \$150,000.

Fifth Cole Affidavit at para 4;
Order Made After Application (Initial Order), pronounced November 25, 2024
[Initial Order] at paras 3, 12, 22, 30, and 36

3. On December 6, 2024, this Court granted an amended and restated initial order, which, among other things:

- (a) approved the extension of the Initial Stay Period up to and including February 28, 2025 (the "**Stay**");
- (b) approved Felix's ability to borrow up to a principal amount of \$2,350,000 under the DIP Facility;
- (c) increased the quantum of the Administrative Charge up to a maximum amount of \$250,000; and
- (d) approved Felix's proposed key employee retention plan (the "**KERP**") and granted a related charge (the "**KERP Charge**") up to the maximum amount of \$95,000, subordinate to the Administration Charge, the DIP Lender's Charge, and Directors' Charge.

Amended and Restated Initial Order, pronounced December 6, 2024 [ARIO],
at paras 16, 34-36, and 41-44;

Fifth Cole Affidavit at para 5

4. Felix, as foreign debtor and foreign representative, filed a petition under chapter 15 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of North Carolina (the "**Chapter 15 Court**"), Case No. 25-00053-PWM (the "**Chapter 15 Proceedings**"). On January 15, 2025, the Chapter 15 Court in the Chapter 15 Proceedings entered an order granting provisional relief confirming that the Initial Order and the ARIO are fully enforceable against Felix and its assets located in the United States.

Fifth Cole Affidavit at para 7

5. If this Court grants the Approval and Reverse Vesting Order sought herein, Felix will promptly seek recognition of that order in the Chapter 15 Proceedings.

Fifth Cole Affidavit at para 8

6. On December 9, 2024, the Court granted an order which, among other things:
- (a) authorized and approved Felix's execution of the Stalking Horse Subscription Agreement; and
 - (b) approved a sales and investment solicitation process (the "**SISP**"), in which the Stalking Horse Subscription Agreement would serve as the stalking horse bid.

Order Made After Application (Stalking Horse and SISP Approval),
pronounced December 9, 2024 [**Sales Process Order**] at paras 3-8;

Fifth Cole Affidavit at para 6

7. On January 31, 2025, the Court granted an order which:
- (a) approved Felix's ability to borrow up to a principal amount of \$2,650,000 under the DIP Facility; and
 - (b) approved a corresponding increase in the DIP Lender's Charge.

Order Made After Application (DIP Increase), pronounced
January 31, 2025 at paras 2-3

8. On February 5, 2025, the Court granted an order confirming the quantum and priority of the First Lien Lenders' debt and security to be \$4,064,261 and in first priority on Felix's assets,

subject only to the security interest in favour of Royal Bank of Canada with respect to certain accounts perfected by a security registration in the British Columbia Personal Property Registry.

Order Made After Application, pronounced February 5, 2025

The Sales Process

9. The purpose of the SISP was to solicit offers to pursue a going-concern transaction of Felix to the benefit of its stakeholders. The Stalking Horse Subscription Agreement was intended to provide efficiency within the SISP.

10. Since the Sales Process Order, Felix has worked closely with the Monitor and its advisors to implement the SISP in accordance with its terms, including responding to information requests and assisting with preparation of the confidential virtual data room (the "VDR"). While conducting the SISP, Felix has continued to operate in the ordinary course of business and liaise with its various stakeholders including trade creditors, customers, employees, and other interested parties.

Fifth Cole Affidavit at para 9

11. Felix assisted the Monitor to prepare a list of 104 interested parties. On December 13, 2024, in accordance with the SISP timelines, the Monitor sent a solicitation letter (the "**Teaser Letter**") and a form of non-disclosure agreement ("**NDA**") to the list of 104 potential bidders, including the 41 interested parties provided by Felix.

Fifth Cole Affidavit at para 10(a)

12. The Monitor prepared a confidential information memorandum (a "**CIM**"). Parties that executed an NDA received a copy of the CIM.

Fifth Cole Affidavit at paras 10(b) and (c)

13. The VDR went live on December 20, 2024. Throughout the SISP, a total of five (5) potential bidders signed non-disclosure agreements and were consequently provided access to the VDR.

Fifth Cole Affidavit at paras 10(d) and (e)

14. By the Bid Deadline of 5:00 pm (Pacific Standard Time) on January 31, 2025, the Monitor had received two (2) bids in addition to the Stalking Horse Subscription Agreement (the "**Additional Bids**"). The Additional Bids were from Dapit NA LLC, BSG Hall Investments, LLC, Ripcord Capital LLC, Steve Hall, and SR Management LLC (the "**Dapit Bidder**") and BigWest Acq Co (the "**BigWest Bidder**", together with the Dapit Bidder, the "**Additional Bidders**").

Fifth Cole Affidavit at paras 10(f) and (g)

15. The Dapit Bidder submitted a bid of \$7.7 million in cash and a \$1.275 million credit bid. The Dapit Bidder also submitted a deposit of US\$300,000, which did not meet the 10% requirement in the SISP. The Dapit Bidder also imposed additional conditions precedent that would require further due diligence and increased the risk of the transaction not closing.

Fifth Cole Affidavit at paras 10(h), (i), and (j)

16. The BigWest Bidder submitted a bid of \$2.5 million in cash and the assumption of certain liabilities. The deposit was to be paid the week of February 3, 2025.

Fifth Cole Affidavit at paras 10(k) and (l)

17. Upon review of the Additional Bids, the Monitor identified certain deficiencies, and (in consultation with Felix and with the consent of the DIP Lender) determined it would be appropriate to grant the Additional Bidders an extension until February 5, 2025 to bring their bids into compliance with the SISP requirements to be a Qualified Bid (as defined in the SISP).

Fifth Cole Affidavit at para 10(m)

18. On February 5, 2025, the Monitor received additional information supporting the Dapit Bid, including a mark up of the form of the Stalking Horse Subscription Agreement, evidence of alleged financing in the form of a redacted financing agreement backed by security in a ruby, and an increase the deposit amount by CA\$743,195.75.

Fifth Cole Affidavit at para 11 and Exhibit "A"

19. On February 8, 2025, the Monitor determined that the Dapit Bid did not meet the requirements to be a Qualified Bid, and as a result, the Stalking Horse Subscription Agreement became the Successful Bid (as defined in the SISP).

Fifth Cole Affidavit at para 12 and Exhibit "B"

20. The SISP was commercially reasonable, professionally run, and robust, and it succeeded in generating buyer interest. All reasonable steps were taken to obtain the best price available. The result of the SISP—the approval of the Stalking Horse Subscription Agreement as the Successful Bid—is in the interest of all stakeholders.

The Stalking Horse Subscription Agreement

21. Capitalized terms used and not otherwise defined in the following paragraphs have the meanings given to them in the Stalking Horse Subscription Agreement, and references to 'sections' are references to sections of the Stalking Horse Subscription Agreement.

Fifth Cole Affidavit at Exhibit "C"

22. Felix requests this Court grant the Approval and Reverse Vesting Order to effectuate the sale of Felix pursuant to the Stalking Horse Subscription Agreement. The Monitor supports the granting of the Approval and Reverse Vesting Order.

23. The Transactions in the Stalking Horse Subscription Agreement are structured as a reverse vesting order whereby the Purchasers will acquire shares to be issued by Felix (the "**Purchased Shares**") pursuant to the Approval and Reverse Vesting Order. The Stalking Horse Subscription Agreement contemplates that the Approval and Reverse Vesting Order will, among other things:

- (a) approve the Transactions;
- (b) vest out of Felix certain excluded assets, excluded contracts and excluded liabilities, which shall be vested into a new subsidiary of Felix to be incorporated ("**ResidualCo**");
- (c) authorize and direct Felix to file the Articles of Reorganization (as defined in the Stalking Horse Subscription Agreement);
- (d) terminate and cancel all Existing Shares (as defined in the Stalking Horse Subscription Agreement) as well any agreement, contract, plan, indenture, deed, certificate, subscription right, conversion right, pre-emptive right, option, or other

document or instrument governing and/or having been created or granted in connection with the share capital of Felix, if any (other than the rights of the Purchasers under the Stalking Horse Agreement), for no consideration; and

- (e) authorize and direct Felix to issue the Purchased Shares, and vest in the Purchasers the Purchased Shares, free and clear from any Encumbrances, except Permitted Encumbrances (each as defined in the Stalking Horse Subscription Agreement).

24. The significant terms of the Stalking Horse Subscription Agreement include, among other things:

1.1 "Administrative Wind-down Amount"	"Administrative Wind-down Amount" means cash in the amount of \$50,000 to be used to satisfy the costs incurred by the Monitor and its professional advisors to administer ResidualCo, the Company, and the Excluded Assets and Excluded Liabilities, and to wind-down and/or dissolve and/or bankrupt ResidualCo.
1.1 "Assumed Liabilities"	<p>"Assumed Liabilities" means:</p> <ul style="list-style-type: none"> a) liabilities specifically and expressly designated by the Purchasers as Assumed Liabilities in Schedule "E" to the Stalking Horse Subscription Agreement, as the same may be modified by the Purchasers no later than five (5) Business Days before the Approval and Reverse Vesting Order Hearing, provided that consent of the Company and the Monitor is required for the removal of any Assumed Liabilities in accordance with the terms hereof; b) all obligations existing under or in connection with the DIP Lender's Charge; c) all obligations existing under or in connection with the First Lien Charge; and d) all Liabilities which relate to the Permits and Licenses and the Business under any Assumed Contracts, solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing.
2.1 Purchase and Sale of the Purchased Shares	At the Closing Time, Felix will issue to the Purchasers, and the Purchasers shall subscribe for that number of shares in the share capital of Felix from treasury, to be specified by the Purchasers at least two (2) Business Days prior to the hearing of the Application, which shares shall be free and clear of all Encumbrances.
3.1 Purchase Price	The total aggregate consideration payable by the Purchasers for the Purchased Shares shall be equal to the following:

	<ul style="list-style-type: none">a) all amounts outstanding and obligations payable by Felix under or in connection with the DIP Term Sheet and secured by the DIP Lender's Charge, including principal, interest and fees accrued up to and including the Closing Date, which indebtedness shall be assumed by the Purchasers at Closing; plusb) all amounts outstanding and obligations payable by Felix under or in connection with the First Lien Loan Documents and secured by the First Lien Charge, including principal, interest and fees accrued up to and including the Closing Date, which indebtedness shall be assumed by the Purchasers at Closing; plusc) the value of all other Assumed Liabilities, if any, to be satisfied by the Purchasers performing and/or discharging such Assumed Liabilities as and when they become due; plusd) the value of the Closing Payment, to be paid by the Purchasers in accordance with Section 3.2 of the Stalking Horse Subscription Agreement.
3.2 Closing Payment	<p>At Closing, the Purchasers shall pay to the Monitor an amount equal to the sum of:</p> <ul style="list-style-type: none">a) the Priority Payments;b) the CCAA Charge Amount; andc) the Administrative Wind-down Amount <p>(collectively the "Closing Payment"), provided, however, that such amount shall not exceed \$500,000.</p> <p>The Monitor shall hold the Closing Payment in trust for the benefit of Persons entitled to be paid from the Closing Payment.</p>
9.1 – Conditions – All Parties	<p>The obligation of the Parties to complete the Transactions is subject to the following conditions being satisfied on or prior to the Closing Date:</p> <ul style="list-style-type: none">a) <u>Final Orders</u>. Each of the SISP Order and the Approval and Reverse Vesting Order shall have been issued and entered by the Court;b) <u>No Order</u>. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise be in effect that restrains or prohibits the completion of the Transaction.c) <u>Successful Bid</u>. This Agreement will be the Successful Bid (as determined pursuant to the SISP).d) <u>No Restraint</u>. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transactions.

9.2 Conditions – Purchasers	<p>The obligation of the Purchasers to complete the Transactions is subject to the following conditions being satisfied, on or prior to the Closing Date:</p> <ul style="list-style-type: none">a) <u>Implementation Steps</u>. The Implementation Steps shall have been completed in the order and in the timeframes contemplated hereunder.b) <u>Company's Deliverables</u>. The Company shall have executed and delivered or caused to have been executed and delivered to the Purchasers at the Closing all the documents contemplated in Section 8.3.c) <u>No Breach of Representations and Warranties</u>. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement (including the Approval and Reverse Vesting Order), each of the representations and warranties contained in Section 5.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.d) <u>No Breach of Covenants</u>. The Company shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by it on or before the Closing Date.e) <u>Employees</u>. The Company shall have terminated the employment of the Terminated Employeesf) <u>Permits and Licenses</u>. The Permits and Licenses shall be in good standing at the Closing Time and no material default shall have occurred under any such Permits and Licenses that remains unremedied.g) <u>Material Adverse Change</u>. After the date of the Stalking Horse Subscription Agreement and before the Closing Time, there will not have occurred any Material Adverse Change.
9.3 Conditions – Felix	<p>The obligation of the Company to complete the Transactions are subject to the following conditions being satisfied on or prior to the Closing Date:</p> <ul style="list-style-type: none">a) <u>Purchasers' Deliverables</u>. The Purchasers shall have executed and delivered or caused to have been executed and delivered to the Company at the Closing all the documents and payments contemplated in Section 8.4.b) <u>No Breach of Representations and Warranties</u>. Each of the representations and warranties contained in Section 5.2 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

	c) <u>No Breach of Covenants.</u> The Purchasers shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchasers on or before the Closing.
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25. The Implementation Steps, as set out in Exhibit "A" to the Stalking Horse Subscription Agreement and incorporated into the proposed Approval and Reverse Vesting Order, include:

- (a) ResidualCo to be added to these CCAA proceedings as a petitioner;
- (b) Felix to cease to be the petitioner in this CCAA Proceeding and will be deemed to be released from the purview of the ARIO and all other Orders of this Court granted in respect of this CCAA Proceeding, save and except for the Approval and Reverse Vesting Order the provisions of which (as they relate to Felix) shall continue to apply in all respects;
- (c) all employees designated by the Purchasers as Terminated Employees will be terminated by Felix;
- (d) the Excluded Assets and Excluded Liabilities will transfer to, and vest in, ResidualCo;
- (e) all issued and outstanding shares in ResidualCo will be transferred to the Monitor;
- (f) to the extent required by Applicable Law, the Articles of Reorganization will be filed or deposited with the applicable Governmental Authority or other Person;
- (g) Felix will issue the Purchased Shares to the Purchasers;
- (h) the Existing Shares will be cancelled for no consideration pursuant to this Order;
- (i) the Purchasers will satisfy the Purchase Price in accordance with the terms of the Subscription Agreement and all interest of Felix (and its successors) in the Purchase Price shall transfer to, and vest in, ResidualCo;

- (j) from the Closing Payment, the Monitor will pay the CCAA Charge Amount, the Priority Payments, and the Administrative Wind-Down Amount in accordance with Section 3.2 of the Stalking Horse Subscription Agreement;
- (k) the Closing will be deemed to have occurred;
- (l) the Retained Assets will be retained by Felix, in each case 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, including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order, pronounced on November 25, 2024, the ARIO, and the Sale Process Order, or any other Order of this Court, and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (British Columbia) or any other personal property registry system (all of which are collectively referred to as the "Encumbrances", which term shall not include the Permitted Encumbrances listed in Schedule "C" to the Approval and Reverse Vesting Order); and
- (m) any and all Liabilities arising from or relating to: (i) the change of control resulting from the Transactions; and (ii) the transfer of the Excluded Assets and Excluded Liabilities to ResidualCo; including, for certainty and without limitation, Liabilities and Taxes resulting from any debt forgiveness, will be transferred to ResidualCo and Felix shall have no obligations in connection with such Liabilities or Taxes.

26. The Stalking Horse Subscription Agreement will benefit Felix because, among other things, it assures Felix's many stakeholders—including its employees, customers, and Critical Suppliers (as defined in Affidavit #1 of Andrew Cole, sworn November 21, 2024)—that there will be a going-concern outcome for Felix's business. Felix's value is as a going concern, and a liquidation would not realise the same value.

Fifth Cole Affidavit at para 15;
Affidavit #1 of Andrew Cole, sworn November 21, 2024 at para 61

Releases

27. In the Approval and Reverse Vesting Order, Felix seeks a release of:
- (a) the current directors, officers, employees, consultants, legal counsel, and advisors of Felix;
 - (b) the current directors, officers, employees, consultants, legal counsel and advisors to ResidualCo;
 - (c) the Monitor and its legal counsel and their respective current and former directors, officers, partners, employees, consultants and advisors; and
 - (d) the current directors, officers employees, consultants, legal counsel, and advisors of Jake Boxer, the CA Mordy Legacy Trust and PEL Chartered Professional Accountants in their capacity as DIP Lender,

(in such capacities, collectively, the "**Released Parties**").

28. The proposed releases (the "**Releases**") include any and all present and future claims against the Released Parties based upon any fact, matter or occurrence or thing existing or taking place prior to the delivery of the Monitor's Certificate, or arising in connection with or relating to in respect of the CCAA Proceeding, the NOI Proceeding, Stalking Horse Subscription Agreement, the consummation Transactions, any closing document, agreement, document, instrument, matter or transaction involving the Vendor arising in connection with or pursuant to any of the foregoing, except (i) any claim for fraud or willful misconduct, or (iii) any claim that is not permitted to be released pursuant to s. 5.1(2) of the CCAA.

29. The Released Parties have made significant contributions to the development and implementation of Felix's exit from this CCAA Proceeding. The directors and officers of Felix have been, and remain, critical to this CCAA Proceeding, including the negotiation and execution of the Stalking Horse Subscription Agreement, and the consummation of the Transactions. The director of ResidualCo will be necessary to facilitate the orderly winddown of this CCAA Proceeding. The Monitor and its professional advisors have diligently overseen this CCAA Proceeding and been imperative to the success of same.

PART 3: LEGAL BASIS

The Transactions Should be Approved

This Court has Jurisdiction to Approve the Transactions

30. This Court's jurisdiction to approve a reverse vesting order flows from s. 11 of the CCAA. Section 11 gives this court broad powers to make orders that it sees fit, subject to the restrictions set out in the statute.

Southern Star Developments Ltd. v Quest University Canada,
2020 BCCA 364 at para 9, affirming

Quest University Canada (Re), 2020 BCSC 1883 [**Quest University**] at para 40;

Just Energy Group Inc. et. al. v Morgan Stanley Capital Group Inc. et. al.,
2022 ONSC 6354 [**Just Energy**] at paras 29-31

31. Some courts have also held that s. 36 of the CCAA confers jurisdiction, as it contemplates court approval for the sale of a debtor company's assets out of the ordinary course of business. To approve an RVO, courts have considered the factors set out in s. 36(3) of the CCAA. The factors are not intended to be a checklist or exhaustive.

Factors to be considered

(3) In deciding whether to grant the authorization, the court is to consider, among other things,

(a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;

(b) whether the monitor approved the process leading to the proposed sale or disposition;

(c) whether the monitor filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;

(d) the extent to which the creditors were consulted;

(e) the effects of the proposed sale or disposition on the creditors and other interested parties; and

(f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

Quest University at para 174-178;

Target Canada Co. (Re), 2015 ONSC 1487 at paras 14-17;

Just Energy at para 31;

Harte Gold (Re), 2022 ONSC 653 [**Harte Gold**] at para 20

32. The s. 36(3) criteria largely correspond with the principles articulated in *Royal Bank v Soundair Corp.* ("**Soundair**") for the approval of the sale of assets in an insolvency:

- (a) whether the party conducting the sale made sufficient efforts to obtain the best price and did not act improvidently;
- (b) the interests of all parties;
- (c) the efficacy and integrity of the process by which offers were obtained; and
- (d) whether there has been any interference in the sale process.

Royal Bank v Soundair Corp., 1991 CarswellOnt 205 (Ont. C.A.) at para 16;

Harte Gold at para 21;

Just Energy at para 32

33. More generally, in analyzing whether a transaction should be approved, taking into consideration the s. 36(3) and *Soundair* factors, a court is to consider the transaction as a whole and decide whether or not the sale is appropriate, fair, and reasonable.

Quest University at para 177, citing

Veris Gold Corp (Re), 2015 BCSC 1204 at para 23

34. Courts place significant weight on the view of the monitor. Courts will generally approve a sale where the monitor is of the view that the sale price and terms are commercially reasonable and satisfactory.

North American Tungsten Corporation Ltd. (Re), 2016 BCSC 12 at para 30

35. To determine whether an RVO is appropriate itself, Justice Penny in *Harte Gold* proposes a series of questions to be addressed, including:

- (a) why is an RVO necessary in this case?

- (b) does the RVO structure produce an economic result at least as favourable as any other viable alternative?
- (c) is any stakeholder worse off under an RVO than they would have been under any other viable alternative? and
- (d) does the consideration being paid for the debtor's business reflect the importance and value of the licenses and permits (or other intangible assets) being preserved under the RVO structure?

Harte Gold at para 38;

See also: *Bank of Montreal v Haro-Thurlow Street Project Limited Partnership*, 2024 BCSC 1722 [**Haro-Thurlow**] at para 31;

PaySlate Inc. (Re), 2023 BCSC 608 at para 107

36. Although courts in the CCAA context have cautioned that reverse vesting orders should not be the “norm” and should only be granted after careful consideration in exceptional circumstances, RVOs have been recognized in numerous instances as an appropriate method for a debtor to sell its business where the circumstances justify such a structure.

Quest University at paras 128-149;

Haro-Thurlow at paras 34-35;

Arrangement relative a Blackrock Metals Inc., 2022 QCCS 2828 [**Blackrock Metals**] at paras 85-86, 96 and 99

37. RVOs are considered generally appropriate in at least three circumstances: (a) where the debtor operates in a highly regulated environment in which its existing permits, licenses, or other rights are difficult or impossible to assign to a purchaser; (b) where the debtor is party to certain key agreements that would be similarly difficult or impossible to assign to a purchaser; and (c) where maintaining the existing legal entities would preserve certain tax attributes that would otherwise be lost in a traditional vesting order transaction.

Just Energy at para 34;

Harte Gold at para 71; and

Quest University at paras 136 and 142

38. Courts have recognized that the benefits of using RVO structures include “maximizing recovery for creditors, importantly limiting delays and transaction costs, and facilitating the

preservation of the insolvent business' going concern, [which] justify the use of this innovative restructuring tool."

Blackrock Metals at para 86

The Transactions are Appropriate in the Circumstances

39. Felix submits that the Transactions satisfy the considerations under *Soundair* and s. 36(3) of the CCAA, and ought to be approved for the following reasons:

- (a) The process leading to the Transactions was reasonable. The Transactions result from the SISP, which involved the Monitor contacting 104 potential strategic and financial buyers; broad, public notice of the opportunity; the execution of NDA's by five potential bidders; and bids submitted by the Additional Bidders—all with a view to yielding the highest and best purchase price.
- (b) The Monitor approved of the process leading up to the Transactions. The Monitor was involved in the design of the SISP and oversaw marketing the opportunity and due diligence of the business. The Monitor is of the opinion that the assets were properly exposed to the marketplace and that the Stalking Horse Subscription Agreement and the Transactions will maximize realizations available to creditors and other stakeholders.
- (c) The Monitor believes that the Transactions will be more beneficial to creditors than a liquidation transaction in a bankruptcy.
- (d) The Transactions are the best available option for Felix's going-concern exit from the CCAA Proceeding. Felix's evidence, supported by the Monitor, is that the Transactions are in its best interests and those of its stakeholders and is the best and only available going-concern restructuring option. The Transactions will preserve going-concern value, employment, and associated economic activity, including important supply and distribution relationships.
- (e) The purchase price in the Transactions is fair and reasonable. The purchase price is the highest consideration offered for Felix's business following Felix's and Monitor's good faith efforts in the SISP and the evaluation of bids to qualify as Qualified Bids.

Fifth Cole Affidavit at para 16

40. There was a sufficient effort to obtain the best price, Felix has not acted improvidently, the interests of the parties have been properly considered, the process has been carried out with efficacy and integrity, and there is no unfairness in the circumstances.

41. Moreover, this case fits squarely within the pattern of circumstances where an RVO is appropriate:

- (a) The RVO is necessary because it allows the Purchasers to acquire otherwise non-transferrable assets. Felix holds a number of certifications to operate as its product is a payment processing technology. Those certifications are time and resource intensive. Certifications are particularly important to win large contracts with key customers, therefore, Felix has invested significant capital in obtaining a number of these certifications. These certifications are key to the growth and commercialization of Felix's business. However, these certifications are non-transferable licenses. The RVO structure allows the Purchasers to acquire these otherwise non-transferable assets, which is consistent with the purpose of RVOs. Felix also holds significant tax losses that the Purchasers can only access through the RVO structure.
- (b) The RVO produces an economic result at least as favourable as any other viable alternative. The Transactions will preserve going-concern value, employee jobs and associated economic activity, including important supply and distribution relationships. There is no viable alternative to the proposed Transactions. The only alternative to an RVO is a bankruptcy, which would likely not yield a better outcome than the proposed Transactions.
- (c) No stakeholder is worse off under the RVO structure than under a viable alternative. There is no viable alternative to the proposed Transaction. No stakeholders are in a worse position than they would otherwise be.
- (d) The consideration provided by the Purchasers reflects the importance and value of the assets being preserved. The price represents the highest possible consideration that a potential acquirer was willing to pay. Felix and the Monitor made good faith efforts to market Felix's business and assets to achieve the

highest possible price. The Stalking Horse Subscription Agreement represents the best outcome and was the only Qualified Bid received in the SISF.

Fifth Cole Affidavit at para 17

42. Given the above, Felix therefore requests that the Approval and Reverse Vesting Order to effectuate the Transactions be granted on the basis that it is appropriate, fair, reasonable, and consistent with the objectives of the CCAA.

The Releases Should be Approved

This Court Has the Jurisdiction to Grant the Releases

43. Section 11 of the CCAA grants this Court the jurisdiction to make any order that it considers appropriate in the circumstances, including granting releases not only of the CCAA debtors, but of third parties such as the Released Parties.

44. Third party releases (i.e., releases in favour of parties other than the CCAA debtor company) have been granted in CCAA proceedings, including where there is no plan of compromise and arrangement. Such releases have been granted in the context of RVOs on a number of occasions. CCAA Courts have noted that:

It has now become commonplace for third-party releases, in favour of parties to a restructuring, their professional advisors, as well as their directors, officers and others, to be approved outside of a plan in the context of a transaction.

Blackrock Metals at para 128

45. The same test for granting third party releases in a CCAA plan applies to a release in an RVO. It is not necessary for all factors to apply. The Court must consider:

- (a) whether the parties to be released were necessary to the restructuring of the debtor;
- (b) whether the claims to be released are rationally connected to the purpose of the restructuring and necessary for it;
- (c) whether the restructuring could succeed without the releases;

- (d) whether the parties being released contributed to the restructuring;
- (e) whether the releases benefit the debtors as well as the creditors generally;
- (f) whether the creditors have knowledge of the nature and effect of the releases;
and
- (g) whether the releases are fair, reasonable, and not overly broad.

Delta 9 Cannabis Inc (Re), 2025 ABKB 52 at para 62;

Blackrock Metals at para 130;

Harte Gold at para 78-86;

NextPoint Financial, Inc. (Re), 2023 BCSC 2378 [**NextPoint**] at para 25;

Re Green Relief Inc., 2020 ONSC 6837 [**Green Relief**] at para 28

46. Releases are now customary in RVOs and are a crucial component of recapitalization transactions like those contemplated by the Stalking Horse Subscription Agreement. These releases have been made in favour of, among other parties, directors, officers, monitors, counsel, employees, shareholders, and advisors.

Green Relief at para 76;

Blackrock Metals at paras 128-130;

Harte Gold at paras 78-86;

Just Energy at para 67;

NextPoint at paras 22-26;

8640025 Canada Inc. (Re), 2021 BCSC 1826 at paras 43-44

The Releases are Appropriate in the Circumstances

47. The Releases are rationally connected to the restructuring and essential to its success. The granting of the Approval and Reverse Vesting Order, including the Releases, is a condition to the closing and implementation of the Transactions.

48. The Released Parties have made significant contributions to the development and implementation of Felix's exit from this CCAA Proceeding. The directors and officers of Felix have been, and remain, critical to this CCAA Proceeding, including the negotiation and

execution of the Stalking Horse Subscription Agreement, and the consummation of the Transactions contemplated therein.

Fifth Cole Affidavit at para 18

49. The director of ResidualCo will be necessary to facilitate the orderly winddown of this CCAA Proceeding. The Monitor and its professional advisors have diligently overseen this CCAA Proceeding and been imperative to the success of same. As such, without their direct involvement, the Transactions—which preserve the going-concern value of Felix—would not be possible.

Fifth Cole Affidavit at para 19

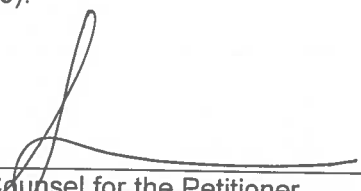
PART 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Andrew Cole, made November 21, 2024;
2. Pre-Filing Report of the Proposed Monitor, dated November 22, 2024;
3. Order Made After Application (Initial Order), pronounced November 25, 2024;
4. Affidavit #2 of Andrew Cole, made December 3, 2024;
5. First Report of the Monitor, dated December 5, 2024;
6. Order Made After Application (Amended and Restated Order), pronounced December 6, 2024;
7. Order Made After Application (Stalking Horse and SISP Approval), pronounced December 9, 2024;
8. Affidavit #4 of Andrew Cole, made January 29, 2025;
9. Second Report of the Monitor, dated January 30, 2025;
10. Affidavit #5 of Andrew Cole, made February 24, 2025;
11. Third Report of the Monitor (to be filed); and
12. Such further and other materials as counsel may advise and this Court may permit.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person; and
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

DATED: February 24, 2025


Counsel for the Petitioner
McCarthy Tétrault LLP
(H. Lance Williams and Ashley Bowron)

To be completed by the court only:

Order made

- ☐ in the terms requested in paragraphs _____ of Part 1 of this notice of application
- ☐ with the following variations and additional terms:

DATE: _____

Signature of _____
☐ Judge
☐ Associate Judge

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ other matters concerning document discovery
- ☐ extend oral discovery
- ☐ other matter concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts
- ☐ none of the above

SCHEDULE "A"

NO. S248103
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,

R.S.C. 1985, c. C-36

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c.57

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
FELIX PAYMENT SYSTEMS LTD.

PETITIONER

SERVICE LIST

As at February 10, 2025

<p>Cassels Brock & Blackwell LLP Suite 2200, 885 West Georgia Street Vancouver, BC V6E 3E8</p> <p>Attention: Vicki Tickle Mihai Tomos Hayley Roberts</p> <p>Email: vtickle@cassels.com mtomos@cassels.com hroberts@cassels.com</p> <p><i>Counsel to the Court Appointed Monitor, Alvarez & Marsal Canada Inc.</i></p>	<p>Alvarez & Marsal Canada Inc. 925 West Georgia Street, Suite 902 Vancouver, BC V6C 3L2</p> <p>Attention: Anthony Tillman Taylor Poirier Ryan Wu</p> <p>Email: atillman@alvarezandmarsal.com tpoirier@alvarezandmarsal.com ryan.wu@alvarezandmarsal.com</p> <p><i>Court Appointed Monitor</i></p>
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<p>Osler, Hoskin & Harcourt LLP Bentall Four, 1055 Dunsmuir St Suite 3000, Vancouver, BC V7X 1K8</p> <p>Attention: Mary Buttery Emma Newbery Lucas Hodgson Sam Tse Emily Paplawski Stephen Kroeger</p> <p>Email: mbuttery@osler.com enewbery@osler.com lhodgson@osler.com stse@osler.com epaplawski@osler.com skroeger@osler.com</p> <p><i>Counsel to Proposed DIP Lender</i></p>	<p>McCarthy Tétrault LLP Suite 2400, 745 Thurlow Street Vancouver BC V6E 0C5</p> <p>Attention: Lance Willams Ashley Bowron Victoria Tortora Sue Danielisz</p> <p>Email: lwilliams@mccarthy.ca abowron@mccarthy.ca vtortora@mccarthy.ca sdanielisz@mccarthy.ca</p> <p><i>Counsel to the Petitioner, Felix Payment Systems Ltd.</i></p>
<p>Kornfeld LLP 1100 One Bentall Centre, 505 Burrard St, Box 11 Vancouver, BC, Canada V7X 1M5</p> <p>Attention: Douglas B. Hyndman</p> <p>Email: dhyndman@kornfeldllp.com</p> <p><i>Counsel to the Business Development Bank of Canada</i></p>	<p>Axiom B.I. MC Group of Companies 1680 – 200 Burrard Street Vancouver, BC V6C 3L6</p> <p>Attention: Vincenzo DePalma</p> <p>Email: vdepalma@axiomcapitalinc.com</p>

<p>Department of Justice Canada B.C. Regional Office 900-840 Howe Street Vancouver, BC V6Z 2S9</p> <p>Attention: Jessica Ko Miriam Assadi</p> <p>Email: Jessica.ko@justice.gc.ca Mariam.Assadi@justice.gc.ca</p>	<p>Lawson Lundell LLP Cathedral Place 925 W Georgia St #1600 Vancouver, BC V6C 2L1</p> <p>Attention: Peter J. Roberts, K.C. William Clark Ashley Cheng</p> <p>Email: proberts@lawsonlundell.com wclark@lawsonlundell.com acheng@lawsonlundell.com</p> <p><i>Counsel to the Respondent, Dapit NA, LLC</i></p>
<p>Dapit NA, LLC 6605 Abercorn St STE 204 Sevannah GA 314 05-5819 USA</p> <p>Attention: Andrew Clough</p> <p>Email: ac@dapit.com</p>	<p>Hahn Loeser & Parks LLP 200 Public Square, Suite 2800 Cleveland, Ohio 44114</p> <p>Attention: Christopher Wick</p> <p>Email: cwick@hahnlaw.com</p> <p><i>US Attorney to the Respondent, Dapit NA, LLC</i></p>

E-SERVICE LIST

As at February 10, 2025

vtickle@cassels.com; mtomos@cassels.com; hroberts@cassels.com; atillman@alvarezandmarsal.com;
tpoirier@alvarezandmarsal.com; ryan.wu@alvarezandmarsal.com; mattery@osler.com;
enewbery@osler.com; lhodgson@osler.com; stse@osler.com; epaplawski@osler.com;
skroeger@osler.com; williams@mccarthy.ca; abowron@mccarthy.ca; vtortora@mccarthy.ca;
sdanielisz@mccarthy.ca; dhyndman@kornfeldllp.com; vdepalma@axiomcapitalinc.com;
Jessica.ko@justice.gc.ca; Mariam.Assadi@justice.gc.ca; proberts@lawsonlundell.com;
wclark@lawsonlundell.com; acheng@lawsonlundell.com; ac@dapit.com; cwick@hahnlaw.com

SCHEDULE "B"

NO. S-248103
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
FELIX PAYMENT SYSTEMS LTD.

PETITIONER

ORDER MADE AFTER APPLICATION (APPROVAL AND REVERSE VESTING ORDER)

BEFORE THE HONOURABLE)
JUSTICE MASUHARA) FRIDAY, THE 28TH DAY OF
) FEBRUARY, 2025

ON THE APPLICATION of the Petitioner coming on for hearing at Vancouver, British Columbia, on the 28th day of February, 2025; AND ON HEARING H. Lance Williams and Ashley Bowron, counsel for the Petitioner and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed, including Affidavit #5 of Andrew Cole sworn February 24, 2025 (the "**Fifth Cole Affidavit**"), and the Third Report of the Monitor, dated February •, 2025 (the "**Third Monitor's Report**"); AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules, BC Reg 168/2009, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

DEFINITIONS

1. Capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them the Stalking Horse Subscription Agreement, dated December 3, 2024 (the "**Subscription Agreement**"), between Felix Payment Systems Ltd. (the "**Vendor**"),

and Jake Boxer, Doug Mordy, CA Mordy Legacy Trust, and PEL Chartered Professional Accountants Inc. (collectively, the "**Purchasers**").

APPROVAL AND VESTING

2. The Subscription Agreement, a copy of which is attached as Appendix "●" to the Third Monitor's Report, and the Transactions are hereby approved, and the execution of the Subscription Agreement by the Vendor is hereby authorized and approved, with such minor amendments as the parties thereto may deem necessary and are consented to by Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as court-appointed monitor of the Petitioner (in such capacity, the "**Monitor**").
3. The Vendor and its successors (including the entity incorporated pursuant to the Subscription Agreement and defined as "**ResidualCo**") are hereby authorized and directed to perform their obligations under the Subscription Agreement and to take all steps and execute such additional documents as may be necessary or desirable for the completion of the Transactions in the sequence provided for in the Subscription Agreement.
4. Notwithstanding any provision hereof, the closing of the Transactions shall be deemed to occur in the manner, order, and sequence set out in the Implementation Steps, with such alterations, changes, or amendments as may be agreed to by the Purchasers, with the prior consent of the Vendor and the Monitor, acting reasonably, provided that such alterations, changes, or amendments do not materially alter or impact the Transactions or alter the consideration which the Vendor or its applicable stakeholders will benefit from as part of the Transactions.
5. This Order shall constitute the only authorization required by the Vendor to proceed with the Transactions and that no shareholder or other approval is required.
6. Upon the delivery of the Monitor's Certificate substantially in the form attached as **Schedule "B"** hereto, to the Vendor and the Purchasers, the following shall occur and shall be deemed to have occurred at the Closing Time, in accordance with the Implementation Steps set out in the Subscription Agreement and the matters contemplated therein:
 - (a) ResidualCo shall be added to these CCAA proceedings as a petitioner;

- (b) the Vendor shall cease to be the petitioner in these CCAA proceedings and shall be deemed to be released from the purview of the Amended and Restated Initial Order, pronounced on December 6, 2024 ("**ARIO**") and all other Orders of this Court granted in respect of these CCAA proceedings, save and except for this Order the provisions of which (as they relate to the Vendor) shall continue to apply in all respects;
- (c) all employees designated by the Purchasers as Terminated Employees will be terminated by the Vendor;
- (d) the Excluded Assets and Excluded Liabilities shall transfer to, and vest in, ResidualCo;
- (e) all issued and outstanding shares in ResidualCo shall be transferred to the Monitor;
- (f) to the extent required by Applicable Law, the Articles of Reorganization shall be filed or deposited with the applicable Governmental Authority or other Person;
- (g) the Vendor shall issue the Purchased Shares to the Purchasers;
- (h) the Existing Shares shall be cancelled for no consideration pursuant to this Order;
- (i) the Purchasers shall satisfy the Purchase Price in accordance with the terms of the Subscription Agreement and all interest of the Vendor (and its successors) in the Purchase Price shall transfer to, and vest in, ResidualCo;
- (j) from the Closing Payment, the Monitor shall pay the CCAA Charge Amount, the Priority Payments, and the Administrative Wind-Down Amount in accordance with Section 3.2 of the Subscription Agreement;
- (k) the Closing shall be deemed to have occurred;
- (l) the Retained Assets will be retained by the Vendor, in each case 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 Initial Order, pronounced on November 25, 2024, the ARIO, and the Order Made After Application (Stalking Horse and SISP Approval), pronounced on December 6, 2024, or any other Order of this Court, and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (British Columbia) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the Permitted Encumbrances listed in **Schedule "C"** hereto); and

- (m) any and all Liabilities arising from or relating to: (i) the change of control resulting from the Transactions; and (ii) the transfer of the Excluded Assets and Excluded Liabilities to ResidualCo; including, for certainty and without limitation, Liabilities and Taxes resulting from any debt forgiveness, shall be transferred to ResidualCo and the Vendor shall have no obligations in connection with such Liabilities or Taxes.

7. Following the Closing, the Monitor may utilize the Administrative Wind-Down Amount to pay and satisfy the reasonable costs of the Monitor and ResidualCo (including the fees and expenses of legal and other professionals) relating to the period following the Closing Date, including the costs to administer and terminate the CCAA proceedings and to wind-down the estate of ResidualCo (including the administration of any bankruptcy) in the Monitor's sole discretion and without further authorization from the Vendor or the Purchasers, or further order of this Court, and none of the Purchasers nor the Vendor shall have any obligation to pay, nor liability related to, the payments of any amounts referenced in this paragraph from and after the Closing.

8. The Monitor may rely on written notice from the Vendor and the Purchasers regarding the fulfillment of conditions to Closing under the Subscription Agreement and shall have no liability with respect to delivery of the Monitor's Certificate.

9. The Monitor shall file with the Court a copy of the Monitor's Certificate forthwith after delivery thereof in connection with the Transactions.

10. Upon delivery of the Monitor's Certificate, and upon filing a copy of this Order, together with any applicable registration fees, all governmental authorities and any other applicable registrar or government ministries or authorities exercising jurisdiction with respect to the Vendor, the Retained Assets or the Excluded Assets (collectively, the "**Governmental Authorities**") are hereby authorized, requested, and directed to accept delivery of such Monitor's Certificate and a copy of this Order as though they were originals and to register such transfers and interest authorizations as may be required to give effect to the terms of this Order and the Subscription Agreement and the Transactions. Presentment of this Order and the Monitor's Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of interest against any of the Retained Assets or Excluded Assets and the Monitor and the Purchasers are hereby specifically authorized to discharge the registrations on the Retained Assets and the Excluded Assets, as applicable.

11. For the purposes of determining the nature and priority of Claims, from and after the Closing Time, subject to the payment of the Administrative Wind-Down Amount, all Claims and Encumbrances released, expunged, and discharged pursuant to this Order, including as against the Vendor and the Retained Assets, shall attach to the Excluded Assets, in each case, with the same nature and priority as they had immediately prior to the Transactions, as if the Transactions had not occurred, with the same priority as they had with respect to the Vendor and the Retained Assets immediately prior to the Transactions, as if the Transactions had not occurred.

12. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* or section 18(10)(o) of the *Personal Information Protection Act* of British Columbia, the Vendor and the Monitor, as the case may be, are authorized, permitted and directed to, at the Closing Time, disclose to the Purchasers all human resources and payroll information in the Vendor's records pertaining to past and current employees of the Vendor. The Purchasers shall, and shall cause the Vendor after Closing to, maintain and protect the privacy of such information in accordance with applicable law 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 prior to Closing.

13. At the Closing Time and without limiting the provisions of paragraph 6 hereof, the Vendor and the Purchasers shall be deemed released from any and all claims, liabilities (direct, indirect, absolute or contingent), or obligations with respect to any Taxes (including penalties

and interest thereon) of, or that relate to, the Vendor, including without limiting the generality of the foregoing all taxes that could be assessed against the Vendor or the Purchasers (including any affiliates and predecessor corporations) pursuant to section 160 and section 160.01 of the *Income Tax Act* (Canada), or any equivalent legislation in any jurisdiction (including provincial legislation), in connection with the Vendor (provided, as it relates to the Vendor, such release shall not apply to (i) Taxes in respect of the business and operations conducted by the Vendor after the Closing Time or (ii) any Taxes that are Retained Liabilities).

14. Except to the extent expressly contemplated by the Subscription Agreement, all Contracts (excluding Excluded Contracts) to which the Vendor is a party upon the Closing Time will be and remain in full force and effect upon and following the Closing Time and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") who is a party to any such Contract may accelerate, terminate, rescind, refuse to perform, or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

- (a) any event that occurred upon or prior to the Closing Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Vendor);
- (b) the insolvency of the Vendor or the fact that the Vendor sought or obtained relief under the CCAA;
- (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations, or other steps taken or effected pursuant to the Subscription Agreement, the Transactions, or the provisions of this Order, or any other Order of the Court in these proceedings; or
- (d) any transfer or assignment, or any change of control of the Vendor arising from the implementation of the Subscription Agreement, the Transactions, or the provisions of this Order.

15. For greater certainty:

- (a) nothing in paragraph 14 shall waive, compromise or discharge any obligations of the Vendor in respect of any Retained Liabilities;
- (b) the designation of any Claim as a Retained Liability is without prejudice to the Vendor's right to dispute the existence, validity, or quantum of any such Retained Liability; and
- (c) nothing in this Order or the Subscription Agreement shall affect or waive the Vendor's rights and defences, both legal and equitable, with respect to any Retained Liability, including, but not limited to, all rights with respect to entitlements to set-offs or recoupments against such Retained Liability.

16. From and after the Closing Time, all Persons shall be deemed to have waived any and all defaults of the Vendor then existing or previously committed by the Vendor, or caused by the Vendor, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition, or obligation, expressed or implied, in any Contract, existing between such Person and the Vendor arising directly or indirectly from the filing by the Vendor for relief pursuant to the CCAA and the implementation of the Transactions, including without limitation any of the matters or events listed in paragraph 14 hereof, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a Contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Vendor or the Purchasers from performing their obligations under, or be a waiver of defaults by the Vendor under, the Subscription Agreement and any related agreements and documents.

17. From and after the Closing Time, any and all Persons shall be and are hereby forever barred, estopped, stayed, and enjoined from commencing, taking, applying for or issuing, or continuing any and all steps or proceedings, whether directly, derivatively, or otherwise, and including without limitation, administrative hearings and orders, declarations, and assessments, commenced, taken, or proceeded with or that may be commenced, taken, or proceeded with against the Vendor or the Retained Assets relating in any way to or in respect of any Excluded Assets, Excluded Contracts, or Excluded Liabilities and any other claims, obligations, and other matters which are waived, released, expunged, or discharged pursuant to this Order.

18. From and after the Closing Time:

- (a) the nature of the Retained Liabilities retained by the Vendor, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transactions or this Order;
- (b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo;
- (c) any Person that prior to the Closing Time had a valid right or claim against the Vendor under or in respect of any Excluded Contract or Excluded Liability (each an "**Excluded Liability Claim**") shall no longer have such right or claim against the Vendor but will have an equivalent Excluded Liability Claim against ResidualCo, in respect of the Excluded Contract or Excluded Liability from and after the Closing Time in its place and stead, and nothing in this Order limits, lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and
- (d) the Excluded Liability Claim of any Person against ResidualCo, following the Closing Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against the Vendor prior to the Closing Time.

19. As of the date of the Closing Time, ResidualCo shall be a company to which the CCAA applies, and ResidualCo shall be added as a petitioner in these CCAA proceedings and all references in any Order of this Court in respect of these CCAA proceedings to: (i) a "Petitioner" shall refer to and include ResidualCo, *mutatis mutandis*; and (ii) "Property", as defined in the ARIO, shall include the current and future assets, licenses, undertakings, and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, of ResidualCo (collectively, the "**ResidualCo Property**"), and, for greater certainty, each of the Charges (as defined in the ARIO) (other than the Charges released by this Order) shall constitute a charge on the ResidualCo Property.

PRE-CLOSING REORGANIZATION

20. In completing the Transactions contemplated in the Implementation Steps, the Vendor and ResidualCo be and are hereby authorized:

- (a) to execute and deliver any documents and assurances governing or giving effect to the Implementation Steps as the Vendor and the Purchaser, in their discretion, may deem to be reasonably necessary or advisable to conclude the Implementation Steps, including the execution of such deeds, contracts, or documents as may be contemplated in the Subscription Agreement and all such deeds, contracts, or documents are hereby ratified, approved, and confirmed; and
- (b) to take such steps as are, in the opinion of the Vendor and the Purchaser, necessary or incidental to the implementation of the Implementation Steps.

21. The Vendor and ResidualCo be and are hereby permitted to execute and file notices of alteration, articles of amendment, amalgamation, continuance, or reorganization or such other documents or instruments as may be required to permit or enable and effect the Implementation Steps and that such articles, documents, or other instruments shall be deemed to be duly authorized, valid, and effective notwithstanding any requirement under federal or provincial law to obtain director or shareholder approval with respect to such actions or to deliver any statutory declarations that may otherwise be required under corporate law to effect the Implementation Steps.

22. This Order shall constitute the only authorization required by the Vendor and ResidualCo to proceed with the Implementation Steps and no director, shareholder or regulatory approval shall be required in connection with any of the steps contemplated pursuant to the Implementation Steps save for those authorizations contemplated in the Subscription Agreement.

23. The Registrar of Companies appointed pursuant to the *Business Corporations Act* (British Columbia) is hereby authorized and directed to accept and receive any articles of amendment, amalgamation, continuance or reorganization or such other documents or instruments as may be required to permit or enable and effect the Implementation Steps contemplated in the Subscription Agreement, filed by either the Vendor or ResidualCo as the case may be.

24. Notwithstanding:

- (a) the pendency of these CCAA proceedings;

- (b) any applications or motions for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 (the "**BIA**") or any other similar legislation in respect of the Vendor or ResidualCo, and any bankruptcy order issued pursuant to any such applications or motions; and
- (c) any assignment in bankruptcy or similar process made in respect of the Vendor or ResidualCo;

the Subscription Agreement, the implementation of the Transactions (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts, and Excluded Liabilities in and to ResidualCo, and the issuance of the Purchased Shares), and any payments by the Purchasers authorized herein or pursuant to the Subscription Agreement shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendor and/or ResidualCo, and shall not be void or voidable by creditors of the Vendor or ResidualCo as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal or provincial legislation or similar legislation of any other jurisdiction, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

RELEASES

25. Effective upon the issuance of the Monitor's Certificate, each of (a) the current directors, officers, employees, consultants, legal counsel, and advisors of the Vendor; (b) the directors, officers, employees, consultants, legal counsel, and advisors to ResidualCo; (c) the Monitor and its legal counsel and their respective current and former directors, officers, partners, employees, consultants and advisors; and (d) the current directors, officers, employees, consultants, legal counsel, and advisors of Jake Boxer, the CA Mordy Legacy Trust and PEL Chartered Professional Accountants, in their capacity as DIP Lender (the Persons listed in (a), (b), (c), and (d) being collectively, the "**Released Parties**") shall be deemed to be forever and irrevocably released and discharged from any and all present and future liabilities, claims (including, without limitation, claims for contribution or indemnity), indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, duties, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued

or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part on any act or omission, transaction, offer, dealing, or other fact, matter, occurrence or thing existing or taking place prior to the delivery of the Monitor's Certificate, or arising in connection with or relating to these CCAA proceedings, the prior proceedings under the BIA, the Subscription Agreement, the consummation of the Transactions, any closing document, agreement, document, instrument, matter or transaction involving the Vendor arising in connection with or pursuant to any of the foregoing (collectively, the "**Released Claims**"), which Released Claims are hereby and shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, and are not vested nor transferred to ResidualCo or to any other entity and are extinguished, provided that nothing in this paragraph shall waive, discharge, release, cancel or bar (i) any claim for fraud or wilful misconduct, or (ii) any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

THE MONITOR

26. The Monitor, its employees, and its representatives shall not be deemed directors of ResidualCo, *de facto* or otherwise, and shall incur no liability as a result of acting in accordance with this Order, other than any liability arising out of or in connection with the gross negligence or wilful misconduct of the Monitor.

27. No action lies against the Monitor by reason of this Order or the performance of any act authorized by this Order including, without limitation, the completion of the Transactions. The entities related to or affiliated with the Monitor or belonging to the same group as the Monitor (including, without limitation, any agents, employees, legal counsel, or other advisors retained or employed by the Monitor) shall benefit from the protection granted to the Monitor under the present paragraph.

28. The Monitor shall not, as a result of this Order or any matter contemplated hereby: (i) be deemed to have taken part in the management or supervision of the management of either of the Vendor or ResidualCo, or to have taken or maintained possession or control of the business or property of either of the Vendor or ResidualCo, or any part thereof; or (ii) be deemed to be in Possession (as defined in the ARIO) of any property of the Vendor or ResidualCo within the meaning of any applicable Environmental Legislation (as defined in the ARIO) or otherwise.

29. Nothing in this Order, including the release of the Vendor from the purview of these CCAA proceedings, and the addition of ResidualCo as petitioner in these CCAA proceedings, shall affect, vary, derogate from, limit or amend any rights, approvals and protections afforded to the Monitor in these CCAA proceedings and A&M shall continue to have the benefit of any and all rights and approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the ARIO, and any other Orders in these CCAA proceedings or otherwise, including all approvals, protections and stays of proceedings in favour of A&M in its capacity as Monitor, all of which are expressly continued and confirmed.

ASSIGNMENT INTO BANKRUPTCY

30. From and after the Closing Date, the Monitor is authorized, but not obligated, to file an assignment into bankruptcy for ResidualCo pursuant to the BIA in the City of Vancouver, Province of British Columbia naming A&M as the trustee in bankruptcy, and, in that regard, to sign such documents in the name of ResidualCo and take all such steps as are necessary to make the assignment into bankruptcy and commence proceedings under the BIA.

GENERAL

31. Following the Closing Time, the Purchasers and the Vendor shall be authorized to take all steps as may be necessary to effect the discharge of all Claims and Encumbrances as against the Vendor, the Purchased Shares, and the Retained Assets.

32. Following the Closing Time, the style of cause of these CCAA proceedings shall be and is hereby changed to:

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002,
c. 57, AS AMENDED

AND

IN THE MATTER OF 1527920 B.C. LTD.

33. The Vendor shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States or elsewhere, for orders which aid and complement this Order. All courts and administrative bodies of all such jurisdictions are hereby respectfully requested to make such orders and to provide such assistance to the Vendor the Purchasers or the Monitor as may be deemed necessary or appropriate for that purpose.

34. Endorsement of this Order by counsel appearing on this application other than counsel for the Petitioner is hereby dispensed with.

THIS COURT HEREBY REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Vendor and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Vendor and the Monitor and their respective agents in carrying out the terms of this Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Lawyer for the Petitioner
McCarthy Tétrault LLP
(H. Lance Williams)

BY THE COURT

REGISTRAR

SCHEDULE "A"

List of Counsel

[illegible]

SCHEDULE "B"

Monitor's Certificate

NO. S-248103
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
FELIX PAYMENT SYSTEMS LTD.

PETITIONER

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an initial order of the Court of the Supreme Court of British Columbia (the "**Court**"), pronounced November 25, 2024 (the "**Initial Order**"), the Petitioner was granted creditor-protection pursuant to the *Companies' Creditors Arrangement Act* R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and Alvarez & Marsal Canada Inc. was appointed as court-appointed monitor of the Petitioner (in such capacity, the "**Monitor**").

B. Pursuant to an Order of the Court, pronounced February 28, 2025 (the "**Approval and Reverse Vesting Order**"), the Court, *inter alia*, (i) approved the Subscription Agreement and the Transactions, (ii) vested out of the Petitioner right, title, interest in and to and obligations in respect of the Excluded Assets, Excluded Contracts, and Excluded Liabilities, except for Permitted Encumbrances; (iii) terminated and cancelled all Existing Shares as well as any agreement, contract, plan, indenture, warrant, deed, certificate, subscription rights, conversion rights, pre-emptive rights, options (including stock options or share purchase or equivalent plans), or other documents or instruments governing or having been created or granted in connection with the share capital of the Vendor, or shall be and shall be deemed to be

terminated and cancelled for no consideration; and (v) authorized and directed the Vendor to issue the Purchased Shares to the Purchasers free and clear of any Encumbrances.

C. Capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them the Approval and Reverse Vesting Order or the Subscription Agreement, as applicable.

THE MONITOR CERTIFIES that it was advised by the Petitioner and the Purchasers that:

1. The Purchasers have satisfied the Purchase Price in accordance with the Subscription Agreement; and
2. The Monitor has received written confirmation from the Purchasers and the Petitioner, in form and substance satisfactory to the Monitor, that all conditions to Closing have been satisfied or waived by the Purchasers or the Vendor, as applicable.

This Certificate was delivered by the Monitor at ____ **[TIME]** on ____ **[Date]**, 2025, which shall constitute the Closing Time.

Alvarez & Marsal Canada Inc., in its capacity as Monitor of the Petitioner, and not in its personal capacity

Per: _____
Name:
Title:

SCHEDULE "C"

Permitted Encumbrances

1. Base Registration No. 355037N filed by Royal Bank of Canada on November 8, 2021.
 2. DIP Lender's Charge to be discharged on Closing.
 3. First Lien Charge to be discharged on Closing.
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