

**Court / Estate File No: 31-2975175**

**DATATAX BUSINESS SERVICES LIMITED**

**FIRST REPORT OF KPMG INC.,  
IN ITS CAPACITY AS PROPOSAL TRUSTEE**

**August 16, 2023**

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*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
DATATAX BUSINESS SERVICES LIMITED**

**FIRST REPORT OF KPMG INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE**

**August 16, 2023**

## I. INTRODUCTION

1. Datatax Business Services Limited (“**Datatax**” or the “**Company**”), a company amalgamated under the laws of Ontario, filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) R.S.C. 1985, c. B.-3, as amended (the “**BIA**”), on August 14, 2023 (the “**Filing Date**”). Attached hereto as **Appendix “A”** is the Certificate of Filing of a Notice of Intention to Make a Proposal issued by the Office of the Superintendent of Bankruptcy.
2. KPMG Inc. (“**KPMG**” or the “**Proposal Trustee**”) consented to act as proposal trustee in the NOI proceedings of Datatax.
3. KPMG was previously retained by Fiera Private Fund VI L.P. (“**Fiera**”) on March 6, 2023 to assist Fiera and its legal counsel with contingency planning and the exploration of realization strategies, including a potential sale process in respect of the Company’s business. This mandate was paused in late June 2023. KPMG was then subsequently retained by Datatax on or about August 2, 2023 to assist the Company and its legal counsel with contingency planning and the preparation of materials for the NOI.
4. During that time, KPMG obtained an understanding of the Company’s financial challenges and prospective interested parties in the business, which knowledge will assist KPMG to fulfil its duties as Proposal Trustee.
5. This report (the “**First Report**”) is being filed by the Proposal Trustee in connection with the Company’s motion returnable August 17, 2023.

## II. PURPOSE OF REPORT

6. The purpose of the First Report is to provide the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) with information pertaining to:
  - (a) certain background information in respect of the Company’s operations, creditors and causes of financial difficulties;
  - (b) Datatax’s cash flow projections (the “**Cash Flow Forecast**”) for the period from August 12, 2023 to November 3, 2023 (the “**Forecast Period**”);

- (c) an Asset Purchase Agreement dated August 11, 2023 (the “**Stalking Horse APA**”) between Datatax and 2872802 Ontario Inc. (“**287 Ontario**” or the “**Stalking Horse Bidder**”), and the salient terms thereof, for the sale of substantially all of Datatax’s business and assets (including the shares of its operating subsidiaries) which, subject to the approval of this Court, is proposed to act as the stalking horse sale agreement (the “**Stalking Horse Bid**”) in the proposed SSP (as defined herein);
- (d) the Company’s proposed post-filing strategy, including an outline of the sale solicitation process (the “**SSP**”) Datatax proposes to have the Proposal Trustee carry out, including a description of the bidding procedures (the “**Bidding Procedures**”) to be used in connection therewith;
- (e) summarize the key terms of the debtor-in-possession (“**DIP**”) facility (the “**DIP Facility**”) to be provided by 287 Ontario (in such capacity, the “**DIP Lender**”) to Datatax in the maximum principal amount of \$2,500,000 pursuant to the Stalking Horse APA;
- (f) the proposed priority charges;
- (g) an extension of the time for Datatax to file a proposal to October 28, 2023 (the “**Extension**”); and
- (h) the recommendation by the Proposal Trustee that this Court issue an order, among other things:
  - i. approving the Stalking Horse APA; solely for the purpose of acting as the Stalking Horse Bid in the SSP;
  - ii. approving the SSP and the Bidding Procedures, and authorizing and directing the Proposal Trustee, in consultation with Datatax and its advisors, to implement the same;
  - iii. approving the DIP Facility;
  - iv. extending the stay of proceedings to the Subsidiaries (as defined herein);
  - v. approving the Administration Charge, the DIP Charge, and the D&O Charge (each as defined herein), and the proposed priority ranking of such priority charges; and
  - vi. approving Datatax’s request for the Extension.

### III. TERMS OF REFERENCE

7. In preparing this First Report, KPMG has relied on information and documents provided by the Company and its advisors, including unaudited financial information, Datatax's books and records, and discussions with the Company's representatives and its legal counsel (collectively, the "**Information**"). In accordance with industry practice, except as otherwise described in the First Report, KPMG has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, KPMG has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the *Chartered Professional Accountant of Canada Handbook* and, as such, KPMG expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
8. Future orientated financial information contained in the Cash Flow Forecast is based on the Company's estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether the Cash Flow Forecast will be achieved.
9. Capitalized terms not otherwise defined herein are as defined in the affidavit of Brent Houlden, the sole Director of Datatax, affirmed August 15, 2023 (the "**Houlden Affidavit**") and filed in support of the Company's motion returnable August 17, 2023. This First Report should be read in conjunction with the Houlden Affidavit, as certain information contained in the Houlden Affidavit has not been included herein in order to avoid unnecessary duplication.
10. Materials filed in these NOI proceedings will be made available by KPMG on its website for this case at: [kpmg.com/ca/datatax](http://kpmg.com/ca/datatax) (the "**Case Website**").
11. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

## IV. BACKGROUND

12. Information with respect to Datatax's business, operations and causes of insolvency are detailed extensively in the Houlden Affidavit. The information contained herein is not intended to be an exhaustive review of all matters relating to the business of Datatax and accordingly, the Proposal Trustee recommends that readers review the materials filed by Datatax in respect of its motion.

### Corporate Overview

13. Datatax was amalgamated under the laws of the Province of Ontario by its predecessors, Datatax Business Services Limited, 1000148156 Ontario Inc., and 1000037021 Ontario Inc. The Company's registered head office is located at 15 Mill Street in Thornhill, Ontario.
14. Datatax is a holding company and through its subsidiaries, provides certain bookkeeping, income tax and consulting services to small businesses across Canada. The Company's three (3) wholly owned subsidiaries include:
  - (a) Farm Business Consultants Inc. ("**FBC**") - founded in 1952 under the laws of the Province of Ontario. FBC includes all membership activities such as tax and accounting services;
  - (b) FBC Financial & Estate Planning Services Inc. ("**FEPS**") – established in 1998 under the laws of the Province of Ontario. FEPS includes estate planning and insurance/investment services offered to members; and
  - (c) Wheatland Accounting Services Ltd. ("**Wheatland**", and together with FBC, FEPS and Datatax, the "**Group**") – acquired by Datatax in 2021, Wheatland provides tax and accounting services (similar to FBC) to members located in the Province of Saskatchewan.
15. The Group's core business is tax services, and it utilizes a membership model to provide its members with year-round support services including tax return preparation, tax planning, payroll, bookkeeping, audit representation, and financial planning, all for a fixed annual fee. The fee is based on a standardized schedule that factors in revenue size, entity type and individual headcount. The typical member profile is a farm, small business, sole proprietor or corporation with \$150,000+ in annual revenue.
16. In 2022, the Group collectively had over 200 employees and served over 20,000 members across its network of 12 offices located throughout Canada, with its largest operations in Ontario, Alberta and Saskatchewan.

17. The shareholders of Datatax include:
  - (a) 997322 Ontario Inc. (“**997 Ontario**”), which is an entity controlled by Monica Murad;
  - (b) 2394419 Ontario Limited (“**239 Ontario**”), which is an entity controlled by Noah Murad, a former director of Datatax and currently employed by Datatax, without compensation, as a Vice President with a mandate to seek refinancing opportunities for Datatax’s obligations owed to Fiera; and
  - (c) 2774118 Ontario Inc. (“**277 Ontario**”), which is an entity controlled by Jacob Murad, a former director of Datatax.
18. Each of 997 Ontario, 239 Ontario and 277 Ontario (collectively, the “**Shareholders**”) own 1/3 of the issued and outstanding share capital of Datatax. The Shareholders acquired Datatax in 2022 through a transaction with its former owner and sole shareholder, Steven Ibbotson, which acquisition closed on or about June 22, 2022 (the “**Murad Sale**”).
19. A corporate organizational chart of the Shareholders and the Group is attached hereto as **Appendix “B”**.
20. The Proposal Trustee notes that only Datatax commenced NOI proceedings while FBC, FEPS and Wheatland (collectively, the “**Subsidiaries**”) continue to operate in the normal course.
21. As at the Filing Date, the Proposal Trustee understands Datatax employed two (2) full-time non-unionized employees, including Noah Murad pursuant to the PPSA Order (as defined herein).

## **Creditors**

22. A copy of the creditor list included in the NOI filing is attached hereto as **Appendix “C”**.
23. As detailed on the creditor listing, Fiera and Bank of Montreal (“**BMO**”) are the senior secured creditors of Datatax that are owed an estimated \$31.9 million and \$1.6 million, respectively. Additionally, Datatax also issued a \$3.5 million promissory note dated June 22, 2022 to Steven Ibbotson (the “**Ibbotson Note**”), which ranks subordinate to the BMO and Fiera debt (the Ibbotson Note was inadvertently missed on the creditor listing included in the NOI filing).
24. On June 22, 2022, Datatax, as borrower, the Subsidiaries, as guarantors (among others), and Fiera, as lender, entered into a term loan agreement, pursuant to which the principal amount of \$34.3 million



was advanced to Datatax (the “**Fiera Loan Agreement**”) in connection with the Murad Sale. The obligations of Datatax to Fiera under the Fiera Loan Agreement were secured by, among other things, a general security agreement granted by Datatax in favour of Fiera with respect to substantially all of Datatax’s assets. The outstanding balance owing to Fiera as at the Filing Date was approximately \$31.9 million (the “**Fiera Debt**”).

25. On July 14, 2022, Datatax entered into a letter of agreement with, among others, BMO, as lender, Datatax, as borrower, and Noah Murad and the Subsidiaries, as guarantors, pursuant to which BMO agreed to provide a facility of up to \$2,050,000, comprised of (a) a \$50,000 corporate Mastercard facility, and (b) a \$2,000,000 revolving facility (the “**BMO Loan Agreement**”). The outstanding balance owing to BMO as at Filing Date was approximately \$1.6 million (the “**BMO Debt**”). There is an inter-creditor agreement between BMO and Fiera. BMO has priority over accounts receivables and Fiera has priority over the remaining personal and real property, equipment, inventory, etc.
26. The Proposal Trustee’s independent legal counsel, Bennett Jones LLP (“**Bennett**”) has commenced a review of Fiera’s and BMO’s security and will render an opinion in due course with respect to the validity and enforceability thereof.
27. As reflected in Appendix “C”, the Company estimates that it has unsecured obligations totaling approximately \$222,038 as at the Filing Date.
28. The Company advises that all employee related amounts are current, and all required remittances of employee withholdings and sales taxes (HST and PST) have been made when due.

#### **Events of Default and Change in Governance**

29. On September 26, 2022, Fiera issued a demand letter (the “**Demand Letter**”) to Datatax and the Shareholders, demanding the full amount owing under the Fiera Loan Agreement as a result of certain events of default that occurred, as noted in the Houlden Affidavit. Subsequently, on or around October 17, 2022, Fiera learned that additional events of default under the Fiera Loan Agreement had occurred and were continuing including, but not limited to Datatax and/or the Subsidiaries being in arrears on account of source deduction, property taxes and sales taxes.
30. As a result of the foregoing, on October 21, 2022, Fiera, in accordance with its rights the Fiera Loan Agreement and underlying share pledge agreement, passed a shareholder resolution naming Brent Houlden as the sole director of Datatax and removing Noah Murad and Jacob Murad as directors. Subsequently, as detailed in the Houlden Affidavit, Mr. Houlden passed shareholder resolutions of

Datatax naming himself as the sole director of each of the Subsidiaries. On October 31, 2022, Mr. Houlden appointed Naveed Manzoor of FAAN Advisors Group Inc. as interim CEO of Datatax (in such capacity, the “**Interim CEO**”) to assist with stabilizing the business.

31. Despite their initial objections, the Proposal Trustee understands the Shareholders ultimately consented to the aforementioned changes in governance and that on November 7, 2022, this Court entered an order pursuant to section 67(1)(e) of the PPSA (the “**PPSA Order**”) which provided, among other things:
  - (a) a declaration that Fiera’s exercise of rights to appoint Brent Houlden as the sole director of Datatax was valid and enforceable; and
  - (b) that Noah Murad was removed from all his roles with Datatax and the Subsidiaries, and was to maintain a limited role, without compensation, to seek refinancing opportunities for Datatax’s obligations owed to Fiera. Noah Murad’s role was under the supervision of the Interim CEO.
32. After issuance of the PPSA Order, the Interim CEO has been overseeing operations at the Group, with oversight from Mr. Houlden in his capacity as the sole director.

### **Fiera Accommodations**

33. As detailed in the Houlden Affidavit, the Group has experienced cash flow issues since the Murad Sale. As a result, Datatax and the Subsidiaries entered into various deferral and acknowledgment agreements with Fiera (collectively, the “**Deferral and Acknowledgment Agreements**”) pursuant to which Fiera agreed to defer mandatory prepayments and/or scheduled principal payments pursuant to the Fiera Loan Agreement in order to allow the Group to maintain the necessary liquidity to continue operations in the normal course.
34. On February 16, 2023, counsel to Fiera sent a letter to the Group and put them on notice of several additional defaults that occurred under both the Fiera Loan Agreement and the Deferral and Acknowledgment Agreements, including the Group: (i) being in breach of certain financial covenants as set out in the Fiera Loan Agreement; and (ii) continuing to be in arrears of source deduction obligations.
35. During the week of July 31, 2023, the Group faced another critical cash flow deficit such that there were insufficient funds to meet payroll and other critical payments. In order to ensure continuity of

its business, Datatax was able to negotiate a term sheet to secure interim financing (the “**Interim Financing Facility**”) from an affiliate of Fiera, Fiera FP Business Financing Fund, L.P. (“**Fiera FP**”), to cover the Group’s immediate cash needs and provide funding to commence the NOI proceedings. The Interim Financing Facility is for a maximum principal amount of \$3.0 million, which included an initial tranche of \$750,000 (the “**Initial Fiera FP Tranche**”), which includes a \$100,000 interest reserve and a commitment fee that was advanced by Fiera FP prior to the commencement of the NOI proceedings.

36. The Interim Financing Facility contemplated that Datatax would enter into the Stalking Horse APA and proceed forthwith to file the NOI and seek this Court’s approval of the Stalking Horse APA and the SSP. The Stalking Horse APA also provides for replacement DIP financing, which would be used in part to satisfy the Interim Financing Facility from Fiera FP.
37. As detailed in the Houlden Affidavit, prior to and since the issuance of the PPSA Order, Datatax has considered various restructuring alternatives, including exploring potential refinancing opportunities and canvassing potential buyers for Datatax’s business. However, the Proposal Trustee understands that none of these discussions have resulted in any binding offer (other than the Stalking Horse APA) and all exclusivity arrangements in respect of same are at an end.
38. Given the various defaults, Datatax’s continuing liquidity challenges and its inability to repay its outstanding obligations to Fiera , the Proposal Trustee understands Fiera is not willing to continue to support Datatax absent the commencement of a public sales process by way of the SSP.

## **V. OBJECTIVES OF THE NOI PROCEEDINGS**

39. The Proposal Trustee understands that the primary objectives of these NOI proceedings are to:
  - (a) ensure Datatax has the necessary stability to maintain operations as a going concern;
  - (b) implement the SSP with a view to providing a forum for prospective purchasers to present a bid superior to that contemplated by the Stalking Horse Bid on a timeline to meet the financial and timing exigencies of these circumstances; and
  - (c) effect a going concern sale of the business of the Company, either to the Stalking Horse Bidder or another party as a result of the SSP, with a view to maximizing value for the benefit of the Group’s stakeholders, including, among others, employees, secured lenders, and members.

## VI. THE STALKING HORSE APA

40. Datatax, the Stalking Horse Bidder, Fiera and their respective counsel, in consultation with the proposed Proposal Trustee, have negotiated the terms and provisions of the Stalking Horse APA pursuant to which the Stalking Horse Bidder is proposed to, on an ‘as is, where is’ basis, substantially all of the business and assets of Datatax, including the shares of the Subsidiaries, subject to higher or otherwise better offers, and approval of the Court.
41. The material terms of the Stalking Horse APA, a copy of which is attached as Exhibit “T” to the Houlden Affidavit, are as follows:
- (a) Purchaser: 287 Ontario, an entity controlled by Steven Ibbotson, the owner of the Group prior to the Murad Sale;
  - (b) Purchased Assets: substantially all of the assets of Datatax including the shares of the Subsidiaries, save and except for the Company’s minute books, corporate records and all contracts other than the Assumed Contracts (as defined in the Stalking Horse APA);
  - (c) Assumed Liabilities: (i) all obligations and liabilities of Datatax relating to the Purchased Assets from and after the Closing Date, and (ii) the Ibbotson Note;
  - (d) Purchase Price: the total purchase price is estimated to be approximately \$40.7 million (the “**Purchase Price**”), which is comprised of:
    - i. the amount to be paid in cash which consists of the sum of:
      - A. the Non-Refundable Deposit (as defined herein);
      - B. the portion of the Refundable Deposit (as defined herein) in excess of the amount drawn on the DIP Facility (the “**Remaining Refundable Deposit**”), which will be applied on closing against payment of the Cash Purchase Price;
      - C. an amount up to \$2.0 million plus any fees, costs, and unpaid interest accrued to the Closing Date on account of the BMO Debt; and
      - D. an amount equal to the Fiera Debt plus any interest at 7% commencing on July 15, 2023 until the Closing Date less (1) the Remaining Refundable Deposit (per B

above) and (2) any amount by which the BMO Costs (as defined in the Stalking Horse APA) exceed \$25,000 (collectively, the “**Cash Purchase Price**”);

- ii. assignment to and assumption of the Ibbotson Note; and
  - iii. the outstanding amount drawn on the DIP Facility (plus accrued interest) at the Closing Date.
- (e) Deposit: a non-refundable deposit in the amount of \$0.2 million (the “**Non-Refundable Deposit**”) and refundable deposit in the amount of \$3.4 million (the “**Refundable Deposit**” and together with the Non-Refundable Deposit, the “**Deposit**”). Up to \$2.5 million of the Refundable Deposit may be used by Datatax as a debtor-in-possession credit facility (as discussed further in Section VIII of the First Report). The Deposit was funded by the Stalking Horse Bidder on August 11, 2023 and is currently being held in trust by the Company’s counsel;
- (f) Break Fee: \$400,000
- (g) Closing Date: two business days after the date on which the Court enters an order approving (the “**Approval and Vesting Order**”) the transactions contemplated under the Stalking Horse APA and not later than the Outside Date (the “**Closing Date**”).
- (h) Outside Date: October 16, 2023.
- (i) Termination: the Stalking Horse APA may be terminated prior to the Closing Date upon the occurrence of, but not limited to, one of the following:
- i. by mutual agreement of Datatax and the Stalking Horse Bidder;
  - ii. automatically if the Approval and Vesting Order shall not have been granted by the Outside Date, or such later date as may be agreed to between the parties;
  - iii. by Datatax if there has been a material breach of the Stalking Horse APA by 287 Ontario where such breach has not been cured within 15 days; or
  - iv. by 287 Ontario if it is not the Successful Bidder (as hereinafter defined) following the completion of the SSP, the Approval and Vesting Order shall fail once granted or has been amended without prior consent of 287 Ontario, or if there is a material breach of

the Stalking Horse APA by Datatax where such breach has not been cured within 15 days.

- (j) Financing: the Stalking Horse APA does not contain any financing conditions and the Proposal Trustee understands that the Stalking Horse Bidder has made satisfactory arrangements in respect of necessary financing to complete the transaction should it be selected as the Successful Bidder.
42. As noted above, the Stalking Horse APA provides for payment of the Break Fee payable to the Stalking Horse Bidder in the event 287 Ontario is not the Successful Bidder pursuant to the SSP. The Proposal Trustee notes that the Stalking Horse APA does not contemplate an expense reimbursement and that the Break Fee represents approximately 1% of the Purchase Price.
43. The Proposal Trustee has reviewed recent comparable stalking horse agreements wherein bid protections have been approved in transactions of this nature, and notes that the proposed Break Fee is on the lower end of market parameters, which typically range between 1.0% to 7.0% of the purchase price with an average of 3.7%. To that end, the Proposal Trustee compared the proposed Break Fee to others approved by the Canadian court in insolvency proceedings commenced between 2020 to 2023. The comparison is attached as **Appendix "D"**. Based on the foregoing, the Proposal Trustee is of the view that the proposed Break Fee is fair and reasonable in the circumstances and will not unduly “chill” bidding on the Purchased Assets as part of the proposed SSP (as described in further detail below).
44. The Stalking Horse APA sets a “floor price” for the Purchased Assets. The SSP, as discussed below, will provide for a fair and transparent marketing process that should allow Datatax to maximize realizations by seeking higher or otherwise better offers for the Purchased Assets.

## **VII. THE SALE SOLICITATION PROCESS**

45. As set out in the Houlden Affidavit, Datatax, with the assistance of its advisors and in consultation with the Proposal Trustee, has concluded that a restructuring focusing on completing a sale of the assets and business of Datatax pursuant to the proposed SSP, will maximize value for all stakeholders.

### **Pre-Filing Marketing Efforts**

46. The Proposal Trustee understands that in starting in 2021, the predecessor to Datatax retained a financial advisor to assist with marketing the business for sale, under that process, the market was extensively canvassed with 250+ strategic and financial parties contacted. As noted above, this process ultimately concluded in the Murad Sale.
47. The Proposal Trustee also understands that while informal efforts were undertaken since shortly after the Murad Sale, and following the granting of the November 2022 Order, to seek refinancing and/or a sale of the business, to date, Datatax has not received any finalized binding commitments (other than the Stalking Horse APA) to invest in or acquire the assets and business of Datatax.
48. As part of the proposed SSP, the Proposal Trustee, in consultation with Datatax, intends to contact any parties that previously expressed serious interest in Datatax as part of any prior formal or informal marketing of the business.

### **Bidding Procedures<sup>1</sup>**

49. Given the Company's limited liquidity, Datatax, in consultation with the Proposal Trustee, developed the SSP to promote a competitive, fair, and expedient sale process that seeks to maximize the value of the Purchased Assets.
50. The purpose of the SSP is to identify one or more purchasers for Datatax's business and/or assets. In order to provide interested parties with an opportunity to bid on the Purchased Assets, the Proposal Trustee proposes to aggressively market the Company's business and assets to prospective purchasers for a period of approximately 43 days. As noted below, the proposed timelines, while seemingly compressed, are reasonable in the circumstances and on a schedule that is consistent with the milestones set forth in the Stalking Horse APA and Datatax's liquidity constraints.

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<sup>1</sup> Terms used but not otherwise defined in this section have the meaning ascribed to them in the Bidding Procedures.

51. The following table summarizes the key dates and timelines pursuant to the SSP:

Date	Event
By August 22, 2023	Proposal Trustee to distribute Teaser Letter and NDA to Interested Parties
By August 24, 2023	Datatax to publish notice of the SSP in The Globe and Mail (National Edition)]
September 29, 2023 at 12:00 p.m. (EST)	Bid Deadline
October 2, 2023	Deadline to notify "Potential Bidders" of their status as "Qualified Bidders"
October 4, 2023 at 10:00 a.m. (EST)	Auction Date (if required) to be held virtually via videoconference, teleconference or such other reasonable means
October 11, 2023	Sale Approval Motion to approve and authorize the sale transaction(s) to the Successful Bidder(s)
October 13 / October 16, 2023	Target Closing Date / Outside Date

52. The key features of the Bidding Procedures, a copy of which is attached hereto as **Appendix “E”**, are outlined below:

- (a) Notice: within five (5) days from the issuance of an order approving the SSP, the Proposal Trustee will distribute: (i) an offering summary describing the transaction opportunity and outlining the process under the SSP; and (ii) a form of non-disclosure agreement (the “**NDA**”) to a list of interested parties (the “**Interested Parties**”), which list has been developed by the Proposal Trustee and Datatax.
- (b) Diligence: Interested Parties that wish to participate in the SSP (the “**Potential Bidders**”) will be required to provide the Proposal Trustee: with (i) an executed NDA; (ii) a letter detailing the identity of the Potential Bidder; its direct and indirect principals, and contact information for such Potential Bidder and (iii) any other information that the Proposal Trustee may reasonably request. Potential Bidders that wish to commence due diligence on the Purchased Assets will be provided, by the Proposal Trustee, with a copy of the Stalking Horse APA and



access to a virtual data room (the “VDR”) that contains confidential financial and other information relating to the Group and its operations.

(c) Qualified Bidder: The Stalking Horse Bidder is considered a “Qualified Bidder” and the Stalking Horse APA is considered a “Qualified Bid” pursuant to the Bidding Procedures. In order to be considered a “Qualified Bid”, the Bid must comply with, among other things:

- i. form of consideration for the proposed sale must be in cash;
- ii. includes written evidence, satisfactory to the Proposal Trustee, in consultation with Datatax, of the ability to close the transaction within the timeframes contemplated by the SSP and satisfy any obligations or liabilities to be assumed on closing;
- iii. includes a written statement that such offer be binding and irrevocable unless and until the earlier of: (i) two (2) business days after the date of closing of the Successful Bid; and (ii) the Outside Date;
- iv. provide for a cash purchase price that exceeds the Purchase Price (i.e. approx. \$40.7 million) by at least \$550,000, which represents the sum of: (i) the Break Fee; and (ii) a minimum overbid amount of \$150,000;
- v. be accompanied by a deposit equal to not less than 10% of the total purchase price on closing;
- vi. include a markup to the Stalking Horse APA to show any amendments and modifications thereto;
- vii. not include any financing conditions or other conditions that are less favorable than the conditions in the Stalking Horse APA; and
- viii. be received by the Proposal Trustee on or prior to 12:00 p.m. (prevailing Eastern Time) on September 29, 2023 (the “**Bid Deadline**”).

(d) Auction: significant aspects of the Auction include the following:

- i. if the Proposal Trustee does not receive a Qualified Bid with respect to the Purchased Assets, other than the Stalking Horse APA, the Proposal Trustee, after consultation with

Datatax, will not hold an Auction (as defined herein) and the Stalking Horse APA will be deemed the Successful Bid on the Bid Deadline;

- ii. if one or more Qualified Bids (in addition to the applicable Stalking Horse APA) are received by the Bid Deadline for the Purchased Assets, the Proposal Trustee will conduct an auction commencing at 10:00 a.m. on October 4, 2023 via videoconference, teleconference or other reasonable means the Proposal Trustee deems appropriate (the “**Auction**”) and Qualified Bidders will be invited to attend in order to determine the Successful Bidder;
- iii. only the Proposal Trustee, Datatax, Fiera, the Stalking Horse Bidder, and any other Qualified Bidders, along with their respective representatives and advisors, will be entitled to attend the Auction;
- iv. prior to the Auction, the Proposal Trustee will identify, in consultation with Datatax, which of the Qualified Bid(s) will constitute the opening bid (the “**Opening Bid**”) at the Auction. The Opening Bid shall be disclosed to all Qualified Bidders participating in the Auction;
- v. bidding at the Auction will begin with the Opening Bid and continue in bidding increments (each a “**Subsequent Bid**”) providing a net incremental value of at least an additional \$150,000 above the Opening Bid (each, an “**Overbid**”);
- vi. the Auction shall be conducted such that all Overbids will be made and received, on an open basis. Each participating Qualified Bidder will be given reasonable opportunity to submit an Overbid at the Auction to any then-existing Overbids;
- vii. the Auction will continue until the bidding has concluded and there is one remaining Qualified Bidder. At such time and upon the conclusion of the bidding, the Auction will be closed, and the Proposal Trustee shall declare the final remaining Qualified Bidder the successful bidder (the “**Successful Bidder**” and such bid, the “**Successful Bid**”); and
- viii. upon selection of a Successful Bidder, the Proposal Trustee will require the Successful Bidder to deliver, as soon as practicable, an amended and executed transaction document that reflects the Successful Bid.

53. The Bidding Procedures provide that the Proposal Trustee, in consultation with Datatax, may at any time and from time to time, modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the Court or providing notice to Bidders, Qualified Bidders, or the Successful Bidder, provided that the Proposal Trustee determines that such modification, amendment, variation or supplement is expressly limited to changes that do not materially alter, amend or prejudice the rights of such Bidders (including the rights of the Stalking Horse Bidder, except with the authorization of the Stalking Horse Bidder) and that are necessary or useful in order to give effect to the substance of the SSP and the Bidding Procedures. The Proposal Trustee will post on the Case Website, as soon as reasonably practicable, any such modification, amendment, variation or supplement to the Bidding Procedures and inform the bidders impacted by such modifications.
54. Notwithstanding the foregoing, paragraph 26 of the SSP provides that if after twenty-nine (29) days after the issuance of an order approving the SSP (being September 15, 2023, assuming an order is granted by the Court on August 17, 2023), the Proposal Trustee concludes that there are no active participants in the SSP, the Proposal Trustee may terminate the SSP prior to the Bid Deadline. In such case, the Stalking Horse Bid will be deemed to be the Successful Bid without the requirement of holding the Auction, and Datatax would proceed to seek Court approval of the Stalking Horse APA as the Successful Bid.
55. Among other things, the Bidding Procedures, which were negotiated with the Stalking Horse Bidder, provide for an orderly and appropriately competitive process through which potential acquirers may submit bids for the Purchased Assets. Additionally, the Bidding Procedures will allow the Proposal Trustee, in consultation with Datatax, to conduct the Auction, if required, in a fair and transparent manner that will encourage participation by financially capable bidders with demonstrated ability to consummate a timely transaction.
56. In the Proposal Trustee's view, the SSP and the Bidding Procedures are consistent with market practice, provide a reasonable opportunity for potential purchasers to submit higher or otherwise better offers to the Stalking Horse APA, and are reasonable and appropriate in the circumstances.

## **VIII. DIP FACILITY**

57. Based on the Cash Flow Forecast, Datatax will require DIP financing in order to maintain sufficient liquidity during the NOI proceedings to implement the SSP.

58. As noted above, up to \$2.5 million from the Refundable Deposit has been made available to Datatax by the Stalking Horse Bidder to contribute towards Datatax’s ongoing working capital requirements during NOI proceedings, pursuant to a proposed senior secured, super-priority DIP Facility. The DIP Lender informed the Debtor that its willingness to provide such financing was predicated on entering into the Stalking Horse APA.
59. The terms of the proposed DIP Facility were negotiated by Datatax, Fiera, the Stalking Horse Bidder and their respective advisors. The Proposal Trustee was kept up to date on these discussions, and was consulted on certain issues as appropriate and necessary.
60. Principal terms of the DIP Facility, include, without limitation, the following:

<b>Basic Provisions</b>	<b>Description</b>
<b>Availability</b>	\$2,500,000
<b>Borrower</b>	Datatax
<b>Interest rate</b>	12% per annum, due and payable, on the Closing Date, which interest will be waived upon the Closing Date where Stalking Horse Bidder is the Successful Bidder in the SSP
<b>Restricted Uses</b>	The DIP Facility may not be used by Datatax to pay fees and disbursements for the Insolvency Professionals (as defined herein)
<b>Security</b>	The DIP Facility will be secured by a super priority charge granted in favour of the DIP Lender for all advances made to Datatax subsequent to the granting of the DIP Charge, which charge shall rank subordinate only to the Administration Charge.
<b>Repayment</b>	Any advances under the DIP Facility are refundable (including accrued interest) if the Stalking Horse Bidder is not the Successful Bidder but otherwise any amounts advanced will not be repaid and form part of the Purchase Price.

61. As noted in the Cash Flow Forecast, upon this Court granting of the proposed DIP Charge, a portion of the initial advance under the DIP Facility will be used as repayment of the Initial Fiera FP Tranche. The remainder of the DIP Facility will be made available to Datatax in weekly draws in accordance with the Cash Flow Forecast.
62. The Proposal Trustee is of the view that, given the nature of the Company’s assets and the terms of the existing Fiera Debt, the financial terms of the DIP Facility appear commercially reasonable and comparable to other recent DIP financing packages in Canada. Interest on the DIP Facility, which is

lower than interest on the Interim Financing Facility (12% vs. 14.2%) is to accrue and is not required to be paid as part of the cashflows of the Company, until the Closing Date. Further if the Stalking Horse Bidder is the Successful Bidder pursuant to the SSP, interest on the DIP Facility would be waived.

## **IX. CASH FLOW FORECAST**

63. Datatax, in consultation with the Proposal Trustee, has prepared the Cash Flow Forecast for the purpose of projecting the Company's estimated liquidity needs during the Forecast Period. A copy of the Cash Flow Forecast, notes and a report containing prescribed representations of the Company regarding the preparation of the Cash Flow Forecast are attached hereto as **Appendix "F"**.
64. The Cash Flow Forecast has been prepared by Datatax on a conservative basis using probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast. Due to the integrated nature of the Group's operations, the Cash Flow Forecast is presented on a consolidated basis and includes the receipts and disbursements of Datatax and the Subsidiaries. The Cash Flow Forecast reflects the Group's estimates of receipts and disbursements on a weekly basis over the Forecast Period.
65. The Proposal Trustee's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to Information supplied to it by Datatax and/or its advisors. Since the hypothetical assumptions need not be supported, the Proposal Trustee's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposal Trustee also reviewed the support provided by management of the Company for the probable and hypothetical assumptions, and the preparation and presentation of the Cash Flow Forecast.
66. Based on the Proposal Trustee's review, nothing has come to its attention that causes it to believe that, in all material respects:
  - (a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
  - (b) as at the date of this First Report, the probable assumptions developed by the Company are not suitably supported and consistent with the restructuring plan of Datatax or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
  - (c) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

67. As at August 14, 2023, the Group had approximately \$0.4 million of available cash on hand. The Cash Flow Forecast projects that Datatax will generate cash receipts of \$6.0 million and cash disbursements of \$8.2 million, for a net operating cash outflow of approximately \$2.2 million (excluding repayment of the Initial Fiera FP Tranche and before any DIP drawdown) over the Forecast Period. Accordingly, the Company will be required to draw on the proposed DIP Facility, if approved, immediately in order to have sufficient funds to continue to operate and run the proposed SSP.
68. The Cash Flow Forecast forecasts borrowings under the DIP Facility in the amount of \$2.5 million over the Forecast Period
69. As evidenced by the Cash Flow Forecast, without access to the DIP financing, the Company lacks sufficient liquidity to maintain ordinary course operations. The DIP Facility will provide Datatax with sufficient funding during the Forecast Period to ensure continued operations during the NOI proceedings.
70. The Proposal Trustee notes that the Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

## **X. PROPOSED PRIORITY CHARGES**

71. In connection with the Debtor's motion, Datatax is seeking approval for a number of priority charges (collectively the "**Charges**") on the current and future assets, undertakings and properties of Datatax wherever located, including all proceeds thereof, that rank in the following order:
  - (a) First, the Administration Charge (to the maximum amount of \$0.5 million);
  - (b) Second, the DIP Charge (to the maximum amount of \$2.5 million); and
  - (c) Third, the D&O Charge (to the maximum amount of \$0.2 million).

### **Administration Charge**

72. Datatax is seeking a priority charge up to a maximum of \$0.5 million (the "**Administration Charge**") in favour of the Company's counsel, the Proposal Trustee and its counsel (collectively, the "**Insolvency Professionals**"), as security for the professional fees and disbursements incurred prior to and after the commencement of the NOI proceedings.

73. Datatax was only able to provide the Insolvency Professionals with minimal retainer fees for their services as Datatax needs its available cash to fund its operations during these NOI proceedings through the DIP Facility. Further, the funds from the DIP Facility cannot be used to pay ongoing fees and disbursements of the Insolvency Professionals, and hence the reason the Administration Charge is being sought.
74. The amount of the Administration Charge sought by the Company was determined in consultation with the Proposal Trustee and meets the terms of the DIP Facility pursuant to the Stalking Horse APA.
75. Given the foregoing, the Proposal Trustee is of the view that the proposed Administration Charge is reasonable in the circumstances.

#### **DIP Charge**

76. As noted above, Datatax has insufficient liquidity to maintain operations and requires DIP financing to continue operations and pursue the proposed SSP.
77. As per the Stalking Horse APA, 287 Ontario (in its capacity as the DIP Lender) will receive the benefit of the DIP Charge to a maximum amount of \$2.5 million to cover any and all advances made to Datatax from the DIP Facility.
78. The DIP Facility will provide Datatax with access to the liquidity needed to finance its operations and working capital requirements and undertake its restructuring activities, including the SSP. The Proposal Trustee recommends that the Court approve the DIP Facility and, as such, the Proposal Trustee also supports granting the DIP Charge.

#### **D&O Charge**

79. Datatax is seeking a priority charge to indemnify its current directors and officers, as well as those of the Subsidiaries (the “**Directors and Officers**”) against obligations and liabilities that they may incur as directors or officers of the Group after the commencement of these NOI proceedings (the “**D&O Charge**”).
80. The amount of the D&O Charge has been calculated by Datatax taking into consideration sales taxes, employee payroll and related expenses (including source deductions) as well as other employment related liabilities that attract potential liability for Directors and Officers.

81. The Proposal Trustee understands (and as noted in the Houlden Affidavit) that the Group currently does not have director and officer insurance, and as such, due to the potential for personal liability, the Directors and Officers are unwilling to continue their services and involvement in the NOI proceedings without the protection of the D&O Charge. As the Company will require the participation and experience of the Directors and Officers to facilitate the successful completion of the NOI Proceedings, including participating in the SSP, the Proposal Trustee believes that the D&O Charge is required and reasonable in the circumstances. The Proposal Trustee understands Fiera has also consented to the D&O Charge.

## **XI. DATATAX'S REQUEST FOR EXTENSION**

82. Datatax is seeking an extension of the time to file a proposal to October 28, 2023 to permit the Proposal Trustee time to undertake the SSP described above. Additionally, Datatax is seeking to extend the stay of proceedings to the Subsidiaries.
83. Further as noted above, only Datatax commenced NOI proceedings while the Subsidiaries continue to operate in the normal course. As part of its motion, the Company is seeking to extend the stay of proceedings to the Subsidiaries in order to allow for the preservation of Datatax's value and an orderly completion of the SSP.
84. The Proposal Trustee supports the Company's request for the Extension as well as the request to extend the stay of proceedings to the Subsidiaries for the following reasons:
- (a) Datatax is acting in good faith and with due diligence in taking steps to facilitate a sale of its operations;
  - (b) it is the Proposal Trustee's view that an extension will not prejudice or adversely affect any group of creditors;
  - (c) the Cash Flow Forecast indicates that, subject to Court approval of the DIP Facility, Datatax is forecast to have sufficient liquidity to continue to fund operations through the period ending October 28, 2023;
  - (d) at least 30 days will be required to establish whether there is any serious interest from Interested Parties in acquiring Datatax's business and/or its assets in connection with the SSP;



- (e) given its limited resources, this would permit Datatax to avoid the costs incurred in re-attending before this Court prior to September 13, 2023 solely for the purpose of seeking a short extension of the stay until after the Bid Deadline; and
  - (f) the operations of Datatax occur through each of the Subsidiaries, each of which represent the core value of Datatax. As a result, an extension of the stay of proceedings to the Subsidiaries is necessary to ensure that the value of Datatax is preserved during the SSP.
85. While it is too early to say whether a viable proposal will be presented by Datatax to its creditors, in the Proposal Trustee's view, the Company's request for the Extension is appropriate in the circumstances, as the current extension request more properly reflects the timeframe by which the Proposal Trustee will be able to provide this Court with a meaningful update on the progress of the SSP.

## **XII. CONCLUSIONS AND RECOMMENDATIONS**

86. For the reasons set out in the First Report, the Proposal Trustee is of the view that the relief requested by the Company is both appropriate and reasonable in the circumstances and the Proposal Trustee recommends that this Court make an order, among other things:
- (a) approving the Stalking Horse APA solely for the purpose of acting as the Stalking Horse Bid in the SSP;
  - (b) approving the SSP and the Bidding Procedures, and authorizing and directing the Proposal Trustee, in consultation with Datatax and its advisors, to implement the same;
  - (c) approving the SSP and the Bidding Procedures, and authorizing and directing the Proposal Trustee, in consultation with Datatax and its advisors, to implement the same;
  - (d) approving the DIP Facility;
  - (e) approving the Administration Charge, the DIP Charge, and the D&O Charge, and proposed priority ranking of the Charges; and
  - (f) approving Datatax's request for the Extension and extension of the stay of proceedings in respect of the Subsidiaries.

All of which is respectfully submitted on this 16<sup>th</sup> day of August 2023.

**KPMG Inc.**  
**in its capacity as Proposal Trustee of**  
**DATATAX BUSINESS SERVICE LIMITED**  
**and not in its personal capacity**

Per



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**Paul van Eyk**  
**CPA, CA-IFA, CIRP, LIT, Fellow of INSOL**  
President



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**Pritesh Patel**  
**CIRP, LIT**  
Senior Vice President

# **APPENDIX A**



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 09 - Toronto  
Court No. 31-2975175  
Estate No. 31-2975175

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

**Datatax Business Services Limited**

Insolvent Person

**KPMG INC.**

Licensed Insolvency Trustee

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Date of the Notice of Intention:

August 14, 2023

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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.

E-File/Dépôt Electronique

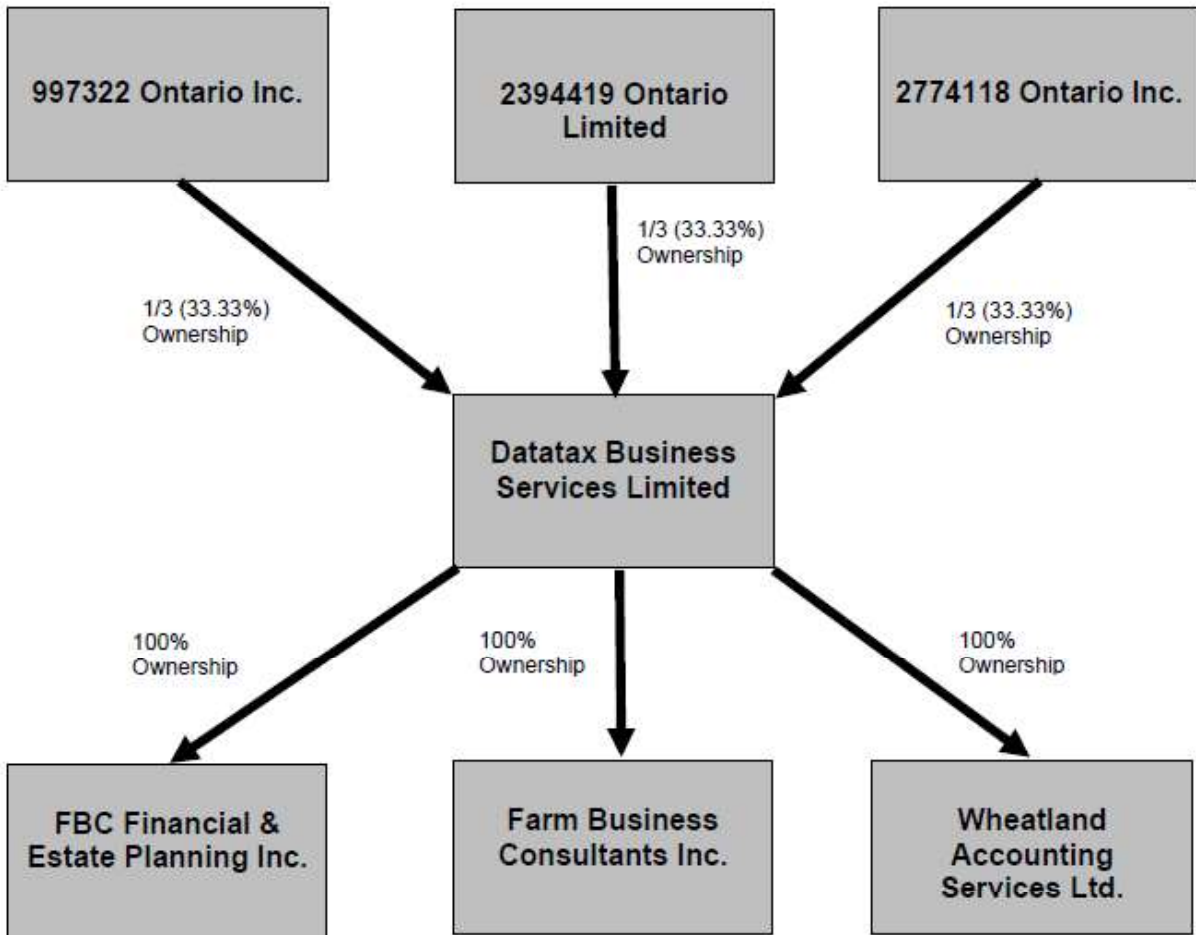
Date: August 14, 2023, 12:46

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

**Canada**

## **APPENDIX B**



## **APPENDIX C**

LIST OF CREDITORS

In the Matter of the Proposal of  
 Datatax Business Services Limited  
 of the City of Thornhill, in the Province of Ontario

<b>List of Creditors with claims of \$250 or more.</b>			
<b>Creditor</b>	<b>Address</b>	<b>Account#</b>	<b>Claim Amount</b>
Blaney McMurty LLP	2 Queen Street East, Suite 1500 Toronto ON M5C 3G5		62,658.66
BMO Financial Group	PO Box 6044 Station Centre-Ville Montreal QC H3C3X2		1,633,531.84
Felesky Flynn	5000 Suncor Energy Centre Calgary AB T2P 3Y7		36,792.00
Fiera Private Fund VI L.P.	200 Bay Street, Suite 3800 Toronto ON M5J 2J1		31,929,010.00
Stikeman Elliot LLP	5300 Commerce Court West, 199 Bay Street Toronto ON M5L 1B9		122,423.57
<b>Total</b>			<b>33,784,416.07</b>



## **APPENDIX D**



**Stalking Horse Break Fee Analysis  
Current as at June 19, 2023**

Debtor	Purchaser	Proceeding Type	Trustee	APA date	Jurisdiction	Industry	A Termination Fee	B Expense Reimbursement	C = A + B Total Break Fee ("BF")	Estimated Transaction Value ("TV")	BF as a % of TV	APA in Document Library?	Note
1194038 Alberta Ltd.	2262576 Alberta Ltd.	Receivership	EY	5-Jun-23	Alberta	Real Estate	125,000			4,375,000	2.8%	No (but available at Appendix D of the First Report)	
GreenSpace Brands Inc.	2762454 Ontario Inc.	Ontario	PwC	5-Apr-23	Ontario	Food & Accommodation	150,000	-	150,000	~9 million, plus certain assumed liabilities and other amounts	1.7%	No	
LoyaltyOne Co. (dba AIR MILES®)	BMO	CCAA	KSV	10-Mar-23	Ontario	Other	3 million	1 million	4 million	US 160 million	2.5%	No, but available in Motion Record dated March 13, 2023	
Trichome Financial Corp.	L5 Capital Inc.	CCAA	KSV	12-Dec-22	Ontario	Cannabis	-	200,000	200,000	5,000,000 and certain deferred consideration payable pursuant to secured limited recourse promissory notes	4.0%	No (but available in Third Report dated February 22, 2023)	
Westoak Naturals Inc.	Avena Foods Limited	Receivership	BDO	9-Nov-22	Ontario	Distribution	30,000	25,000	55,000	1,000,000 credit bid plus the costs of the receivership	5.5%	No	
Robus Resources Inc.	Robus Equity Acquisition Corporation, as nominee of Blue Fin Group LLP and Robus Services LLC	Receivership	A&M	8-Dec-22	Alberta	Oil & Gas	182,000		182,000	USD\$9,100,000	2.0%	No	
The Flwr Corporation et al.	1000343100 Ontario Inc.	CCAA	EY	31-Oct-22	Ontario	Cannabis	185,000		185,000	\$3,888,888.88 plus the Closing DIP Loan (as defined below) and Assumed Liabilities	4.8%	No	
Solvaqua Inc.	2464525 Alberta Ltd.	Receivership	MNP	1-Oct-22	Alberta	Other	175,000		175,000	A cash payment sufficient to cover various security interests, a CRA claim and a holdback, plus the payment of the balance of the purchase price being \$2.5 million, to be paid by way of set-off against (as a non-cash credit reduction of) the Arnaki Claim.	7.0%	Y	
Cannapiece Group Inc. et al.	Cardinal Advisory Limited	CCAA	BDO	8-Nov-22	Ontario	Cannabis	175,000	25,000	200,000	\$3.5 million cash, plus Assumed Liabilities, if any	5.7%	Yes	
i55 Communications Inc.	Elektrophoenik GmbH	NOI	Grant Thornton	17-Oct-22	Ontario	Technology	USD \$200,000	USD \$200,000	USD \$250,000	USD \$5 million, a portion of which will be comprised of a "credit bid" of amounts owing under the DIP Term Sheet	5.0%	Yes	
Go-To Developments Holdings Inc.	2357616 Ontario Inc.	Receivership	KSV	8-Aug-22	Ontario	Real Estate	-	60,000	60,000	9.5 million or greater	1.0%	No	
Just Energy Group	The DIP lenders and one of their affiliates	CCAA	FTI	4-Aug-22	Ontario	Oil & Gas	US\$14.66 million	-	US\$14.66 million	US\$184.9 million in cash, plus up to an additional \$10 million, a credit bid of US\$252.7 million, plus the assumption of certain liabilities	3.4%	No	
Zenabis Group	2657408 Ontario Inc.	CCAA	EY	16-Jun-22	Quebec	Cannabis	-	750,000	750,000	Unclear - confidential	Unclear	No	
Freshlocal Solutions Inc.	Third Eye Capital Corporation	CCAA	EY	17-Jun-22	British Columbia	Retail	Unclear - confidential	Unclear - confidential	Unclear - confidential	Unclear - confidential	2.5%	No	
Cura-Can Health Corp. and its wholly-owned subsidiary The Clinic Network Canada Inc.	Avonlea-Drewry Holdings Inc.	Receivership	KPMG	14-Mar-22	Alberta	Cannabis	325,000		325,000	Approximately \$6,750,000 of which \$6,500,000 will be credited against the indebtedness owing to the purchaser	4.8%	Yes	

Average 3.76%  
Min 1.00%  
Max 7.00%

- Notes
- of the inventory value as at the closing date, plus the
  - Four separate stalking horse agreements were entered into for various of the debtor's business units. The stalking horse bidder in each agreement is a corporation related to the debtor's 95.5% shareholder and most significant secured creditors. The purchase price in each case is in the form of a credit bid or assumption of debt. No break fees are contemplated in any of the stalking horse agreements.
  - expense reimbursement amounts
  - the purchaser's bid.
  - Estimated transaction value equal to an amount sufficient to satisfy i) repayment of the amounts secured by the administration charge; ii) repayment of the DIP loan; iii) payment of amounts secured by KERF charge; and iv) funding of a proposal which will provide for payment of, among other things, the outstanding secured debentures and preferred claims.
  - Transaction is for assets of both Canadian and US entities.

## **APPENDIX E**

## Schedule "A"

### Procedures for the Sale Solicitation Process

On August [17], 2023, Datatax Business Services Limited ("**Datatax**") filed a notice of intention to make a proposal (the "**NOI**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**"). KPMG Inc. was named as the proposal trustee under the NOI (in such capacity, the "**Proposal Trustee**").

On [July 31 / August 1], 2023, the Superior Court of Ontario (Commercial List) in the City of Toronto (the "**Court**") granted an order (the "**SSP Order**") pursuant to the BIA, authorizing Datatax to undertake a sale solicitation process ("**SSP**") for the sale of its assets (the "**Property**") and business operations (the "**Business**") conducted through its operating subsidiaries, FBC Financial & Estate Planning Services Inc., Farm Business Consultants Inc., and Wheatland Accounting Services Inc. (collectively, the "**Opcos**"). The SSP will be conducted by the Proposal Trustee in the manner set forth herein.

Among other things, the SSP Order also: (a) approved the procedures set out in this Schedule (the "**Bidding Procedures**") for the solicitation of offers or proposals (each a "**Bid**") for the acquisition of all the Property and Business of Datatax, and (b) approved the form of asset purchase agreement entered into on August [X], 2023 between Datatax, as seller, and [X], as purchaser (the "**Stalking Horse Bidder**") (as same may be amended from time to time pursuant to its terms, the "**Stalking Horse Agreement**") as the "Stalking Horse Bid" for the purposes of the SSP, provided that the Stalking Horse Agreement and the transactions provided for therein must be submitted to the Court for consideration in a subsequent application upon completion of the SSP or upon termination thereof and the Stalking Horse Agreement being the Successful Bid (as defined below).

### Bidding Procedures

#### *Opportunity*

1. The SSP is intended to solicit interest from qualified parties in an acquisition of all the Property and Business of Datatax, with a completion date of a transaction or transactions no later than [Friday, October 13 / Monday, October 16], 2023 (the "**Opportunity**").
2. The Stalking Horse Agreement constitutes a qualified Bid by the Stalking Horse Bidder for all purposes and at all times under this SSP and will serve as the Stalking Horse Bid for purposes of this SSP and these Bidding Procedures.

#### *General Terms*

3. The Bidding Procedures describe the manner in which prospective bidders may gain access to due diligence materials concerning Datatax and the Business, the manner in which bidders may participate in the SSP, the requirement of and the receipt and negotiation of bids received, the ultimate selection of a Successful Bidder and the requisite approvals to be sought from the Court in connection therewith.
4. The Proposal Trustee, in consultation with Datatax, may at any time and from time to time, modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the Court or providing notice to Bidders, Qualified Bidders, or the Successful Bidder, provided that the Proposal Trustee determines that such modification, amendment, variation or supplement is expressly limited to changes that do not materially alter, amend or prejudice the rights of such Bidders (including the rights of the Stalking Horse Bidder, except with the authorization of the Stalking Horse Bidder) and that are necessary or useful in order to give effect to the substance of the SSP, the Bidding Procedures and the SSP Order. Notwithstanding the foregoing and for greater certainty, any modification to the dates and time limits indicated in the table contained in paragraph 4 herein will require the authorization of the Secured Lender, acting reasonably. The Proposal Trustee will post on the Proposal Trustee's website, as soon as practicable, any such modification, amendment, variation or supplement to the Bidding Procedures and inform the bidders impacted by such modifications.

5. In the event of a dispute as to the interpretation or application of the SSP Order or Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute.
6. The Proposal Trustee, in consultation with Datatax, may, as it deems appropriate, consult with Fiera Private Debt Fund VI L.P. (the “**Secured Lender**”) throughout the SSP upon such assurances as to confidentiality as the Proposal Trustee may require.
7. Participants in the SSP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, the Auction and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

A summary of the key dates pursuant to the SSP is as follows: **[Timing TBC]**

Event	Timing
<p><b>1. Preparation</b></p> <p>Datatax to assemble due diligence information and set up VDR</p> <p>Proposal Trustee to prepare a Teaser Letter and NDA</p>	<p>In advance of Court approval of the SSP Order</p> <p><b>[Thursday, August 17], 2023</b></p>
<p><b>2. Notice</b></p> <p>[Datatax to publish notice of the SSP in <i>The Globe and Mail (National Edition)</i>]</p> <p>Proposal Trustee to distribute Teaser Letter and NDA to potentially interested parties</p>	<p>Within five (5) days following issuance of the SSP Order for Teaser Letter and NDA to be distributed.</p> <p><b>[Tuesday, August 22], 2023</b></p> <p>Within five (5) business days following issuance of the SSP Order for notice to be published in <i>The Globe and Mail (National Edition)</i>.</p> <p><b>[Thursday, August 24], 2023</b></p>
<p><b>3. Bid Deadline</b></p>	<p><b>[43]</b> days following issuance of SSP Order</p> <p><b>[Friday, September 29], 2023</b></p>
<p><b>4. Notice to Qualified Bidders</b></p> <p>Proposal Trustee to notify each Bidder in writing as to whether its Bid constitutes a Qualified Bid</p>	<p>Within three (3) days following Bid Deadline</p> <p><b>[Monday, October 2], 2023</b></p>
<p><b>5. Auction Date</b></p>	<p>Five (5) days following Bid Deadline</p> <p><b>[Wednesday, October 4], 2023</b></p>
<p><b>6. Sale Approval Motion</b></p>	<p><b>[Wednesday, October 11], 2023</b></p>

## 7. Closing – Successful Bid

Anticipated deadline for closing of Successful Bid being the Target Closing Date

**[Friday, October 13 / Monday, October 16], 2023** or such earlier date as is achievable.

## 8. Outside Date – Closing

Outside Date by which the Successful Bid must close

**[Friday, October 13 / Monday, October 16], 2023**

### ***Solicitation of Interest: Notice of the SSP***

8. As soon as reasonably practicable, but, in any event, by no later than five (5) days after the granting of the SSP Order:
  - a) the Proposal Trustee, in consultation with Datatax, will prepare a list of potential bidders, including (i) parties that have approached Datatax or the Proposal Trustee indicating an interest in the Opportunity, (ii) strategic and financial parties who the Proposal Trustee, in consultation with Datatax, believe may be interested in purchasing all the Property and Business, and (iii) parties that showed an interest in Datatax and/or its assets prior to the date of the SSP Order i, in each case whether or not such party has submitted a letter of intent or similar document (collectively, the “**Known Potential Bidders**”); and
  - b) the Proposal Trustee, in consultation with Datatax, will prepare a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SSP and inviting recipients of the Teaser Letter to express their interest pursuant to the SSP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Proposal Trustee and Datatax and their respective counsel which shall enure to the benefit of any purchaser of the Business or Property or any part thereof (an “**NDA**”).
9. The Proposal Trustee will cause the Teaser Letter and NDA to be sent to each Known Potential Bidder by no later than five (5) days from the SSP Order and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Proposal Trustee as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.
10. As soon as reasonably practicable, but, in any event, by no later than five (5) business days after the granting of the SSP Order, the Proposal Trustee will arrange for a notice of the SSP and any other relevant information that Datatax, in consultation with the Proposal Trustee, considers appropriate to be published as soon as reasonably practicable after the date hereof in *The Globe and Mail (National Edition)*.

### ***Potential Bidders and Due Diligence Materials***

11. Any party who wishes to participate in the SSP (a “**Potential Bidder**”) must provide to the Proposal Trustee (i) an NDA executed by it, (ii) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder, and (iii) any other information that the Proposal Trustee may reasonably request.
12. A confidential virtual data room (the “**VDR**”) in relation to the Opportunity will be made available by Datatax or by the Proposal Trustee to Potential Bidders that have executed the NDA. The VDR will be made available as soon as practicable. The Proposal Trustee may also, in consultation with Datatax, limit the access of any Potential Bidder to any confidential information in the VDR where the Proposal Trustee may also, in consultation with Datatax, reasonably determine that such access could negatively impact the SSP, the ability to maintain the confidentiality of the information, the Business or its value.

13. Without limiting the generality of any term or condition of any NDA between Datatax on the one hand, and any Potential Bidder or Bidder, on the other, unless otherwise agreed by the Proposal Trustee and Datatax or ordered by the Court, no Potential Bidder or Bidder shall be permitted to have any discussions with (a) any counterparty to any contract with Datatax or its subsidiaries, any secured creditor of Datatax, any current or former director, manager, shareholder, officer, member or employee of Datatax and its subsidiaries (or any of them), other than in the normal course of business and wholly unrelated to Datatax, the potential transaction, the confidential information, the SSP or the NOI, and (b) any other Potential Bidder or Bidder regarding the SSP or any bids submitted or contemplated to be submitted pursuant thereto. Notwithstanding the foregoing, where any such communications are agreed to with the Proposal Trustee's consent, such discussions shall be made in the presence of the Proposal Trustee.
14. A Potential Bidder that has executed an NDA will be provided a copy of the Stalking Horse Agreement, and any material amendments thereto, as soon as practicable.
15. Datatax, the Proposal Trustee, and their respective advisors make no representation or warranty as to the information contained in the Teaser Letter or otherwise made available pursuant to the SSP.

### ***Formal Binding Offers***

16. Potential Bidders that wish to make a formal offer to purchase the Property and Business of Datatax (a "**Bidder**") shall submit a binding offer (a "**Bid**") that complies with all of the following requirements to the Proposal Trustee, which Bid shall be delivered by such Bidder by no later than 12:00 pm (Toronto Time) on **[September 29]**, 2023 or such later date as may be communicated by the Proposal Trustee to Potential Bidders via a Bid Deadline Letter (the "**Bid Deadline**").
17. The Bid will only be considered a "Qualified Bid" if the Bid complies at a minimum with the following:
  - a) it must be a duly executed binding offer ("**Binding Offer**") to acquire all or substantially all of the Property and Business of Datatax with a purchase price stated in Canadian Dollars;
  - b) the form of consideration for the proposed sale must be in cash;
  - c) it is received by the Bid Deadline;
  - d) is accompanied by a letter that confirms that the Binding Offer: (i) may be accepted by Datatax by countersigning the Binding Offer, and (ii) is irrevocable and capable of acceptance until the earlier of (A) two "**Business Days**" (a day on which banks are open for business in Toronto but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario) after the date of closing of the Successful Bid; and (B) the Outside Date;
  - e) it clearly indicates that such proposal will at a minimum and on closing, provide net cash proceeds that are not less than the aggregate total of: (i) the [total consideration] under the Stalking Horse Agreement (being **[\$X]**), plus (ii) an amount equivalent to the break fee of **[\$400,000]**, and (iii) a minimum overbid amount of **[\$150,000]** (the amounts set forth in this paragraph 17.e), the "**Minimum Purchase Price**");
  - f) it must include a redline to the Stalking Horse Agreement;
  - g) it provides written evidence, satisfactory to the Proposal Trustee, in consultation with Datatax, of the ability to consummate the transaction within the timeframe contemplated by the SSP and to satisfy any obligations or liabilities to be assumed on closing of the transaction;
  - h) it contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on or before **[Friday, October 13 / Monday, October 16]**, 2023, or such earlier date as is practical for the parties to close the contemplated transaction,

following the satisfaction or waiver of the conditions to closing (the "**Target Closing Date**") and in any event no later than **[Friday, October 13 / Monday, October 16]**, 2023 (the "**Outside Date**");

- i) it is not subject to any financing condition;
- j) it is unconditional, other than upon the receipt of the Sale Approval Order(s) and satisfaction of any other conditions expressly set forth in the Binding Offer;
- k) it identifies all proposed material conditions to closing including, without limitation, any internal, regulatory or other approvals and any form of consent, agreement or other document required from a government body, stakeholder or other third party, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such conditions, along with information sufficient for the Proposal Trustee, in consultation with Datatax, to determine that these conditions are reasonable in relation to the Bidder;
- l) includes acknowledgments and representations of the Bidder that it: (i) has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Business in making its Binding Offer; (iii) did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Opportunity or the completeness of any information provided in connection therewith, other than as expressly set forth in the Binding Offer or other transaction document submitted with the Binding Offer; and (iv) promptly will commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities;
- m) it is accompanied by a deposit in the amount of not less than 10% of the [total consideration] on closing (the "**Deposit**"), which shall be payable to the Proposal Trustee and held in trust and dealt with in accordance with paragraph **[27]**;
- n) it contains such other information as may be reasonably requested by the Proposal Trustee, in consultation with Datatax; and
- o) it does not provide for any break fee or expense reimbursement, it being understood and agreed that no bidder will be entitled to any such bid protections.

### ***Stalking Horse Agreement***

- 18. For greater certainty, the mutual releases provided for in the Stalking Horse Agreement are personal and specific to the Stalking Horse Bidder and should not be available to other Bidders, except at the sole discretion of the Secured Lender and Datatax.
- 19. For purposes of all other Bids and Overbids, the principal payments owing to the Secured Lender shall continue to accrue all interest, fees, and expenses as permitted under the secured debt facility.

### ***Assessment of Bids***

- 20. Following the Bid Deadline, the Proposal Trustee and Datatax will assess the Bids received. The Proposal Trustee, in consultation with Datatax, may designate the most competitive Bids that comply with the requirements set out herein to be "**Qualified Bids**". In performing such review and assessment, the Proposal Trustee and Datatax, may evaluate the following non-exhaustive list of considerations: (a) the purchase price and net value (including assumed liabilities and other obligations to be performed by the bidder); (b) the claims likely to be created by such Bid in relation to other Bids; (c) the counterparties to the transaction; (d) the terms of transaction documents, including, if applicable, the proposed revisions to the Stalking Horse Agreement; (e) the closing conditions and



other factors affecting the speed, certainty and value of the transaction; (f) planned treatment of stakeholders, including employees; (g) the assets included or excluded from the Bid; (h) any restructuring costs that would arise from the Bid; (i) the likelihood and timing of consummating the transaction; (j) the capital sufficient to implement post-closing measures and transactions; and (k) any other factors the directors or officers of Datatax may, in exercising their business judgment, reasonably deem relevant.

21. Datatax and the Proposal Trustee shall be under no obligation to designate the highest or otherwise best Bid, or any Bid, as a Qualified Bid. Only Bidders whose Bids have been designated as Qualified Bids (such Bidders, being "**Qualified Bidders**") shall be eligible to participate in the Auction.
22. The Proposal Trustee shall cause each Bidder to be notified in writing as to whether its Bid constituted a Qualified Bid within three (3) Business Days of the Bid Deadline.
23. The Stalking Horse Agreement shall constitute a Qualified Bid and the Stalking Horse Bidder shall be deemed to be a Qualified Bidder for all purposes under the SSP, including the Auction, notwithstanding anything to the contrary contained herein.
24. The Proposal Trustee, in consultation with Datatax and the Secured Lender, may waive compliance with any one or more of the requirements set out in these Bidding Procedures and deem such non-compliant Bids to be a Qualified Bid.
25. The Proposal Trustee and Datatax shall be entitled to discuss and negotiate the Bid prior to the Bid Deadline for purposes of amending or clarifying the terms and form thereof.
26. In the event that, following the expiry of [twenty-nine (29)] days after issuance of the SSP Order, being September 15, 2023, the Proposal Trustee concludes that there are no active participants in the SSP, the Proposal Trustee may terminate the SSP prior to the Bid Deadline. The Stalking Horse Bid would be deemed the Successful Bid without the requirement of holding the Auction, and Datatax will proceed to seek Court approval of the Stalking Horse Agreement as the Successful Bid.
27. If no Bids are designated as Qualified Bids, the Stalking Horse Bid shall be deemed the Successful Bid without the requirement of holding the Auction, and Datatax will proceed to seek Court approval of the Stalking Horse Agreement as the Successful Bid.

### **Auction**

28. The Auction will commence at a time to be designated by the Proposal Trustee, at 10:00 am (Toronto Time) on **[October 4]**, 2023, and may, in the discretion of the Proposal Trustee, be held virtually via videoconference, teleconference or such other reasonable means as the Proposal Trustee deems appropriate. The Proposal Trustee and Datatax will work in good faith with the parties entitled to attend the Auction to arrange for the Auction to be so held.
29. The Auction will be conducted in accordance with the procedures set forth in this paragraph:
  - a) Except as otherwise permitted in the Proposal Trustee's discretion, only Datatax, the Proposal Trustee, the Qualified Bidders, and the Secured Lender, and, in each case, their respective professionals and representatives, will be entitled to attend the Auction. Only Qualified Bidders (including, for greater certainty, the Stalking Horse Bidder) are eligible to participate in the Auction;
  - b) Prior to the Auction, the Proposal Trustee will identify, in consultation with Datatax, the highest and best of the Qualified Bids received, taking into account all factors that they reasonably deem relevant to the value of such bid, including, among other things, those considerations listed in paragraph **[19]**, above. Such Qualified Bid will constitute the opening bid for the purposes of the Auction (the "**Opening Bid**"). Subsequent bidding will continue in minimum

increments valued at not less than \$[150,000] cash in excess of the Opening Bid (each, an “Overbid”), or as otherwise declared by the Proposal Trustee during the Auction with the approval of Datatax;

- c) The Opening Bid shall be disclosed to all Qualified Bidders participating in the Auction. The Auction shall be conducted such that all Overbids will be made and received, on an open basis, and all Auction participants will be entitled to be present for all bidding with the understanding that the true identity of each Auction participant will be fully disclosed to all other Auction participants and that all material terms of each subsequent bid will be fully disclosed to all other Auction participants throughout the entire Auction;
- d) Except as otherwise set forth herein, the Proposal Trustee, in consultation with Datatax, may waive and/or employ and announce at the Auction additional rules that are reasonable under the circumstances for conducting the Auction, provided that such rules are: (i) not inconsistent with the SSP Order, the SSP, the Bidding Procedures, the BIA, or any order of the Court issued in connection with the NOI; (ii) disclosed to each Qualified Bidder; and (iii) designed, in the Proposal Trustee's business judgment, to result in the highest and otherwise best offer;
- e) The Proposal Trustee may arrange for the actual bidding at the Auction to be transcribed or recorded. Each Qualified Bidder participating in the Auction will designate a single individual to be its spokesperson during the Auction;
- f) Each Qualified Bidder participating in the Auction must confirm on the record, at the commencement of the Auction and again at the conclusion of the Auction, that it has not engaged in any collusion with Datatax or any other person regarding the SSP, that has not been disclosed to all other Qualified Bidders. For greater certainty, communications between the Stalking Horse Bidder and either Datatax or the Proposal Trustee with respect to and in preparation of the Stalking Horse Agreement, the SSP, the Bidding Procedures and other ancillary matters prior to the issuance of the SSP Order and the commencement of the SSP will not represent collusion nor communications prohibited by this paragraph;
- g) All Qualified Bidders will have the right, at any time, to request that the Proposal Trustee announce, subject to any potential new bids, the then-current highest and best bid and, to the extent requested by any Qualified Bidder, use reasonable efforts to clarify any and all questions such Qualified Bidder may have regarding the Proposal Trustee's announcement of the then-current highest and best bid;
- h) Each participating Qualified Bidder will be given reasonable opportunity to submit an Overbid at the Auction to any then-existing Overbids. The Auction will continue until the bidding has concluded and there is one remaining Qualified Bidder. At such time and upon the conclusion of the bidding, the Auction will be closed, and the final remaining Qualified Bidder will be the Successful Bidder;
- i) During the Auction, the Proposal Trustee, in consultation with Datatax, will:
  - i. review Overbids, taking into account all factors that they reasonably deem relevant to the value of such bid, including, among other things, those considerations listed in paragraph [19], above; and
  - ii. identify the highest or otherwise best Overbid received at any given time during the Auction, with the highest or otherwise best such bid or bids at the conclusion of the Auction being the Successful Bid, and the Qualified Bidder making such Bid the Successful Bid.
- j) Upon selection of a Successful Bidder, the Proposal Trustee will require the Successful Bidder to deliver, as soon as practicable, an amended and executed transaction document that reflects

their final bid and any other modifications submitted and agreed to during the Auction, prior to the filing of the application material for the hearing to consider the Sale Approval Motion;

- k) The Proposal Trustee and Datatax will not consider any bids submitted after the conclusion of the Auction;
30. The Successful Bid will be selected by no later than 5:00 p.m. (Eastern Time) on **[October 5]**, 2023 and the completion and execution of definitive documentation in respect of the Successful Bid must be finalized and executed no later than **[October 6]**, 2023, which definitive documentation will be conditional only upon the receipt of the Sale Approval Order(s) and the express conditions set out therein and will provide that the Successful Bidder will use all reasonable efforts to close the proposed transaction by no later than the Target Closing Date, or such longer period as may be agreed to by the Proposal Trustee, in consultation with Datatax and the Successful Bidder. In any event, the Successful Bid must be closed by no later than the Outside Date.

### ***Sale Approval Motion***

31. Datatax will apply to the Court (the "**Sale Approval Motion**") for one or more orders: (i) approving the Successful Bid and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby; and (ii) granting a vesting order so as to vest title to any purchased assets in the name of the Successful Bidder (collectively, the "**Sale Approval Order(s)**"). The Sale Approval Motion will be held on a date to be scheduled by Datatax and confirmed by the Court upon application by Datatax.

### ***Deposits***

32. The Deposit(s):
- a) will, upon receipt from the Qualified Bidder(s), be retained by the [Proposal Trustee] and deposited in a non-interest-bearing trust account;
  - b) received from the Successful Bidder, will:
    - i. be applied to the purchase price to be paid by the applicable Successful Bidder, upon closing of the approved transaction; and
    - ii. otherwise be held and refundable in accordance with the terms of the definitive documentation in respect of any Successful Bid, provided that all such documentation will provide that the Deposit will be retained by Datatax and forfeited by the Successful Bidder, if the Successful Bid fails to close by the Outside Date, and such failure is attributable to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of the Successful Bid; and
  - c) received from the Qualified Bidder(s) that are not the Successful Bid will be fully refunded, to the Qualified Bidder(s) that paid the Deposit(s) as soon as practical following the closing of the Successful Bid.

### ***Further Orders***

33. At any time during the SSP, Datatax, the Secured Lender or the Proposal Trustee may apply to the Court for advice and directions with respect to any aspect of this SSP including, but not limited to, the continuation of the SSP or with respect to the discharge of its powers and duties hereunder.

### ***Supervision of the SSP***

34. The Proposal Trustee shall oversee and conduct the SSP, in all respects, and, without limitation to that supervisory role, the Proposal Trustee will participate in the SSP in the manner set out in this SSP, the SSP Order, and any other orders of the Court, and is entitled to receive all information in relation to the SSP.
35. This SSP does not and will not be interpreted to create any contractual or other legal relationship between Datatax or the Proposal Trustee and any Potential Bidder, Bidder, Qualified Bidder, Successful Bidder or any other party, other than as specifically set forth in a definitive agreement that may be entered into with Datatax.
36. Without limiting the generality of preceding paragraph, the Proposal Trustee shall not have any liability whatsoever to any person or party, including, without limitation, any Potential Bidder, Bidder, Qualified Bidder, Successful Bidder, Datatax, or any other creditor or other stakeholder of Datatax, for any act or omission related to the process contemplated by this SSP. By submitting a Bid, each Bidder shall be deemed to have agreed that it has no claim against the Proposal Trustee for any reason whatsoever.

## **APPENDIX F**

**Datatax Business Services Limited (the "Company")**  
**Projected Statement of Cash Flow**  
**For the period ending November 3, 2023**

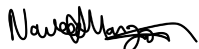
Week Ending (in \$CAD)	Notes	18-Aug	25-Aug	1-Sep	8-Sep	15-Sep	22-Sep	29-Sep	6-Oct	13-Oct	20-Oct	27-Oct	3-Nov	Total
<b>Receipts</b>														
Sales Collections	2	529,712	689,691	493,644	503,130	321,251	287,755	321,885	384,149	471,343	497,584	779,241	689,615	5,968,998
<b>Total Receipts</b>		<b>529,712</b>	<b>689,691</b>	<b>493,644</b>	<b>503,130</b>	<b>321,251</b>	<b>287,755</b>	<b>321,885</b>	<b>384,149</b>	<b>471,343</b>	<b>497,584</b>	<b>779,241</b>	<b>689,615</b>	<b>5,968,998</b>
<b>Disbursements</b>														
Payroll & Benefits	3	393,783	333,942	664,008	664,487	549,683	365,277	354,246	452,219	551,644	326,317	471,143	454,623	5,581,370
Sales Tax	4	4,710	-	176,063	-	-	6,608	244,624	-	-	5,016	-	210,263	647,284
Rent	5	11,729	-	82,486	125	15,100	-	-	82,611	10,837	-	-	82,486	285,373
Operating Expenses	6	174,826	90,584	19,205	83,675	36,270	89,339	37,890	49,557	33,121	130,574	86,509	69,144	900,694
Professional Fees	7	92,174	43,000	67,199	43,000	91,454	43,000	126,454	43,000	89,610	30,500	77,110	30,500	777,002
<b>Total Disbursements</b>		<b>677,222</b>	<b>467,526</b>	<b>1,008,960</b>	<b>791,287</b>	<b>692,506</b>	<b>504,224</b>	<b>763,214</b>	<b>627,386</b>	<b>685,213</b>	<b>492,407</b>	<b>634,763</b>	<b>847,016</b>	<b>8,191,723</b>
<b>Net Operating Cash Flow</b>		<b>(147,510)</b>	<b>222,166</b>	<b>(515,315)</b>	<b>(288,157)</b>	<b>(371,255)</b>	<b>(216,469)</b>	<b>(441,329)</b>	<b>(243,238)</b>	<b>(213,870)</b>	<b>5,177</b>	<b>144,478</b>	<b>(157,401)</b>	<b>(2,222,725)</b>
<b>Non-Operating Cash Flows</b>														
Repayment of Interim Financing Facility	8	(618,500)	-	-	-	-	-	-	-	-	-	-	-	(618,500)
DIP Facility advance / (repayment)	9	750,000	250,000	-	500,000	-	500,000	-	500,000	-	-	-	-	2,500,000
<b>Total Non-Operating Cash Flow</b>		<b>131,500</b>	<b>250,000</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,881,500</b>
<b>Total Net Cash Flow</b>		<b>(16,010)</b>	<b>472,166</b>	<b>(515,315)</b>	<b>211,843</b>	<b>(371,255)</b>	<b>283,531</b>	<b>(441,329)</b>	<b>256,762</b>	<b>(213,870)</b>	<b>5,177</b>	<b>144,478</b>	<b>(157,401)</b>	<b>(341,225)</b>
<b>BMO Revolver Balance</b>														
Opening		(1,587,970)	(1,603,980)	(1,131,815)	(1,647,130)	(1,435,288)	(1,806,543)	(1,523,012)	(1,964,341)	(1,707,578)	(1,921,448)	(1,916,272)	(1,771,794)	(1,587,970)
Total Net Cash Flow		(16,010)	472,166	(515,315)	211,843	(371,255)	283,531	(441,329)	256,762	(213,870)	5,177	144,478	(157,401)	(341,225)
<b>Ending Balance</b>		<b>(1,603,980)</b>	<b>(1,131,815)</b>	<b>(1,647,130)</b>	<b>(1,435,288)</b>	<b>(1,806,543)</b>	<b>(1,523,012)</b>	<b>(1,964,341)</b>	<b>(1,707,578)</b>	<b>(1,921,448)</b>	<b>(1,916,272)</b>	<b>(1,771,794)</b>	<b>(1,929,195)</b>	<b>(1,929,195)</b>
<b>Available Cash</b>		<b>396,020</b>	<b>868,185</b>	<b>352,870</b>	<b>564,712</b>	<b>193,457</b>	<b>476,988</b>	<b>35,659</b>	<b>292,422</b>	<b>78,552</b>	<b>83,728</b>	<b>228,206</b>	<b>70,805</b>	<b>70,805</b>

Notes:

- The Company's cash flows have been presented on a consolidated basis and include the receipts and disbursements of the Subsidiaries.
- Collections received from the Subsidiaries based on management's estimates and historical results. Forecast assumes clients of the Subsidiaries do not delay payment and/or apply setoffs as a result of the Company's NOI filing. Collections are subject to timing differences within the month, which may result in forecast variances.
- Wages and benefits for the Group's employees and includes commissions. Forecast includes source deductions and all required remittances.
- Monthly remittances of HST and PST, as applicable, estimated as a percentage of sales for the prior period based on historical averages.
- Monthly rent payments for the Group's offices located across Canada.
- Represents payment of accounts payables for the Group's other operating costs and general office and administrative expenses.
- Professional fees for the Company's sole director and Interim CEO but does not include payment of any fees and disbursements related the Company's legal counsel, the proposal trustee and its legal counsel.
- Repayment of the Initial Fiera FP Tranche pursuant to the Interim Financing Facility.
- Weekly advances from the proposed DIP Facility provided by the Stalking Horse Bidder.

This cash flow statement is prepared pursuant to the requirements of paragraphs 50(6)(b) and 50.4(2)(b) of the *Bankruptcy and Insolvency Act* and solely for that purpose.

Dated at Toronto, in the Province of Ontario, this 16th day of August, 2023.



Datatax Business Services Limited

**Naveed Z. Manzoor**

Name of Signing Officer

This cash flow statement of Datatax Business Services Limited is prepared in accordance with paragraph 50.4(2) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the attached Notes to the Statement of Projected Cash-Flow and the Trustee's Report of the Cash-Flow Statement dated the 16th day of August, 2023.

KPMG Inc., Trustee

Per:



Pritesh Patel, Senior Vice President

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL UNDER THE *BANKRUPTCY AND INSOLVENCY*  
ACT, R.S.C. 1985, c. B-3, AS AMENDED OF DATATAX BUSINESS  
SERVICES LIMITED, A CORPORATION FORMED UNDER THE  
LAWS OF ONTARIO**

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

**Proceeding commenced at Toronto**

**FIRST REPORT OF THE PROPOSAL TRUSTEE**

**BENNETT JONES LLP**

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Counsel to KPMG Inc., solely in its capacity  
as proposal trustee and not in its personal capacity