

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

ORTHO STUDIO EXPRESS, INC.

Applicant

-and-

DIGITAL ORTHODONTIC CARE INC.

Respondent

APPLICATION RECORD

McMillan LLP
Brookfield Place
181 Bay St, Suite 4400
Toronto ON M5J 2T3

Stephen Brown-Okruhlik LSO# 66576P
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Tushara Weerasooriya LSO# 51186K
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Sarah White LSO#: 82985M
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Tel: (416) 865-5533

Lawyers for the Applicant

TO: DIGITAL ORTHODONTIC CARE INC.
110 Cumberland Street
Unit 1 343
Toronto, Ontario
M5R 1A6

I N D E X

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2	Affidavit of Mark Cassidy
A	Exhibit A to the Affidavit of Mark Cassidy - Report and Resignation
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N	Exhibit N to the Affidavit of Mark Cassidy - Acknowledgement of Receipt and Consent to Earlier Enforcement



Court File No.:

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- and -

DIGITAL ORTHODONTIC CARE INC.

Respondent

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on

- In person
- By telephone conference
- By video conference

at the following location

[By video conference at a link to be provided by the Applicant in advance of the hearing.](#)

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the

court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: May , 2023

Issued by _____
Local registrar

Address of court office Commercial List Office
330 University Ave 9th floor
Toronto, Ontario
M5G 1R7

TO: **DIGITAL ORTHODONTIC CARE INC.**
110 Cumberland Street
Unit 1 343
Toronto, Ontario
M5R 1A6

APPLICATION

1. The applicant makes application for:
 - (a) An order substantially in the form attached as Schedule “A” to this application, pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”), appointing Richter LLP as receiver (“**Receiver**”) over all present and after-acquired properties, assets, and undertakings (“**Property**”) of Digital Orthodontic Care Inc. (“**DOC**”);
 - (b) abridging, if necessary, the time for service of this application and deeming service good and sufficient;
 - (c) Costs of this application awarded to the applicant on an appropriate scale; and
 - (d) Such further and other relief as counsel may advise and this Honourable Court deems just;
2. The grounds for the application are:

Parties

- (a) The applicant, Ortho Studio Express, Inc. (“**Ortho**”), is a US based strategic investment firm which holds various investments in companies in the orthodontics industry. It is a fully owned subsidiary of American Orthodontics Corporation, which is based in Sheboygan, Wisconsin;
- (b) DOC carries on business as a dental technology manufacturing business, principally selling orthodontic aligners, and has their head office located in Toronto;

Promissory Note and Security

- (c) By a Line of Credit Grid Promissory Note dated March 20, 2020 (the “**Promissory Note**”), the applicant agreed to advance funds to DOC on the terms and conditions set out in the Promissory Note, particulars of which include, among others:
 - (i) DOC entered a General Security Agreement providing the applicant with a first ranking security interest in all personal property of DOC;
 - (ii) Events of default under the Promissory Note include:
 - (A) a default in payment of any principal and/or interest due;
 - (B) DOC becoming insolvent or taking any action which constitutes an admission of inability to pay its debts as they mature; and
 - (C) the occurrence of a default under any [...] agreement, in favor of any other creditor or person that may materially affect any property or DOC’s ability to repay the Promissory Note.
- (d) DOC has no right or ability to cure a payment default under the Promissory Note.

Indebtedness and Security

- (e) DOC failed to pay the amounts owing under the Promissory Note when it matured on March 20, 2023. As of today, DOC is indebted to Ortho under the Promissory Note in the amount of USD\$5,055,000.00, together with additional accrued and unpaid interest and fees, costs, and expenses (the “**Indebtedness**”).

- (f) DOC provided security to the applicant as stated under the GSA, which is evidenced via the registration of financing statements in favour of Ortho under the *Personal Property Security Act* (Ontario) against DOC over all present and after-acquired property.
- (g) The Promissory Note reached maturity on March 20, 2023, without payment.
- (h) On March 22, 2023 the Debtor signed a forbearance agreement (the “**Forbearance Agreement**”) in which it acknowledged it is in default, confirmed that it would pay Ortho the interest, principal and other obligations under the Promissory by the latest July 18, 2023, and agreed that Ortho could terminate its forbearance and proceed to enforce its rights pursuant to the Promissory Note, among other acknowledgments.

Events of Default

- (i) DOC has committed various events of default under the Promissory Note.
- (j) DOC failed to remit an interest payment on September 20, 2022. Ortho allowed DOC to remit the September interest payment and waived that default on the basis that no further indulgences would be granted with respect to future payment defaults.
- (k) On December 31, 2022, DOC again failed to remit its interest payment when due. DOC later made this interest payment, however, that was not been waived by Ortho.
- (l) DOC committed the following additional events of default:
 - (i) DOC made a payment to a subordinated lender which is a breach of a subordination agreement between DOC, Ortho and Ms. Marina Sheppard dated March 20, 2020;

- (ii) DOC did not disclose to Ortho, prior to the closing of the Promissory Note, that it had another unsecured loan of \$392,615.00, which is a breach of the representations and warranties under the Promissory Note;
- (iii) DOC sold equipment that constitutes collateral for Ortho (and is secured by registration under the PPSA) without Ortho's prior consent which is a breach of section 10 of the Promissory Note.
- (iv) DOC has defaulted on its rent payments, and in May 2023, the landlord of DOC's principal premises demanded payment of \$317,752.93 and threatened certain enforcement actions against DOC.
- (m) As noted above, DOC failed to pay the principal amount under the Promissory Note when it matured on March 20, 2023. DOC's failure to pay its rent and the related demands from its landlord constitute a further breach of the Promissory Note and the Forbearance Agreement.
- (n) The Promissory Note (at Section 8) provides that upon an event of default, the applicant shall at its option, demand immediate repayment in full of the total unpaid balance.
- (o) DOC is obliged under the note to pay all legal fees, costs and other expenses incurred by the applicant in connection with the collection, defence or enforcement of the applicant's rights under the Promissory Note.
- (p) The events of default remain uncured.
- (q) DOC is incapable of repaying the applicant and is unable to maintain the value of the collateral.
- (r) The value of Ortho's collateral is at imminent risk, especially due to threats by DOC's landlord.

- (s) DOC has consented to the early enforcement of Ortho's security interest.
 - (t) The appointment of a receiver over the business of DOC is just, equitable, convenient and necessary to preserve the applicant's Security.
 - (u) Section 243 of the *Bankruptcy and Insolvency Act* (RSC, 1985, c B-3).
 - (v) Section 101 of the *Courts of Justice Act*, RSO 1990, c C43.
 - (w) Rule 1.04, 2.01, 2.03, 3.02, 14.05 and 38 of the *Rules of Civil Procedure*, RRO 1990, Reg 194;
3. The following documentary evidence will be used at the hearing of the application:
- (a) The Affidavit of Mark Cassidy sworn May 9, 2023; and
 - (b) Such further and other material and evidence as counsel may advise and this Honourable Court may permit.

May 9, 2023

McMillan LLP
Brookfield Place
181 Bay St, Suite 4400
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Tel: (416) 865-7890

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Respondent

Court File No.:

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Proceeding commenced at [Toronto](#)

NOTICE OF APPLICATION

McMillan LLP
Brookfield Place
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Tel: (416) 865-5533

Lawyers for the Applicant

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- and -

DIGITAL ORTHODONTIC CARE INC.

Respondent

**AFFIDAVIT OF MARK CASSIDY
(Sworn May 8, 2023)**

I, Mark Cassidy, of the Village of Kohler, Wisconsin in the United States of America, MAKE OATH AND SAY:

1. I am the Vice President of Operations of American Orthodontics Corporation (“**American Orthodontics**”), which is the parent corporation of the Applicant in this proceeding, Ortho Studio Express, Inc. (“**Ortho**”). As such, I have personal knowledge of the matters to which I depose in this affidavit. Where my knowledge is based on information obtained from others, I identify the source of that information and believe it to be true.

2. This affidavit is sworn in support of Ortho’s application for the appointment of Richter Inc. (“**Richter**”) as receiver under Section 243 of the *Bankruptcy and Insolvency Act* (“**BIA**”) and Section 101 of the *Courts of Justice Act*, over the property, assets and undertakings of the Respondent, Digital Orthodontic Care Inc. (“**DOC**” or the “**Debtor**”).

BACKGROUND

3. Ortho is a US based investment firm, which holds various investments in companies in the orthodontics industry. It is a fully owned subsidiary of American Orthodontics, which is based in Sheboygan, Wisconsin.

4. DOC is a corporation organized under the *Business Corporations Act* (Ontario). Stephen Brown-Okruhlik, a lawyer at McMillan LLP (“**McMillan**”), the law firm representing Ortho in this application, has provided me with a corporation profile report dated May 3, 2023 in respect of the Debtor. Although I resigned as one of the directors of DOC January 31, 2022, I still appear. A true copy of the report and my signed resignation as director are attached hereto as **Exhibit “A”**. DOC operates under the business name SureCure Orthodontic Aligners and sells orthodontic aligners. DOC is located at 8400 Lawson Road in Milton, Ontario.

5. To my knowledge, DOC’s shareholders (with their approximate shareholdings) are as follows:

- (a) Jeff Sheppard, DOC’s CEO and President, holds 21.36% of the shares in DOC;
- (b) Fred Murrell, DOC’s Vice President, holds 61.15% of the shares in DOC through his corporation Murrell Health Services Inc.;
- (c) Sachin Bhatia, DOC’s former secretary, holds 7.42% of the shares in DOC; and
- (d) Ortho holds 10.07% of the shares in DOC.

6. I also understand that at some time in 2022, DOC added a fifth shareholder with a nominal equity interest (below 1%), but I do not know their identity or exact shareholdings.

7. I understand that Mr. Sheppard and Mr. Murrell remain actively involved in DOC’s management today. Over the past few years, I have had several discussions with

Mr. Bhatia during which he told me that he left the company because he felt that it was poorly managed.

THE INDEBTEDNESS AND SECURITY

8. American Orthodontics was first introduced to DOC on February 8, 2018, when Mr. Sheppard and Mr. Murrell approached my colleague Michael Terrill, Vice President of Marketing, to introduce him to their aligner product and to propose an investment in DOC. I became involved in discussions with DOC in very early 2020. Ortho / American Orthodontics and DOC held a series of meetings, including in Mississauga and Wisconsin, over the course of a few months. Initially, DOC appeared to want access to Ortho's sales force, but we made clear that we were not interested in such an arrangement. The parties later discussed various options for Ortho to invest in DOC, including through a combination of debt and equity investments.

9. Eventually, the parties agreed that Ortho would provide USD\$3,300,000 to DOC in exchange for 10% of DOC's equity, as well as a USD\$5,000,000.00 loan. The terms of the loan are set out in a Line of Credit Grid Promissory Note dated March 20, 2020 (the "**Promissory Note**"), a true copy of which is attached hereto as **Exhibit "B"**.

10. Under the Promissory Note, Ortho agreed to extend credit to DOC up to USD\$5,000,000. Among other things, the Promissory Note set out a schedule for the payment of interest and principal owing under the note. DOC drew the full amount available under the Promissory Note. The Promissory Note provides that for repayment of the principal on March 20, 2023.

11. All of DOC's obligations to Ortho under the Promissory Note are secured. Pursuant to section 6(h) of the note, DOC granted Ortho a security interest in all of its present and after acquired property and entered a General Security Agreement with Ortho, a copy of which is attached hereto as **Exhibit "C"**.

12. I have been provided by Mr. Brown-Okruhlik with an Enquiry Response Certificate current as of May 4, 2023 from the Ontario Personal Property Security Registration System (the "**PPSA Search Results**"), which evidences financing statements

registered in favour of Ortho under the *Personal Property Security Act* (Ontario) against the Debtor over all present and after-acquired property. A copy of the PPSA Search Results is attached hereto as **Exhibit “D”**.

13. The following constitute events of default under the terms of the Promissory Note, among other things:

- (a) a default in payment of any principal and/or interest due hereunder (Section 8(a));
- (b) the Debtor becomes insolvent or takes any action which constitutes an admission of inability to pay its debts as they mature (Section 8(c)(i)); and
- (c) the occurrence of a default under any [...] agreement, in favor of any other creditor or person that may materially affect any property or DOC’s ability to repay the Promissory Note (Section 8(e)).

14. DOC has no right or ability to cure a payment default under the Promissory Note.

15. In addition to the principal amount outstanding, interest accrues at a fixed annual interest rate equal to 4% of the value of the loan, paid on a quarterly basis. (The rate of interest was subsequently raised to 9% pursuant to a forbearance agreement between the parties, discussed below).

16. As described further below, DOC has repeatedly failed to make principal and interest payments under the Promissory Note, including repayment of the indebtedness in full on the maturity of the Promissory Note on March 20, 2023, giving rise to multiple events of default. As of today, the Debtor is indebted to Ortho under the Promissory Note in the amount of USD\$5,055,000.00, together with additional accrued and unpaid interest and fees, costs, and expenses (the “**Indebtedness**”).

17. As described further below, DOC has failed to pay its rent payments for its main manufacturing facility in Milton, Ontario. In May of 2023, its landlord demanded payment of \$317,752.93, which constitutes a further default under the Promissory Note.

Missed Payments under the Promissory Note

18. DOC defaulted on a quarterly interest payment on September 30, 2022, and acknowledged this default during a call on or around October 4, 2022. During this same call, Mr. Sheppard advised that it was unclear when the default would be cured. Attached hereto as **Exhibit “E”** is an email I sent to Mr. Sheppard October 4, 2022 summarizing the call. DOC subsequently cured the default by making the missed interest payment, which Ortho found to be satisfactory.

19. Ortho made clear to Mr. Sheppard that it expected payments to be received on time going forward. On October 13, 2022, I emailed the following to Mr. Sheppard:

We acknowledge receipt of the September 30 interest payment. Our expectation is that the next quarterly interest payment will be received without delay when due on December 31, 2022. In the meantime, we understand that you have commenced discussions with a potential investor. It would be helpful if you could share a term sheet or LOI if available.

A copy of the email is attached hereto as **Exhibit “F”**.

20. McMillan sent a letter to DOC on behalf of Ortho on December 19, 2022 noting certain events of default, including the following:

- (a) DOC did not disclose that a payment was made to a subordinated lender, which is a breach of a subordination agreement between DOC, Ortho and Ms. Marina Sheppard dated March 20, 2020 (the “**Sheppard Subordination Agreement**”). Attached as **Exhibit “G”** is a copy of the Sheppard Subordination Agreement, and an email dated November 18, 2022 confirming that a payment of \$31,937.01 was paid towards this loan;
- (b) DOC did not disclose to Ortho prior to the closing of the Promissory Note that it had another unsecured loan of \$392,615.00 from Mr. Derica Rice, which is a breach of the representations and warranties contained in the Promissory Note;

Attached hereto as **Exhibit “H”** is a copy of the letter.

21. DOC failed to make timely payment of a further interest payment that was due December 31, 2022. McMillan sent a letter to DOC on January 4, 2023 noting that the failure to make the December 31, 2022 payment constituted an event of default, and demanding payment of all principal and interest due under the Promissory Note. McMillan's letter also enclosed a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act*. Attached hereto as **Exhibit "I"** is a copy of the letter dated January 4, 2023 and the Notice. On January 6, 2023 DOC made the outstanding interest payment.

22. In addition to the events of default noted above, DOC also defaulted under the Promissory Note by selling equipment that constitutes collateral for Ortho (and is secured by registration under the PPSA) without Ortho's prior consent. This is a breach of section 10 of the Promissory Note. Attached hereto as **Exhibit "J"** is a copy of an email received from Jeff Sheppard dated August 16, 2022 confirming that these assets were sold.

23. On March 20, 2023, DOC defaulted again by failing to make a payment of the principal and interest then due under the Promissory Note.

Forbearance Agreement

24. The parties had various discussions in March of 2022 about DOC's defaults. Mr. Sheppard represented that he and Mr. Murrell were attempting to raise funds and to find an acquirer for DOC. They also agreed to make an interest payment of USD\$44,498.33 on March 21, 2023. In reliance on these representations, Ortho agreed to extend its enforcement for a further 120 days.

25. On March 20, 2023, the maturity of the Promissory Note, DOC advised Ortho that it would not be able to repay the Indebtedness in full. However, DOC advised that it had a prospective investor interested in investing in the business, so on March 20, 2023, Ortho and DOC entered into a forbearance agreement (the "**Forbearance Agreement**"). In the agreement, DOC acknowledged that it was in default under the Promissory Note, confirmed a fixed annual interest rate of 9% accruing on the principal amount under the Promissory Note, and confirmed that it agreed to pay Ortho an additional

USD\$1,650,000.00 in the event that they completed a successful acquisition as consideration for Ortho forbearing its rights and remedies under the Promissory Note, among other acknowledgments. A copy of the Forbearance Agreement is attached hereto as **Exhibit “K”**.

26. Section 6 of the Forbearance Agreement provides that DOC:

acknowledges and agrees that the Lender may terminate its forbearance and proceed to enforce its rights and remedies pursuant to the terms of the Promissory Note and the security granted in respect thereof if the Borrower fails to comply with any of its obligations under this forbearance letter or if a further default occurs under the Promissory Note.

Missed Rent Payments

27. On May 2, 2023, Mr. Sheppard sent me an email advising that the landlord of DOC’s facility in Milton had sent a demand letter to DOC, demanding the payment of \$317,752.93 by May 3, 2023 in respect of rent arrears. A copy of the email is attached hereto as **Exhibit “L”**. The landlord threatens in the letter to take certain steps against DOC’s property that forms part of the collateral supporting the Promissory Note.

28. In his email, Mr. Sheppard explained that a payment plan had been negotiated by DOC with the landlord on the assumption that funds would be available, but that DOC was unable to follow through on the payment plan. Mr. Sheppard also requested that Ortho assist with these rent arrears. As a result of the missed rent payments, an additional event of default occurred under Section 8(e) of the Promissory Note.

29. On May 3, 2023, I sent Mr. Sheppard an email enclosing a further Notice of Intent to Enforce Security, executed by McMillan, and requesting that DOC execute a consent to the early enforcement of Ortho’s security. A copy of the email along with enclosures are attached hereto as **Exhibit “M”**.

30. Mr. Sheppard has provided me with an executed Acknowledgement of Receipt and Consent to Earlier Enforcement on behalf of DOC dated May 5, 2023, consenting to the early enforcement of Ortho’s security interest, a copy of which is attached hereto as **Exhibit “N”**.

APPOINTMENT OF RECEIVER

31. I believe that the appointment of Richter as receiver is appropriate and necessary in the circumstances. Such remedy is necessary as DOC is not able to satisfy its outstanding obligations to Ortho, the first ranked secured creditor, and Ortho's collateral is in jeopardy. DOC has committed various breaches of the Promissory Note and is default thereunder. The appointment of Richter as receiver will enable it to take necessary measures to take control of the Debtor's property to preserve value and obtain the most efficient recovery of the Indebtedness.

32. Richter is a well-respected firm with significant experience in court-appointed officer roles.

33. In order to preserve the value of the Debtor's estate, it is necessary to fund the administrative costs of a receivership. Should Richter be appointed as receiver, Ortho is prepared to advance \$400,000 to pay Richter's fees and expenses necessary to perform its duties as receiver provided that such funding be secured by a super-priority Court-ordered charge in Richter's favour.

SWORN BEFORE ME: in person by video conference

Sworn remotely by Mark Cassidy stated as being located in Haliburton, in the province of Ontario, before me at the City of Toronto on May 8, 2023, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (*or as may be*)



Signature of Commissioner (*or as may be*)

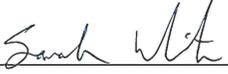
Sarah White
Barrister and Solicitor
LSO #82985M

Mark Cassidy

Signature of Deponent

THIS IS **EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.

RESIGNATION OF DIRECTOR

TO: DIGITAL ORTHODONTIC CARE INC. (the "Corporation")

I resign as a director of the Corporation effective the date hereof.

DATED: *January 31, 2022*



Mark Cassidy



Profile Report

DIGITAL ORTHODONTIC CARE INC. as of May 03, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	DIGITAL ORTHODONTIC CARE INC.
Ontario Corporation Number (OCN)	2509506
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	March 17, 2016
Registered or Head Office Address	110 Cumberland Street, Unit 1 343, Toronto, Ontario, Canada, M5R 1A6

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 5

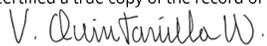
Name SACHIN BHATIA
Address for Service 110 Cumberland Street, Unit 1 343, Toronto, Ontario,
Canada, M5R 1A6
Resident Canadian Yes
Date Began March 17, 2016

Name MARK CASSIDY
Address for Service 1101 Creeks Cross Court, Kohler, Wisconsin, United States,
53044
Resident Canadian No
Date Began March 23, 2020

Name FRED MURRELL
Address for Service 110 Cumberland Street, Unit 1 343, Toronto, Ontario,
Canada, M5R 1A6
Resident Canadian Yes
Date Began March 17, 2016

Name JEFF SHEPPARD
Address for Service 348 Bronte St.S., 16, Milton, Ontario, Canada, L9T 5B6
Resident Canadian Yes
Date Began March 17, 2016

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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Active Officer(s)

Name SACHIN BHATIA
Position Secretary
Address for Service 110 Cumberland Street, Unit 1 343, Toronto, Ontario,
Canada, M5R 1A6
Date Began March 17, 2016

Name FRED MURRELL
Position Vice-President
Address for Service 110 Cumberland Street, Unit 1 343, Toronto, Ontario,
Canada, M5R 1A6
Date Began March 17, 2016

Name JEFF SHEPPARD
Position President
Address for Service 348 Bronte St.S., 16, Milton, Ontario, Canada, L9T 5B6
Date Began March 17, 2016

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Corporate Name History

Name	DIGITAL ORTHODONTIC CARE INC.
Effective Date	April 01, 2019
Previous Name	2509506 ONTARIO LIMITED
Effective Date	March 17, 2016

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

Name	DIGITAL ORTHODONTIC CARE
Business Identification Number (BIN)	270060296
Status	Inactive - Expired
Registration Date	January 17, 2017
Expired Date	January 16, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

Filing Name	Effective Date
Annual Return - 2020 PAF: JEFF SHEPPARD - DIRECTOR	December 06, 2020
CIA - Notice of Change PAF: DANNY KHARAZMI - OTHER	March 23, 2020
Annual Return - 2019 PAF: LOUISE NERSESIAN - DIRECTOR	October 24, 2019
Annual Return - 2018 PAF: LOUISE NERSESIAN - OTHER	October 22, 2019
BCA - Articles of Amendment	August 30, 2019
BCA - Articles of Amendment	April 01, 2019
Annual Return - 2018 PAF: JEFF SHEPPARD - DIRECTOR	September 19, 2018
Annual Return - 2017 PAF: FRED MURRELL - DIRECTOR	June 04, 2017
CIA - Initial Return PAF: THOMAS A. FENTON - OTHER	April 13, 2016
BCA - Articles of Incorporation	March 17, 2016

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

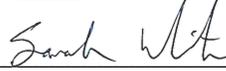
V. Quintanilla W.

Director/Registrar

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THIS IS **EXHIBIT "B"** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.

LINE OF CREDIT GRID PROMISSORY NOTE

UP TO US\$5,000,000.00

Dated as of March 20, 2020

FOR VALUE RECEIVED, DIGITAL ORTHODONTIC CARE INC. (“Borrower”) hereby promises to pay to the order of **ORTHO STUDIO EXPRESS, INC.**, or any future holder hereof (“Lender”), the principal sum of up to Five Million Dollars (US\$5,000,000.00) (the “Credit Limit”), or, if less, the aggregate unpaid amount of all advances made by Lender under this Note in accordance with the terms hereof from time to time, together with interest accruing from and after the date hereof on the unpaid principal balance from time to time outstanding at a fixed annual interest rate equal to four percent (4%) (the “Note Rate”).

1. Maturity Date and Quarterly Interest Payments. The outstanding principal balance of this Note, plus accrued and unpaid interest, shall be due and payable on March , 2023 (the “Maturity Date”). In addition, Borrower shall pay regular quarterly payments of accrued interest on the outstanding principal balance of this Note, commencing June 30, 2020 and continuing on the last day of each calendar quarter thereafter. If any payment date falls on a Saturday, Sunday or banking holiday observed by the Bank of Canada (or any successor thereto), then such payment date shall be automatically changed to the immediately succeeding business day.

2. Application of Payments. Unless otherwise determined by Lender in its sole and absolute discretion, all payments shall be applied first to pay any fees, indemnities or expense reimbursements, second to interest (whether at the Note Rate of the Default Margin Rate in accordance with the provisions hereof), and third to principal then due. Any application of principal hereunder shall not reduce the periodic amounts due and payable as provided in this Note.

3. Interest Calculation. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note shall be computed using this method. This calculation method results in a higher effective interest rate than the numeric interest rate stated in this Note. If any payment received is less than interest due to the effective date of receipt of such payment, Lender reserves the right to add any such deficiency to principal.

4. Payment Location. If Lender does not require automatic withdrawal of payments from Borrower’s account as provided herein, all payments of principal and interest due hereunder shall be paid to Lender at N2263 Foster Rd South, Oostburg, Wisconsin 53070-1643, Attention: Carlos Garces, or to such other person or at such other address as Lender may from time to time direct.

5. Requests for Advances. Each request for an advance under this Note shall be made by giving Lender no less than five (5) business days’ prior written notice. Such notice shall state the purpose for the use of proceeds of the advance (subject at all times to section 11 hereof) and include a statement, certified by the President of Borrower, that the representations

and warranties of Borrower set forth herein are true and correct and no Event of Default exists as of the date of such notice or is in good faith anticipated to exist at the time the advance is made or as a result of the advance. Each advance request shall be subject to the review and prior written approval of Lender, and Borrower shall provide answers to such questions and supporting documents and information for each advance as Lender may request from time to time. Once granted, subject to the last sentence of this section 5, any such advance may be recorded by the Borrower on the grid attached as Appendix A hereto (and if more than one grid is attached hereto, on the grids sequentially numbered and attached hereto). Each request for an advance shall be in an aggregate principal amount of not less than One Hundred Thousand Dollars (US\$100,000) unless approved by Lender in its sole discretion. Each advance provided by Lender shall be to Borrower's operating account. The principal amount advanced under this Note may be repaid and reborrowed by Borrower at any time prior to the Maturity Date, subject to the terms and conditions hereof. For greater certainty, any and all amounts owing under this Note may be repaid at any time by Borrower without penalty or other bonus payable (except accrued interest). In no event shall the aggregate amount of all advances outstanding hereunder exceed five million dollars (US\$5,000,000). Lender shall have no obligation to make an advance hereunder if, as of the date of such advance, an Event of Default exists. Lender's records as to advances and accrued interest hereunder shall be binding and conclusive for purposes of this Note absent manifest error.

6. Representations and Warranties. While any obligations of Borrower to Lender are outstanding, Borrower represents and warrants to Lender as follows:

(a) The execution, delivery and performance by Borrower of this Note (i) are within Borrower's power; (ii) have been duly authorized by all necessary action; (iii) do not require the approval of, giving notice to, or filing with, any governmental agency, ministry or department; and (iv) will not violate any law, agreement (including, without limitation, its constating documents, bylaws or shareholder agreements) or restriction by which Borrower is bound.

(b) This Note is the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms.

(c) There is no litigation or administrative proceeding threatened or pending against Borrower which would, if adversely determined, have a material adverse effect on the financial condition of Borrower.

(d) Borrower is not in default under or with respect to any contractual obligation in any respect which would give any creditor of Borrower the right to accelerate the maturity of any indebtedness of Borrower or which could be materially adverse to the financial condition of Borrower or which could have a material adverse effect upon the ability of Borrower to perform its obligations under this Note.

(e) All financial statements supplied by Borrower to Lender truly and completely disclose Borrower's financial condition as of the date of such statements, and there has been no material adverse change in Borrower's financial condition subsequent

to the date of the most recent financial statements supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

(f) No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) is pending or, to the knowledge of Borrower, threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims or other events, if any, that have been disclosed to and acknowledged in writing by Lender.

(g) All reports, statements and other data furnished to Lender in connection with this Note are true, correct, and complete in all material respects and do not omit to state any fact or circumstance necessary to make the statements contained therein not misleading.

(h) The security interests created by the GSA (as defined below) in favor of Lender have been perfected, to the extent capable of perfection by registration of a financing statement under the *Personal Property Security Act* (Ontario).

7. Covenants. Borrower covenants and agrees that so long as any obligations of Borrower under this Note remain outstanding or Lender has any commitment to lend to Borrower under this Note:

(a) Borrower shall deliver to Lender all shareholder agreements, operating agreements and other agreements relating to the ownership and control of the Collateral (as defined below) and any amendments or restatements thereto, which shall be in a form reasonably satisfactory to Lender. Any amendments or restatements to such agreements which amend the provisions relating to the sale or transfer of the Collateral or which would otherwise adversely affect the interests of Lender shall require the prior written consent of Lender. For the purposes of this Note, the definition of "Collateral" shall be as such term is defined in that general security agreement dated as of the date hereof executed by Borrower in favor of Lender (the "GSA").

(b) Borrower shall remain the direct and beneficial owner of the Collateral, free and clear of all liens, charges, security interests, hypothecs, mortgages and encumbrances (collectively, the "Liens") other than in favor of Lender.

(c) Borrower shall furnish to Lender, as soon as available, such financial information respecting Borrower and the Collateral as Lender from time to time reasonably requests, and without request, furnish to Lender, within ninety (90) days after the end of each fiscal year, year-end financial statements of Borrower, all in reasonable detail and scope reasonably satisfactory to Lender, prepared in accordance with generally accepted accounting principles applied on a consistent basis and certified by an independent certified public accountant selected by Borrower and reasonably acceptable to Lender.

(d) No advance will be used for any other purpose besides the Permitted Use of Proceeds (as defined below).

8. Default. A default under this Note shall occur if:

(a) There is a default in payment of any principal and/or interest due hereunder; or

(b) there is a breach or default in the performance by Borrower of any of the terms, conditions or provisions contained herein other than those identified elsewhere in this section 8, or contained in any document executed and/or delivered by Borrower, or contained in any other agreement between Borrower and Lender (including, but not limited to, that certain Stock Purchase Agreement dated on or about the date hereof among Lender, Borrower and certain shareholders of Borrower (the “SPA”)), which, if capable of being cured, is not cured to Lender’s satisfaction within ten (10) calendar days of Borrower gaining knowledge thereof (independently or by written notice from Lender); or

(c) Borrower:

(i) becomes insolvent or takes any action which constitutes an admission of inability to pay its debts as they mature;

(ii) makes an assignment for the benefit of creditors or to an agent authorized to liquidate or wind up any substantial amount of its assets;

(iii) files a petition in bankruptcy, or for reorganization, or to effect a plan or other arrangement with creditors;

(iv) is adjudged bankrupt;

(v) files an answer to a creditor’s petition, admitting the material allegations thereof, for an adjudication of bankruptcy or for reorganization or other similar process or to effect a plan or other arrangement with creditors;

(vi) applies to a court for the appointment of a receiver, receiver and manager or a custodian for any of its assets or proceedings;

(vii) has a receiver, receiver and manager, liquidating trustee, custodian, liquidator, assignee or like officer appointed to take custody, control or possession of any property subject to any Lien securing payment of this Note;

(viii) is dissolved or ceases to continue its business as a going concern;

(ix) has filed against any Collateral securing this Note any foreclosure or forfeiture proceedings, whether by judicial proceedings, self-help, repossession or otherwise, by any creditor of Borrower or any governmental entity;

(x) the GSA shall fail to create a valid security interest in any of the Collateral, or the security interest created thereunder shall cease to be a perfected,

first priority security interest, or any of the Security Documents shall fail to remain in full force and effect, or any action shall be taken to discontinue or assert the invalidity or unenforceability of any Security Document; or

(xi) has filed against it a judgment which is not satisfied or “bonded over” within thirty (30) days after the entry thereof; or has issued against it any attachments or garnishments or the filing of any lien which is not discharged or “bonded over” within thirty (30) days after such issuance or filing;

(d) any representation, certification or warranty made or provided by or on behalf of Borrower to induce Lender to extend credit to Borrower hereunder, made or provided in this Note or made or provided in any document delivered to Lender in conjunction with this transaction is at any time false, misleading or inaccurate, in any material respect; or

(e) upon the occurrence of a default under any loan, extension of credit, security agreement, purchase or sale agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower’s property or Borrower’s ability to repay this Note or perform Borrower’s obligations under this Note; or

(f) if (i) the individuals and entities who are the shareholders of Borrower as of the date hereof do not, individually or collectively, continue to hold record and beneficial ownership of at least fifty percent (50%) of Borrower’s total equity securities, whether by merger, amalgamation, share exchange, share sale or otherwise, or (ii) Borrower sells, licenses, transfers or otherwise disposes of a material portion of its assets and property to any individual or entity; or

(g) a material adverse change occurs in Borrower’s financial condition.

then, at Lender’s option, and without notice to Borrower, the total unpaid balance of this Note shall immediately become due and payable without presentment, demand, protest, or further notice of any kind, all which are hereby expressly waived by Borrower. The total unpaid balance of this Note shall automatically become due and payable in the event Borrower becomes the subject of bankruptcy, receivership, winding up, liquidation or other insolvency proceedings. Lender may waive any default without waiving any other subsequent or prior default.

Upon the occurrence of an Event of Default, including failure to pay any principal or interest on the Maturity Date, the interest rate on this Note shall be increased to nine percent (9%) (the “Default Rate Margin”). However, in no event will the interest rate exceed the maximum interest rate permitted under applicable law.

9. Waivers. Borrower waives and renounces presentment, protest, demand and notice of dishonor and any and all lack of diligence or delay in collection or endorsement hereof, and expressly consents to any extension of time, release of any party liable for this obligation, release of any security which may have been or which may hereafter be granted in connection herewith, or any other indulgence or forbearance which may be made without notice to Borrower

and without in any way affecting the liability of Borrower. In all circumstances, the indebtedness due hereunder shall be repaid without relief from any valuation or appraisal laws, which Borrower hereby waives.

10. General Provisions. Borrower may not assign or delegate any right, interest or obligation under this Note, in whole or in part, without Lender's prior written consent in its sole discretion. Lender may, without the prior consent of Borrower, sell, assign, transfer or grant in whole or in part an interest in this Note to any person. The terms of this Note shall be binding upon Borrower, and upon Borrower's affiliates, successors and permitted assigns, and shall inure to the benefit of Lender and its successors and assigns. Whenever used, the singular shall include the plural, the plural the singular, and the use of any gender shall include all genders. Any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws). The rights and remedies of Lender as provided in this Note or any document securing this Note (including, without limitation, the GSA) shall be cumulative and concurrent, and may be pursued singularly, successively or together against Borrower or any guarantor of this Note, at the sole and absolute discretion of Lender. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. In the event of any inconsistencies between this Note, or any loan commitment or term sheet issued by Lender in connection with the making of this Note, or other documents executed in connection with the making of this Note, the terms of this Note shall govern to the extent required to resolve such inconsistency, unless as a result thereof the security interests created by any of the Security Documents or any of the remedies of Lender thereunder would in any way be diminished or invalidated, in which case the provisions of relevant Security Documents shall control. Time shall be of the essence hereof. Borrower shall, from time to time and at all times, do such further acts and execute and deliver all such further documents as shall be reasonably requested by Lender in order to perform and carry out the intentions and/or terms of this Note.

11. Use of Proceeds. Borrower shall use the proceeds of the loans hereunder solely for purchasing machines and equipment to be used in Borrower's manufacturing activities (the "Permitted Use of Proceeds").

12. Security. This Note is secured by a first position security interest in "all assets" of Borrower pursuant to the terms and conditions of the GSA and those certain subordination agreements, each dated on or about the date hereof, together with any other documents, agreements or instruments required by Lender which, by their terms, grant or pledge a Lien in favor of Lender (collectively, the "Security Documents").

13. Applicable Law. This Note shall be governed the laws of the State of Wisconsin without regard to conflicts of laws provisions.

14. Attorney's Fees. Borrower agrees that if, and as often as, this Note is placed in the hands of an attorney for collection, or to defend or enforce any of Lender's rights hereunder or under any document securing this Note, whether or not litigation is commenced, the undersigned shall pay to Lender (subject to any limits under applicable law) Lender's reasonable

attorney's fees, together with all court costs and other expenses incurred or paid by Lender in connection therewith.

15. Dispute Resolution. Any action to enforce this Note or dispute arising out of or relating to this Note, including, without limitation, the enforcement, breach, termination or validity hereof, shall be resolved by arbitration administered by JAMS pursuant to its expedited arbitration procedures, by one independent and impartial arbitrator mutually agreeable to the parties (and, the absence of agreement within ten (10) days of a written demand for the same, then as chosen by the JAMS arbitration rules). The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. § §1 et seq., and judgment upon the award rendered by the arbitrator may be entered by any court, tribunal or other governmental authority having jurisdiction thereof. The place of arbitration shall be Milwaukee, Wisconsin. All arbitration proceedings shall be confidential to the extent permissible under the rules governing the same.

16. Notices. Any notice or election required or permitted to be given or served by Lender or Borrower hereunder to the other party shall be given to Borrower at the address for notices to Borrower provided in the SPA and to Lender at the address specified in Section 4 hereto, unless another address is specified by Borrower or Lender pursuant to written notice.

17. Currency. Unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful currency of the United States of America.

18. Anti-Money Laundering. Borrower acknowledges that, pursuant to anti-money laundering or sanctions legislation, Lender may be required to obtain, verify and record information regarding Borrower, its directors, authorized signing officers, direct or indirect shareholders or other persons in control of Borrower, and the transactions contemplated hereby. Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by Lender, or any prospective assign of a Lender, in order to comply with any applicable anti-money laundering or sanctions legislation, whether now or hereafter in existence.

19. Judgment Currency. (a) The obligations of Borrower hereunder and under the Security Documents to make payments in US Dollars or in Canadian Dollars, as the case may be (the "Obligation Currency"), shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or recovery results in the effective receipt by Lender of the full amount of the Obligation Currency expressed to be payable to Lender under this Note or the Security Documents. If, for the purpose of obtaining or enforcing judgment against Borrower in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the "Judgment Currency") an amount due in the Obligation Currency, the conversion shall be made, at Lender's quoted rate of exchange prevailing, in each case, as of the date immediately preceding the day on which the judgment is given (such business day being hereinafter referred to as the "Judgment Currency Conversion Date").

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, Borrower covenants and agrees to pay, or cause to be paid, such additional amounts, if any (but in any event not a lesser amount), as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date. Any amount due from Borrower under this section 19 shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Note or any of the Security Documents.

(c) The term “rate of exchange” in this section means the rate of exchange at which Lender, on the relevant date at or about 1:00 p.m. (Wisconsin time), would be prepared to sell, in accordance with its normal course foreign currency exchange practices, the Obligation Currency against the Judgment Currency. Such amount shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

[Signatures follow]

IN WITNESS WHEREOF, the undersigned Borrower and Lender have executed this Note as of the day, month and year first above written.

BORROWER:

DIGITAL ORTHODONTIC CARE INC.

By: _____

Print Name: Jeff Sheppard

Title: President

LENDER:

ORTHO STUDIO EXPRESS, INC.

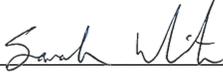
By:  _____

Print Name: Carlos Garces

Title: President

THIS IS **EXHIBIT "C"** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (as amended, restated, supplemented or replaced from time to time, this “**Agreement**”) is made as of the 20th day of March, 2020.

BETWEEN:

DIGITAL ORTHODONTIC CARE INC., a corporation
incorporated pursuant to the laws of the Province of Ontario

(the “**Debtor**”)

- and -

ORTHO STUDIO EXPRESS, INC., corporation organized under
the laws of the State of Wisconsin, U.S.A.

(the “**Secured Party**”)

WHEREAS:

The Debtor has or will become liable from time to time for certain amounts owing to the Secured Party pursuant to that certain US\$5,000,000 credit facility (the “**Credit Facility**”) made available by the Secured Party to the Debtor as of the date hereof; and

Each advance (herein, each an “**Advance**” and collectively, the “**Advances**”) under the Credit Facility will be evidenced by that certain line of credit grid promissory note dated March , 2020 (as amended, restated supplemented or replaced from time to time, a “**Promissory Note**”); and

The Secured Party has required, as a condition precedent to providing the Credit Facility, that the Debtor execute and deliver this Agreement.

NOW THEREFORE, WITNESSES THAT IN CONSIDERATION of the mutual premises contained herein and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Debtor agrees with the Secured Party as follows:

ARTICLE 1 - INTERPRETATION

1.1 Certain Defined Terms

In this Agreement and in any amendments hereto, unless the context otherwise requires:

- (a) “**Advance**” has the meaning given to such term in the recitals to this Agreement;
- (b) “**Business Day**” means a day (other than a Saturday or Sunday) on which chartered banks are open for business during normal banking hours in Toronto, Ontario;
- (c) “**Collateral**” means the undertaking of the Debtor and all real and personal property and assets now owned or hereafter acquired by the Debtor, wheresoever

located, including, without limitation, the property and assets of the Debtor referred to in section 2.1; provided always that the term “Collateral” when used herein shall not include any consumer goods of the Debtor. Any reference to “Collateral” herein shall be deemed to be a reference to the Collateral or any part thereof;

- (d) “**Credit Facility**” has the meaning given to such term in the recitals to this Agreement;
- (e) “**Debtor**” has the meaning given to such term in the preamble to this Agreement, and includes the Debtor’s successors and assigns;
- (f) “**Encumbrance**” means any encumbrance of any kind whatsoever, choate or inchoate, whether arising by contract, statute or otherwise, including without limitation a security interest, mortgage, assignment, lien, hypothec, pledge, hypothecation, charge, trust or deemed trust, conditional sale agreement, lease or other title-retention agreement;
- (g) “**Event of Default**” has the meaning ascribed thereto in section 5.1;
- (h) “**Obligations**” means the aggregate of all indebtedness, obligations and liabilities, direct or indirect, absolute or contingent, matured or not, of the Debtor to the Secured Party under or in connection with the Promissory Note, wheresoever and howsoever incurred and whether incurred prior to, at the time of, or subsequent to the execution hereof, whether incurred alone or with another or others, including extensions and renewals;
- (i) “**Permitted Encumbrances**” means any one or more of the following with respect to the property and assets of the Debtor:
 - (i) liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which are being contested in good faith by proper legal proceedings and in respect of which an amount in cash sufficient to pay such taxes, assessments, charges or levies shall have been deposited with a court having jurisdiction or with the applicable taxing or assessing authority or with the Secured Party, or a surety bond, satisfactory to the Secured Party acting reasonably, in such amount shall have been delivered to and deposited with the Secured Party;
 - (ii) the lien of any judgment rendered or claim filed which is being contested in good faith by proper legal proceedings and in respect of which an amount in cash sufficient to pay such judgment or claim shall have been deposited with a court having jurisdiction or with the Secured Party, or a surety bond, satisfactory to the Secured Party acting reasonably, in such amount shall have been delivered to and deposited with the Secured Party;
 - (iii) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law or which relate to obligations not yet due or delinquent;

- (iv) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, licence, franchise, grant or permit acquired by the Debtor, or by any statutory provision, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;
- (v) the Encumbrance resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure workers' compensation, surety or appeal bonds, costs of litigation when required by law and public and statutory obligations, liens or claims incidental to construction, mechanics', warehouseman's, carriers' and other similar liens;
- (vi) security given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operations of the Debtor, all in the ordinary course of its business;
- (vii) security given to the Secured Party; and
- (viii) the Encumbrances listed in any Schedule A attached hereto, together with any other Encumbrances expressly permitted by the provisions hereof, or otherwise approved in writing by the Secured Party;
- (j) "**PPSA**" means the *Personal Property Security Act* (Ontario) as the same may from time to time hereafter be amended or any legislation that may be substituted therefor as the same may from time to time be amended or any similar legislation in any other applicable jurisdiction as the same may from time to time be amended;
- (k) "**Promissory Note**" has the meaning given to such term in the recitals to this Agreement, as such document may be updated, amended, restated, supplemented or replaced from time to time;
- (l) "**Secured Party**" has the meaning given to such term in the preamble to this Agreement, and includes the Secured Party's successors and assigns;
- (m) "**Security Interest**" means collectively the mortgage, charge, pledge, assignment and transfer of, and the security interest in, the Collateral granted to the Secured Party by the Debtor pursuant to section 2.1; and
- (n) "**this Agreement**", "**hereof**", "**herein**", "**hereto**" and like references refer to this Agreement and any schedules, exhibits or appendices hereto and not to any particular Article, section or other subdivision of this Agreement.

1.2 Terms Defined By the PPSA

Unless there is something in the context or subject-matter inconsistent therewith, words and phrases not otherwise herein defined that are defined in the PPSA shall have the meanings ascribed thereto respectively by the PPSA.

1.3 Headings

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

1.4 Number and Gender

In this Agreement, where the context so requires, words importing the singular number shall include the plural and vice versa, words importing any gender shall include all genders (including the neuter), and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

1.5 Currency

Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of the United States of America.

1.6 Prohibited Provisions

If any provision herein is determined to be void, voidable or unenforceable, in whole or in part, such determination shall not affect or impair or be deemed to affect or impair the validity of any other provision hereof and all the provisions hereof are hereby declared to be separate, severable and distinct.

1.7 Applicable Law and Attornment Clause

This Agreement and all documents delivered pursuant hereto shall be governed by and construed in accordance with the PPSA and the other laws of the Province of Ontario, and the parties hereby attorn to the non-exclusive jurisdiction of the courts of such province.

ARTICLE 2 - CREATION AND ATTACHMENT OF SECURITY INTEREST

2.1 Grant of Security Interest and Description of Certain Collateral

As continuing collateral security for the due and timely payment and performance by the Debtor of the Obligations, the Debtor hereby mortgages, charges, pledges, assigns, transfers and sets over to the Secured Party, and grants to the Secured Party a general and continuing security interest in, the Collateral, which shall include but not be limited to:

- (a) **Accounts:** all accounts, debts, amounts, claims, choses in action and moneys which now are, or which may at any time hereafter become, due or owing to or

owned by the Debtor, whether or not earned by performance, including without limitation any and all accounts receivable arising or resulting from the sale, lease, use, assignment or other disposition of any property described in this section 2.1; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of such accounts, debts, amounts, claims, choses in action and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to such accounts, debts, amounts, claims, choses in action and moneys or any part thereof;

- (b) **Chattel Paper:** all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods;
- (c) **Documents:** all books of account and other books, invoices, writings, letters, papers and other documents whether in written, magnetic, electronic or other form, relating to or being records of the Collateral or by which any of the Collateral is secured, evidenced, acknowledged or made payable;
- (d) **Documents of Title:** all writings now or hereafter owned by the Debtor, each of which writing purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are inventory or equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of such writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts;
- (e) **Equipment:** all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all purchase warranties and claims, drawings, specifications, plans and manuals relating thereto, any equipment specified as equipment of the Debtor and described in any schedule, exhibit or appendix hereto and any other tangible personal property which is not inventory;
- (f) **Instruments:** all present and future bills, notes and cheques (as such terms are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery and all letters of credit and advices of credit provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder;
- (g) **Intangibles:** subject to section 2.5, all intangible property now owned or hereafter acquired by the Debtor and which is not accounts including, without limitation, all

contractual rights, insurance claims, goodwill, licences, inventions, franchises, designer rights, know-how processes and formulae, patents, patent applications, trade marks, trade names, copyrights and other intellectual or industrial property of the Debtor, whether registered or not and whether under licence or otherwise, and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing;

- (h) **Inventory:** all goods and chattels now or hereafter forming the inventory of the Debtor including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale, resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, timber to be cut, minerals and hydrocarbons to be extracted, all livestock and their unborn young and all growing crops;
- (i) **Money:** all money now or hereafter owned by the Debtor, whether or not such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency;
- (j) **Investment Property:** all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer, together with all accretions thereto, all substitutions therefor, all dividends and income derived therefrom and all rights and claims in respect thereof; and
- (k) **Leases:** subject to section 2.4, all leases now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor, together with all of the Debtor's erections, improvements and fixtures situate thereupon.

2.2 Proceeds

The Security Interest shall extend to all proceeds (other than consumer goods) of the Collateral.

2.3 Attachment

The Debtor hereby acknowledges that value has been given by the Secured Party for the granting of the Security Interest, that the Debtor has rights in the Collateral (other than future and hereafter acquired Collateral), and that the parties have agreed not to postpone the time for attachment of the Security Interest.

2.4 Exception re: Last Day of Leases

The last day of the term of any lease, sublease or agreement therefor, oral or written, now held or hereafter acquired by the Debtor is specifically excepted from the Security Interest and shall not

form part of the Collateral, but the Debtor agrees to stand possessed of such last day in trust for such person as the Secured Party may direct and the Debtor shall assign and dispose thereof in accordance with such direction.

2.5 Exception re: Contractual Rights, Licences, etc.

To the extent that the Security Interest would constitute a breach or cause the acceleration of any agreement, lease, contractual right, licence, approval, privilege, franchise or permit to which the Debtor is a party, the Security Interest shall not attach thereto but the Debtor shall hold its interest therein in trust for the Secured Party, and shall grant a security interest in such agreement, contractual right, licence or permit to the Secured Party forthwith upon obtaining the appropriate consents to the creation of such security interest. The Debtor agrees to use commercially reasonable efforts to obtain any such consent from time to time requested by the Secured Party.

2.6 Amalgamation

In the event that the Debtor shall amalgamate with any other corporation or corporations:

- (a) the term “Debtor” wherever used herein shall extend to and include each of the amalgamating corporations and the amalgamated corporation, and the indebtedness, obligations and liabilities of each of them shall be included in the Obligations; and
- (b) the Security Interest shall extend to and the Collateral shall include all the property and assets of each of the amalgamating corporations and the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired.

ARTICLE 3 - WARRANTIES AND COVENANTS OF THE DEBTOR

3.1 Warranties and Covenants

The Debtor hereby warrants, covenants and agrees with the Secured Party as follows:

- (a) **French Form of Name:** The Debtor has no French form of name.
- (b) **Chief Executive Office and Account Records:** The Debtor will keep its chief executive office and its records concerning its accounts receivable and other accounts located at the address set out in section 6.3 as the initial address for notice to the Debtor or, upon twenty Business Days prior notice to the Secured Party, at such other location in a jurisdiction where all actions required to be taken with respect thereto by or on behalf of the Secured Party pursuant to section 6.4 have been taken.
- (c) **Location of Collateral:** The Collateral is now and will be located at or in transit to or from:
 - (i) the location of the Debtor set out as the initial address for notice to the Debtor in section 6.3;

- (ii) any additional addresses or locations specified as a location of the Collateral in **Schedule B**; or
 - (iii) upon twenty Business Days prior notice to the Secured Party, such other location in a jurisdiction where all actions that the Secured Party shall require be taken pursuant to section 6.4 have been taken.
- (d) **Condition of Collateral:** The Debtor shall keep the Collateral in good condition and repair, normal wear and tear excepted.
- (e) **Rents, Taxes, etc.:** The Debtor shall pay all rents, taxes, rates, levies, assessments and other charges lawfully levied, imposed upon or assessed against or in respect of the Collateral, or the income and profits of the Debtor, when the same become payable.
- (f) **Compliance with Law and Contracts:** The Debtor shall observe and perform all its obligations under all material leases, licences, undertakings and agreements to which it is a party, obtain and preserve its rights, powers, licences, privileges, franchises and goodwill thereunder, and comply with all applicable laws, by-laws, rules, regulations and ordinances in a proper and efficient manner so as to preserve and protect the Collateral and the business and undertaking of the Debtor in all material respects.
- (g) **Accessions/Fixtures:** The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to this Agreement or becoming affixed to any real property, without the prior written consent of the Secured Party.
- (h) **Delivery of Certain Property:** Subject to Permitted Encumbrances, the Debtor shall from time to time deliver to the Secured Party promptly upon request (and, if so requested, from time to time as they are acquired by the Debtor) all items of Collateral comprising Chattel Paper, Instruments, Investment Property (to the extent certificated) and those Documents of Title which are negotiable.
- (i) **Agreements with Landlords:** The Debtor agrees, upon request by the Secured Party, to use commercially reasonable efforts to obtain a written agreement from each landlord of the Debtor in favour of the Secured Party and in form and substance satisfactory to the Secured Party, whereby such landlord:
 - (i) agrees to give notice to the Secured Party of any default by the Debtor under the lease and a reasonable opportunity to cure such default prior to the exercise of any remedies by the landlord; and
 - (ii) acknowledges the security interest created by this Agreement and the right of the Secured Party to enforce the security interest created by this Agreement in priority to any claim of such landlord.

- (j) **Comply with Trusts:** The Debtor shall perform all obligations incidental to any trust imposed upon it by statute and shall ensure that any breaches of such obligations and the consequences of any such breach shall be promptly remedied.
- (k) **Right to Inspect Collateral:** The Debtor shall permit a representative of the Secured Party to inspect the Collateral and the operations of the Debtor and for that purpose to enter the Debtor's premises and any other location where the Collateral may be situated during reasonable business hours and upon reasonable notice.
- (l) **Information Regarding Collateral:** The Debtor shall:
 - (i) keep proper books of account and records covering all its business and affairs on a current basis as well as accurate and complete records concerning the Collateral;
 - (ii) notify the Secured Party promptly of any loss or damage to or any seizure of any significant portion of the Collateral;
 - (iii) furnish the Secured Party with such information regarding the Collateral and its value and location as the Secured Party may from time to time reasonably request;
 - (iv) permit a representative of the Secured Party, during reasonable business hours and upon reasonable notice, to inspect the Debtor's books of account, records and documents and to make copies, extracts and summaries therefrom; and
 - (v) permit the Secured Party or its representative to make inquiries of third parties for the purpose of verification of any of the foregoing.
- (m) **Payment of Expenses:** The Debtor shall pay or reimburse the Secured Party for all costs and expenses of the Secured Party, its agents, officers and employees (including, without limitation, legal fees and disbursements on a substantial indemnity basis) incurred with respect to:
 - (i) the preparation, perfection, execution and filing of this Agreement and the filing of financing statement(s) and financing change statement(s) with respect to this Agreement;
 - (ii) any person engaged by the Secured Party to conduct an inspection under either of paragraph (k) or (l) above; and
 - (iii) dealing with other creditors of the Debtor in connection with the establishment, confirmation, amendment or preservation of the priority of the Security Interest;

such costs and expenses to be payable by the Debtor to the Secured Party on demand, to bear interest at the highest rate per annum borne by any of the

Obligations, calculated and compounded monthly, and (with all such interest) to be added to and form part of the Obligations.

- (n) **Notice of Certain Changes:** The Debtor shall promptly notify the Secured Party in writing of the details of:
 - (i) any amendment to its articles, including without limitation by virtue of the filing of articles of amalgamation, effecting a change in the Debtor's name or authorizing it to use a French version of its name;
 - (ii) any claim, litigation or proceedings before any court, administrative board or other tribunal which either does or could have a material adverse effect on the Collateral or the Debtor;
 - (iii) any claim, lien, attachment, execution or other process or encumbrance made or asserted against or with respect to the Collateral which either does or could have a material adverse effect on the Security Interest;
 - (iv) any transfer of the Debtor's interest in the Collateral, whether or not permitted hereunder; or
 - (v) any material loss of or damage to the Collateral, whether or not such loss or damage is covered by insurance.
- (o) **Amalgamations, Mergers, etc.:** The Debtor shall not, without the prior written consent of or, in the case of a statutory amalgamation, ten days, prior written notice to the Secured Party, amalgamate with any other corporation or corporations or enter into any arrangement or agreement, which, either separately or in combination with any other transactions, arrangements or agreements, would have the effect of the Debtor merging, amalgamating or entering into any joint venture or co-tenancy arrangement with any other person.
- (p) **Insurance:** The Debtor shall keep the Collateral insured on a replacement-cost basis against loss or damage by fire, theft and other usual perils, in such amounts and with such insurers as the Secured Party may reasonably require from time to time. All policies of insurance shall name the Secured Party as loss payee, mortgagee or additional insured, and shall have attached a mortgage clause in form approved by the Secured Party, and the Debtor shall deliver to the Secured Party evidence of such insurance satisfactory to the Secured Party.
- (q) **Collateral Consisting of Investment Property:** If any of the Collateral consists of Investment Property, (a) the Debtor authorizes the Secured Party to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Secured Party or its nominee may appear of record as the sole owner thereof; provided, that so long as no Event of Default has occurred, the Secured Party shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its

designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the occurrence of an Event of Default, the Debtor waives all rights to be advised of or to receive any notices, statements or communications received by the Secured Party or its nominee as such record owner, and agrees that no proxy or proxies given by the Secured Party to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Secured Party “control” of such Investment Property, as defined in the *Securities Transfer Act, 2006* (Ontario) (or any similar legislation in any other applicable jurisdiction, if any), which “control” shall be in such manner as the Secured Party shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Secured Party, whether before or after the occurrence of an Event of Default, without further consent by the Debtor.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this Agreement that the Debtor fails to perform and that the Secured Party is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Debtor. No such performance by the Secured Party will require the Secured Party further to perform the Debtor’s covenants nor relieve the Debtor from any default or operate as a derogation of the rights and remedies of the Secured Party under this Agreement. The Debtor agrees to indemnify and to reimburse the Secured Party for all costs and expenses incurred by the Secured Party in connection with the performance by it of any such covenant, and all such costs and expenses shall be payable by the Debtor to the Secured Party on demand, shall bear interest at the highest rate per annum borne by any of the Obligations, calculated and compounded monthly, and shall (with all such interest) be added to and form part of the Obligations.

ARTICLE 4 - RESTRICTIONS ON DISPOSAL OF COLLATERAL

4.1 General Restrictions

Except as herein expressly provided, the Debtor shall not, without the prior written consent of the Secured Party:

- (a) create, allow to be created, assume or suffer to exist any Encumbrance upon the Collateral, other than Permitted Encumbrances;
- (b) sell, lease, assign or otherwise dispose of or deal with the Collateral; or
- (c) release, surrender or abandon possession of the Collateral.

Save as herein otherwise expressly provided, nothing herein shall be construed as constituting an express or implied subordination or postponement of the Security Interest in favour of any Permitted Encumbrance.

4.2 Permitted Dispositions

This Agreement and the Security Interest shall in no way hinder or prevent the Debtor, without the prior written consent of the Secured Party, at any time and from time to time until an Event of Default shall have occurred and the Security Interest shall have become enforceable:

- (a) from collecting and, where necessary, enforcing the collection of all amounts due or to become due to the Debtor under any account; and
- (b) from selling, leasing, licensing, consigning or otherwise disposing of inventory or of any obsolete, worn out, damaged or otherwise unsuitable equipment forming part of the Collateral, in the ordinary course of the Debtor's business and for the purpose of carrying on the same.

4.3 Income from and Interest on Collateral Consisting of Investment Property

- (a) Until the occurrence of an Event of Default, the Debtor reserves the right to receive all income from or interest on the Collateral consisting of Investment Property, and if the Secured Party receives any such income or interest prior to such an Event of Default, the Secured Party shall pay such income or interest promptly to the Debtor.
- (b) Upon the occurrence of an Event of Default, the Debtor will not demand or receive any income from or interest on such Collateral, and if the Debtor receives any such income or interest without any demand by it, such income or interest shall be held by the Debtor in trust for the Secured Party in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be delivered to the Secured Party in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Secured Party may apply the net cash receipts from such income or interest to payment of any of the Obligations, provided that the Secured Party shall account for and pay over to the Debtor any such income or interest remaining after payment in full of the Obligations.

ARTICLE 5 - DEFAULT AND ENFORCEMENT

5.1 Events of Default

Default hereunder shall be deemed to occur in each of the following instances (each of which is herein called an "**Event of Default**");

- (a) the Debtor defaults in payment of amounts owing under the Promissory Note when the Secured Party makes demand for same;

- (b) the occurrence of a default under the Promissory Note;
- (c) the Debtor defaults in payment of any indebtedness included in the Obligations or any part thereof when the same becomes due;
- (d) the Debtor defaults in payment of any indebtedness owing to any other creditor, where the total amount of such indebtedness (not, for greater certainty, the payment owing) is greater than US\$10,000;
- (e) the Debtor defaults under any agreement in respect of any indebtedness owing to any other creditor where the total amount of such indebtedness is greater than US\$10,000;
- (f) the Debtor defaults in observing, performing or complying with any other Obligations, including any covenant, undertaking, condition or obligation contained herein or in any other agreement between the Debtor and the Secured Party, and, if capable of being remedied, fails to remedy such default within ten Business Days after written notice thereof has been given by or on behalf of the Secured Party to the Debtor specifying such default and requiring that an end be put to the same;
- (g) any representation or warranty of the Debtor contained herein or in any document or certificate furnished in connection herewith proves to have been untrue in any material respect at the time in respect of which it was made;
- (h) any order is made or a resolution passed for the winding-up of the Debtor or an application for a bankruptcy order is filed or a bankruptcy order is made under the *Bankruptcy and Insolvency Act* (Canada) against the Debtor or an authorized assignment for the benefit of creditors is made by it or a receiver or agent is appointed by or on behalf of a secured creditor of the Debtor or pursuant to a court order or an application is made under the *Companies' Creditors Arrangement Act* (Canada) or a notice of intention to make a proposal is filed or a proposal is made by the Debtor to its creditors under the *Bankruptcy and Insolvency Act* (Canada);
- (i) an encumbrancer, whether permitted or otherwise, takes possession of any significant portion of the Collateral;
- (j) an order is made or legislation enacted for the expropriation, confiscation, forfeiture, escheating or other taking or compulsory divestiture, whether or not with compensation, of all or a significant portion of the Collateral unless the same is being actively and diligently contested by the Debtor in good faith, the Debtor shall have provided to the Secured Party such security therefor as it may reasonably require and such order or legislation shall have been vacated, lifted, discharged, stayed or repealed within thirty days from the date of being entered, pronounced or enacted, as the case may be;
- (k) any process of a court, execution, attachment, garnishment, distress or analogous process is issued or levied or becomes enforceable or is enforced against any significant portion of the Collateral unless the same is being actively and diligently

contested by the Debtor in good faith, the Debtor shall have provided to the Secured Party such security therefor as it may reasonably require and such court process, execution, attachment, garnishment, distress or analogous process shall have been vacated, lifted, discharged or stayed within thirty days after being entered, commenced or levied as the case may be;

- (l) the Debtor ceases or threatens to cease to carry on its business, commits any act of bankruptcy, becomes insolvent, proposes a compromise or arrangement to its creditors or makes an unauthorized sale in bulk of its assets;
- (m) the Secured Party in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the Obligations is or is about to be impaired or that the Collateral is or is about to be placed in jeopardy; or
- (n) the Debtor is liquidated, dissolved or its corporate charter expires or is revoked.

5.2 Remedies

Upon the occurrence of an Event of Default, the Security Interest shall immediately become enforceable and the Secured Party may, forthwith or at any time thereafter and without notice to the Debtor except as required by the PPSA or by this Agreement:

- (a) commence legal action to enforce payment or performance of any or all of the Obligations;
- (b) make payments to discharge any claim, lien, mortgage, security interest, charge or other encumbrance on properties on which either the Debtor or the Secured Party may hold charges or encumbrances (whether or not ranking in priority to the Security Interest);
- (c) enter upon, use and occupy any and all premises owned, leased or occupied by the Debtor where the Collateral may be located;
- (d) take immediate possession of all or any part of the Collateral and require the Debtor to assemble and deliver possession of the Collateral at a location or locations specified by the Secured Party, with power to exclude the Debtor, its officers, directors, employees and agents therefrom;
- (e) appoint or reappoint by instrument in writing any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called a “**Receiver**”) of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires;
- (f) notify the account debtors or obligors under any accounts of the assignment of such accounts to the Secured Party and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Secured Party and give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor,

enforce collection of any accounts, and adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done;

- (g) enjoy and exercise all of the rights and remedies of a secured party under the PPSA;
- (h) file such proofs of claim or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, winding-up, liquidation, dissolution or other proceedings (voluntary or involuntary) relating to the Debtor;
- (i) preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Secured Party shall deem advisable;
- (j) sell, consign, lease or otherwise dispose of all or any part of the Collateral whether by public or private sale, consignment or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment on credit; provided that:
 - (i) neither the Secured Party nor any Receiver will be required to sell, consign, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomsoever for such period of time as is commercially reasonable;
 - (ii) the Secured Party or any Receiver may dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
 - (iii) the Secured Party or any Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
 - (iv) the Debtor will be entitled to be credited with the actual proceeds of any such sale, consignment, lease or other disposition only when such proceeds are received by the Secured Party or any Receiver in cash.

5.3 Powers and Duties of Receiver

Any Receiver appointed hereunder:

- (a) shall, subject to the provisions of the instrument appointing it, have all of the powers of the Secured Party hereunder together with:
 - (i) the power to carry on the business of the Debtor or any part thereof;
 - (ii) the power to borrow money in the Debtor's name or in the Receiver's name; and

- (iii) the power to grant security interests in the Collateral in priority to the Security Interest as security for the money so borrowed; and
- (b) shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions.

The Debtor hereby irrevocably authorizes the Secured Party from time to time after appointment of any Receiver to give instructions to the Receiver relating to the performance of the Receiver's duties and to fix the remuneration of the Receiver in connection therewith.

5.4 Other Remedies Cumulative

The remedies provided in section 5.2 are cumulative and in addition to (and not in substitution for, exclusive of nor dependent on) any other remedies contained herein or in any existing or future security document granted by the Debtor to the Secured Party and to all other remedies existing at law or in equity or by statute.

5.5 Restriction on Debtor

Upon the Secured Party taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, employee or agent of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Debtor or any officer, director, employee or agent of the Debtor shall be unaffected by such events.

5.6 Indulgences and Releases

Either the Secured Party or any Receiver may grant extensions of time and other indulgences, take and give up or abstain from perfecting or taking advantage of securities, accept compositions, compound, compromise, settle, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party or such Receiver may see fit without prejudice to the liability of the Debtor under the Obligations or the right of the Secured Party and such Receiver to hold the Collateral and realize upon the Security Interest.

5.7 Expenses of Enforcement

The Debtor agrees to indemnify and reimburse the Secured Party for all costs and expenses of the Secured Party, its agents, advisors and consultants (including without limitation legal fees and disbursements on a substantial indemnity basis) incurred with respect to the exercise by the Secured Party of any of its rights, remedies and powers under this Agreement (including without limitation costs and expenses related to the custody, preservation and realization of the Collateral, any amounts paid under section 5.2(b), the remuneration of the Receiver and all costs and expenses incurred by the Receiver in performing its functions under its appointment), and such costs and expenses shall be added to and shall form part of the Obligations.

5.8 Application of Moneys

Subject to the requirements of the PPSA, all money or other proceeds of realization collected or received by the Secured Party or any Receiver upon the realization of the Security Interest or on exercise of any other rights or remedies herein contained with respect to the Collateral shall be applied on account of the Obligations in such manner as the Secured Party deems best or, at the option of the Secured Party, may be held unapportioned in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Secured Party hereunder. The balance of such proceeds, if any, shall be paid in accordance with the PPSA and any other applicable law.

5.9 Liability for Deficiency

If the proceeds of realization received by or on behalf of the Secured Party from the disposition of the Collateral are not sufficient to satisfy the Obligations in full, the Debtor shall be liable to pay such deficiency to the Secured Party forthwith on demand.

5.10 Set-Off

Without in any way limiting any other rights or remedies available to the Secured Party, the Secured Party shall have the right (but shall not be obligated), at any time and from time to time after the occurrence of an Event of Default and without notice to the Debtor (such notice being expressly waived by the Debtor), to set off against the Obligations or any of them deposits (general or special) or moneys then held by the Secured Party or any other indebtedness owing by the Secured Party to, or held by the Secured Party for the credit of, the Debtor, regardless of the currency in which such indebtedness is denominated and notwithstanding that such indebtedness is not then due.

5.11 Intellectual Property License

For the purpose of enabling the Secured Party to exercise its rights and remedies as set forth in this Agreement when the Secured Party is entitled to exercise such rights and remedies, and for no other purpose, and in consideration of the Secured Party entering into the Credit Facility with the Debtor, the Debtor, by this Agreement, grants to the Secured Party an irrevocable, non-exclusive licence (exercisable without payment of royalty or other compensation to the Debtor) following the occurrence of an Event of Default to use, operate under, assign, license or sublicense any or all of the Debtor's intellectual property, including in such licence reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout of the same.

ARTICLE 6 - GENERAL PROVISIONS

6.1 Waiver

No delay or omission to exercise any right or remedy accruing to the Secured Party upon any breach or default by the Debtor hereunder shall impair any such right or remedy by the Secured

Party nor be construed as a waiver of any such breach or default or of any similar breach or default thereafter occurring, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver of a single breach or default shall operate or be construed as a waiver of any subsequent breach or default. All waivers hereunder must be in writing and signed by the waiving party.

6.2 Amendment

This Agreement may only be amended, supplemented or terminated by a written agreement signed by the Debtor and the Secured Party.

6.3 Notices

Any demand, notice or other communication in connection with this Agreement shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee, mailed by registered mail, charges prepaid, at or to the address of the party set out opposite its name below:

- (a) In the case of the Secured Party:

N2263 Foster Rd S
P.O. Box 563
Oostburg, WI
53070-1643

Attention: Carlos Garces, President

- (b) In the case of the Debtor:

300 Market Drive
Milton, Ontario
L9T 5A4

Attention: Jeff Sheppard, President

or to such other address or addresses as either party may from time to time designate to the other party in such manner. Any demand, notice or other communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any demand, notice or other communication mailed as aforesaid shall be deemed to have been validly and effectively given on the fifth Business Day following the date of mailing provided that, in the event of an interruption in postal services before such fifth Business Day, such communication shall be given by one of the other means.

6.4 Further Assurances

The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers, assurances or other documents as the Secured Party shall reasonably require to give effect to or to preserve and perfect the Security Interest in the Collateral intended to be granted to the Secured Party hereunder, or any security interest the Debtor may hereafter grant or become bound to grant to the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement. The Debtor hereby irrevocably appoints the Secured Party to be the attorney of the Debtor, coupled with an interest, with full power of substitution, for and in the name of the Debtor to execute and to do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder.

6.5 Term

This Agreement shall become effective according to its terms immediately upon the execution hereof by the Debtor and shall continue as security for the Obligations until all of the Obligations are indefeasibly paid and performed in full and this Agreement is terminated in writing by the Secured Party.

6.6 Non-substitution

This Agreement and the Security Interest are in addition to and not in substitution for any other agreement made between the Secured Party and the Debtor or any other security granted by the Debtor to the Secured Party whether before or after the execution of this Agreement.

6.7 No Merger

Neither the taking of any action, suit or proceedings, judicial or extra-judicial, nor the exercise of any power of seizure or disposition shall extinguish the liability of the Debtor to pay and perform the Obligations nor shall the acceptance of any payment or alternate security constitute or create any novation. No covenant, representation or warranty of the Debtor herein shall merge in any judgment.

6.8 Entire Agreement

There are no representations, agreements, warranties, conditions, covenants or terms, express or implied, collateral or otherwise, affecting this Agreement or the Security Interest or the Debtor's obligations and liabilities hereunder other than as expressed herein.

6.9 Time of Essence

Time shall in all respects be of the essence hereof.

6.10 Binding Effect

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective, heirs, executors, administrators, successors and assigns, as applicable. The Debtor

shall not assign this Agreement, or any of its rights or obligations under this Agreement without the prior written consent of the Secured Party.

6.11 Disclosure of Information re: Debtor

The Debtor agrees that the Secured Party may provide from time to time such information concerning this Agreement, the Collateral and the Obligations to such persons as the Secured Party in good faith believes are entitled to the same under the PPSA.

6.12 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a party may send a copy of its original signature on the execution page hereof to the other party by facsimile transmission or emailed PDF and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving party.

[Signature Page Follows]

IN WITNESS WHEREOF the Debtor and the Secured Party have executed this Agreement as of the date first above written.

The Debtor, in executing this general security agreement, hereby acknowledges receipt of an executed copy thereof.

DIGITAL ORTHODONTIC CARE INC.

Per: _____

Name: Jeff Sheppard

Title: President

The Secured Party, in executing this general security agreement, hereby acknowledges receipt of an executed copy thereof.

ORTHO STUDIO EXPRESS, INC.

Per: _____

Name: Carlos Garces

Title: President

IN WITNESS WHEREOF the Debtor and the Secured Party have executed this Agreement as of the date first above written.

The Debtor, in executing this general security agreement, hereby acknowledges receipt of an executed copy thereof.

DIGITAL ORTHODONTIC CARE INC.

Per: _____

Name: Jeff Sheppard
Title: President



The Secured Party, in executing this general security agreement, hereby acknowledges receipt of an executed copy thereof.

ORTHO STUDIO EXPRESS, INC.

Per: _____

Name: Carlos Garces
Title: President

SCHEDULE A
PERMITTED ENCUMBRANCES

1. Registration of financing statement under the PPSA in favour of Murrell Health Services Inc. with reference file number 741994353, so long as such registration is subject to that certain subordination agreement dated the date hereof among the Debtor, the Secured Party and Murrell Health Services Inc.

2. Registration of financing statement under the PPSA in favour of Marina Sheppard with reference file number 746523819, so long as such registration is subject to that certain subordination agreement dated the date hereof among the Debtor, the Secured Party and Marina Sheppard.

**SCHEDULE B
ADDITIONAL COLLATERAL LOCATIONS**

<u>Location/Address (including county)</u>
N/A

THIS IS **EXHIBIT “D”** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.

RUN NUMBER : 123
RUN DATE : 2023/05/03
ID : 20230503171028.63

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(10531)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : DIGITAL ORTHODONTIC CARE INC.

FILE CURRENCY : 02MAY 2023

ENQUIRY NUMBER 20230503171028.63 CONTAINS 5 PAGE(S), 2 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

ONCORP - MCMILLAN LLP - MEGAN SINGLETON
181 BAY STREET, BROOKFIELD PLACE
TORONTO ON M5J 2T3

CONTINUED...

2



(crj6 05/2022)



RUN NUMBER : 123
RUN DATE : 2023/05/03
ID : 20230503171028.63

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(10532)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : DIGITAL ORTHODONTIC CARE INC.
FILE CURRENCY : 02MAY 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
791962893

00
01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 1 20230331 1026 2611 3832 P PPSA 11

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME DIGITAL ORTHODONTIC CARE INC.

04 ADDRESS 110 CUMBERLAND STREET, UNIT 1 343 TORONTO ONTARIO CORPORATION NO.
ON M5R 1A6

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME SURECURE ALIGNERS

07 ADDRESS 110 CUMBERLAND STREET, UNIT 1 343 TORONTO ONTARIO CORPORATION NO.
ON M5R 1A6

08 SECURED PARTY / BUSINESS DEVELOPMENT BANK OF CANADA
LIEN CLAIMANT

09 ADDRESS 81 BAY STREET, SUITE 3700 TORONTO ON M5J 0E7

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
X X X X X

11 YEAR MAKE MODEL V.I.N.
12 MOTOR VEHICLE

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING BDC LEGAL-MP (252006-01)
AGENT ADDRESS 81 BAY STREET, SUITE 3700 TORONTO ON M5J 0E7

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 123
RUN DATE : 2023/05/03
ID : 20230503171028.63

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(10533)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : DIGITAL ORTHODONTIC CARE INC.
FILE CURRENCY : 02MAY 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
760956246

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	2		20200316 1707 1590 9454	P PPSA	5

DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02 DEBTOR NAME BUSINESS NAME DIGITAL ORTHODONTIC CARE INC.
03 NAME BUSINESS NAME DIGITAL ORTHODONTIC CARE INC.
04 ADDRESS 110 CUMBERLAND STREET, UNIT 1, SUITE 343 TORONTO ONTARIO CORPORATION NO. ON M5R 1A6

DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05 DEBTOR NAME BUSINESS NAME DIGITAL ORTHODONTIC CARE INC.
06 NAME BUSINESS NAME DIGITAL ORTHODONTIC CARE INC.
07 ADDRESS 300 MARKET DRIVE MILTON ONTARIO CORPORATION NO. ON L9T 5A4

SECURED PARTY / LIEN CLAIMANT ORTHO STUDIO EXPRESS, INC.

08 SECURED PARTY / LIEN CLAIMANT ORTHO STUDIO EXPRESS, INC.
09 ADDRESS N2263 FOSTER RD S. OOSTBURG WI 53070-1643

COLLATERAL CLASSIFICATION					MOTOR VEHICLE	AMOUNT	DATE OF	NO FIXED	
CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED		MATURITY	OR	MATURITY DATE
X	X	X	X	X	X				

YEAR MAKE MODEL V.I.N.

11 MOTOR VEHICLE
12 MOTOR VEHICLE

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT MCMILLAN LLP (DA/MS/272900)
17 ADDRESS 181 BAY ST, SUITE 4400, BROOKFIELD PLACE TORONTO ON M5J 2T3

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 123
RUN DATE : 2023/05/03
ID : 20230503171028.63

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 4
(10534)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : DIGITAL ORTHODONTIC CARE INC.
FILE CURRENCY : 02MAY 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
760956246

00

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	002	2		20200316 1707 1590 9454		

01

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

02

DEBTOR NAME

BUSINESS NAME

ONTARIO CORPORATION NO.

03

ADDRESS

04

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

05

DEBTOR NAME

BUSINESS NAME

ONTARIO CORPORATION NO.

06

ADDRESS

07

SECURED PARTY / LIEN CLAIMANT ADDRESS P.O. BOX 563

09

COLLATERAL CLASSIFICATION	CONSUMER GOODS	MOTOR VEHICLE	AMOUNT	DATE OF MATURITY	NO. FIXED	DATE
	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED		OR	MATURITY DATE	

10

YEAR MAKE MODEL V.I.N.

11

MOTOR VEHICLE

12

GENERAL COLLATERAL DESCRIPTION

13

14

15

REGISTERING AGENT ADDRESS

16

17

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

5

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 123
RUN DATE : 2023/05/03
ID : 20230503171028.63

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

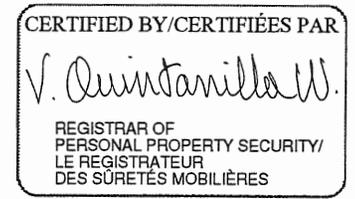
REPORT : PSSR060
PAGE : 5
(10535)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : DIGITAL ORTHODONTIC CARE INC.
FILE CURRENCY : 02MAY 2023

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
791962893	20230331 1026 2611 3832			
760956246	20200316 1707 1590 9454			

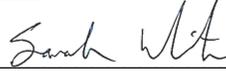
2 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



(crj6 05/2022)

THIS IS **EXHIBIT “E”** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.



From: Jeff Sheppard <jsheppard@surecurealigners.com>
Date: Friday, October 7, 2022 at 9:23 AM
To: Mark Cassidy <mcassidy@americanortho.com>
Cc: Gregory Broghammer <gbroghammer@americanortho.com>
Subject: Re: October 4th Call Summary

Hi Mark,
We are making arrangements to bring in some cash from an external source. This is expected to hit our account on Wednesday. I will make the payment on Thursday at the latest.
Thanks
Jeff

From: Mark Cassidy <mcassidy@americanortho.com>
Date: Tuesday, October 4, 2022 at 9:15 AM
To: Jeff Sheppard <jsheppard@surecurealigners.com>
Cc: Gregory Broghammer <gbroghammer@americanortho.com>, Thomas Seiler <tseiler@surecurealigners.com>, efm@villageortho.ca <efm@villageortho.ca>, efm@villageortho.com <efm@villageortho.com>
Subject: October 4th Call Summary

Hi Jeff,
Thank you for calling me this morning.
During the call you acknowledged that DOC is in default with Ortho Studio's loan and that you did not know when the past due interest payment would be paid.
I indicated that was unacceptable to us.
You requested until Friday to provide a plan to me. I agreed that was reasonable.
As I discussed, our preference would be to avoid the consequences of default that are clearly defined in our agreements. However, we are prepared to execute those consequences, as necessary.
Please send Greg and I an email of your proposed plan by noon Friday, October 7.
Regards,
Mark

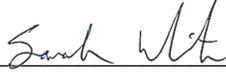
Mark Cassidy

Vice President of Operations
3524 Washington Avenue, Sheboygan, WI 53081
(920) 457-5051 Ext. 4191
www.americanortho.com



THIS IS **EXHIBIT "F"** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.



From: Mark Cassidy <mcassidy@americanortho.com>

Date: Thursday, October 13, 2022 at 4:01 PM

To: Jeff Sheppard <jsheppard@surecurealigners.com>, Gregory Broghammer <gbroghammer@americanortho.com>

Subject: Re: Interest Payment

We acknowledge receipt of the September 30 interest payment. Our expectation is that the next quarterly interest payment will be received without delay when due on December 31, 2022.

In the meantime, we understand that you have commenced discussions with a potential investor. It would be helpful if you could share a term sheet or LOI if available.

Thanks,

Mark

From: Jeff Sheppard <jsheppard@surecurealigners.com>

Date: Thursday, October 13, 2022 at 11:48 AM

To: Mark Cassidy <mcassidy@americanortho.com>, Gregory Broghammer <gbroghammer@americanortho.com>

Subject: Interest Payment

Please find attached details for the wire transfer sent today.

Let me know if you need anything else.

Thanks

Jeff

THIS IS **EXHIBIT "G"** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.



From: Jeff Sheppard <jsheppard@surecurealigners.com>
Date: Friday, November 18, 2022 at 5:28 PM
To: Gregory Broghammer <gbroghammer@americanortho.com>
Cc: Mark Cassidy <mcassidy@americanortho.com>
Subject: Re: DOC

Hi Greg, that was repayment of a short-term advance Marina provided. Derica Rice is a close friend of Dr. Murrell's.
Jeff

On Nov 18, 2022, at 5:01 PM, Gregory Broghammer <gbroghammer@americanortho.com> wrote:

Jeff – a few follow-up questions:

1. Who is Derica Rice?
2. I see a negative transaction on March 10, 2022. What was that from?

Thanks,
Greg

From: Jeff Sheppard <jsheppard@surecurealigners.com>
Sent: Friday, November 18, 2022 10:29 AM
To: Gregory Broghammer <gbroghammer@americanortho.com>; Mark Cassidy <mcassidy@americanortho.com>
Subject: FW: DOC

Hi Greg/Mark,
Please see attached from Andrew @ MNP. Sorry for the confusion on this it was my mistake. Please let me know if you need anything else.
Thanks
Jeff

From: msheppard@villageortho.ca <msheppard@villageortho.ca>
Date: Friday, November 18, 2022 at 11:15 AM
To: Jeff Sheppard <jsheppard@surecurealigners.com>
Subject: FW: DOC

From: Andrew Lee <andrew.lee@mnp.ca>
Sent: November 18, 2022 9:13 AM
To: msheppard@villageortho.ca; Cybelle Ng <Cybelle.Ng@mnp.ca>

Subject: RE: DOC
See attached

SUBORDINATION AGREEMENT

TO: Ortho Studio Express, Inc. (“**OSE**”)

RE: Amounts owing by Digital Orthodontic Care Inc. (the “**Debtor**”) to Marina Sheppard (the “**Creditor**”)

AND RE: Security granted by the Debtor to the Creditor in relation to certain promissory notes dated December 7, 2018, February 12, 2019, February 5, 2020 and March 11, 2020 (collectively, the “**Creditor Loan Agreements**”) in the total aggregate principal amount of C\$320,000 (the “**Aggregate Note Amount**”)

AND RE: Up to US\$5,000,000 line of credit facility provided by OSE to the Debtor (the “**OSE Credit Facility**”).

DATE: March 20, 2020

WHEREAS the Creditor is owed certain amounts by the Debtor under the Creditor Loan Agreements and any and all documents ancillary thereto (collectively, the “**Creditor Debt**”), and, as security for the Creditor Debt, the Creditor has been granted security interests, claims, charges, liens, assignments or other encumbrances (“**Liens**”) by the Debtor and has registered such Liens (the “**Creditor Security**”) against the Debtor under reference file no. 746523819 (the “**Registration**”) pursuant to the *Personal Property Security Act* (Ontario) (the “**PPSA**”);

AND WHEREAS OSE has been or will be granted Liens in and to the property, assets and undertaking of the Debtor (the “**Senior Security**”) by the Debtor in connection with any and all debts, liabilities and obligations now or hereafter owing by the Debtor under the OSE Credit Facility and any and all documents ancillary thereto (the “**Senior Debt**”) and has registered or may register such Liens against the Debtor under the PPSA or take such other steps as are necessary to perfect the Senior Security;

AND WHEREAS OSE requires: (i) that the Creditor subordinates and postpones all Creditor Debt to the Senior Debt; and (ii) a priority security position against all of the Debtor’s present and after-acquired property, assets and undertakings subject to the Creditor Security; all as conditions to extend credit to the Debtor;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Creditor, the Creditor hereby consents to the granting of the Senior Security and the incurring of the Senior Debt by the Debtor, acknowledges the validity of the Senior Security and the Senior Debt and hereby acknowledges, covenants and agrees to and in favour of OSE:

- (a) that any and all of the Creditor Debt, is junior, subordinated and postponed to the indefeasible repayment in full of the Senior Debt and the Debtor may not make (and the Creditor shall not accept) payment on account of the Creditor Debt

except without the prior written consent of OSE, which may be given or withheld in its sole discretion;

- (b) that notwithstanding any priority provided by any principle of law, equity or statute or the relative order of execution, delivery, creation, grant, registration, advance, attachment, possession, perfection or non-perfection, default, demand, notice, crystallization, enforceability or enforcement of the Senior Security or the Creditor Security, or any other matter or thing whatsoever, in law or in equity, the Creditor Security in and to any and all of the present and after-acquired property, assets and undertakings of the Debtor, any and all proceeds therefrom, and any and all insurance claims and proceeds in connection therewith, which the Creditor may now have or hereinafter obtain and which may or may not be perfected by any existing registrations or any subsequent registrations under the PPSA or by other methods, shall be fully and unconditionally subordinated to the Senior Security;
- (c) to give prompt written notice to OSE of any default of the Debtor under or regarding any of the Creditor Debt:

Ortho Studio Express, Inc.
N2263 Foster Rd S
P.O. Box 563
Oostburg, WI
53070-1643

Attention: Carlos Garces
Email: <*>@americanortho.com

- (d) that the Creditor shall not:
 - (i) assign all or any part of the Creditor Security or Creditor Debt unless the Creditor notifies OSE in writing and the assignee executes and delivers in favour of OSE a postponement, subordination and standstill agreement on terms similar to this Subordination Agreement and in form and substance satisfactory to OSE with respect to such assigned Creditor Security or Creditor Debt and upon such assignment, the assignor shall be released from its obligations hereunder with respect to such assigned Creditor Security and Creditor Debt;
 - (ii) without OSE's prior written consent, take any steps whatsoever, to enforce the Creditor Security (including, without limitation, asserting any rights of set-off or claims against any of the property, assets or undertakings of the Debtor subject to the Senior Security, commencing any bankruptcy proceedings, foreclosure, sale, power of sale, taking of possession, giving in payment, appointing or making application to a court for an order appointing an agent, monitor, consultant, liquidator or a receiver or receiver-manager over all or any part of the property, assets or

undertakings of the Debtor or by any other means of enforcement thereof) unless and until all of the Senior Debt has been indefeasibly paid and performed in full to the absolute and sole satisfaction of OSE; provided however, that the foregoing shall not limit or restrict the Creditor from taking any action required to preserve the validity, efficacy or perfection of any Creditor Security or Creditor Debt, including filing a proof of claim or similar instrument or voting of a claim in any insolvency or similar proceeding; or

- (iii) make any additional registrations to evidence the Liens granted by the Debtor in favour of the Creditor, other than the Registration and any renewals or amendments thereof;
- (e) to do all things and execute all documents which may be reasonably requested by OSE to give effect to this Subordination Agreement;
- (f) that this Subordination Agreement shall be exclusively (without regard to any rules or principals of conflicts of laws) governed by the laws of the Province of Ontario; and
- (g) that this Subordination Agreement may be executed in any number of counterparts and delivered by facsimile transmission or emailed PDF and all of such counterparts, when so executed and delivered, shall be taken together as one and the same instrument.

Each of the Creditor and the Debtor hereby acknowledge and agree that they shall not, without OSE's prior written consent: (i) enter into any additional promissory notes or other documents or instruments evidencing indebtedness owing to the Creditor by the Debtor besides the Credit Loan Agreements; or (ii) increase the Aggregate Note Amount.

[Signature Page Follows]

DATED with effect as of the date first written above.

DIGITAL ORTHODONTIC CARE INC.

By: _____
Name: Jeff Sheppard
Title: President

ORTHO STUDIO EXPRESS, INC.

By:  _____
Name: Carlos Garces
Title: President

The Creditor hereby acknowledges receipt of a copy of the foregoing Subordination Agreement, accepts all of the terms and conditions contained therein and further covenants and agrees with OSE to give effect to all of the provisions thereof.

DATED with effect as of the date first written above

_____)
_____)
_____)
Witness: _____) **MARINA SHEPPARD**
_____)

THIS IS **EXHIBIT “H”** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.



Reply to the Attention of: Tushara Weerasooriya
Direct Line: 416.865.7890
Email Address: tushara.weerasooriya@mcmillan.ca
Our File No.: 272900
Date: December 19, 2022

EMAIL

Digital Orthodontic Care Inc.
8400 Lawson Road
Milton, Ontario
L9T 0J8

Attention: Jeff Sheppard,
jshppard@surecurealigners.com

-and-

Murrell Health Service Inc.
Attention: Fred Murrell
efm@villageortho.ca
eft@villageortho.com

-and-

Ms. Marina Sheppard
c/o Jeff Sheppard
jshppard@surecurealigners.com

Dear Sir/Madam,

Re: Subordination Agreement amongst Ortho Studio Express, Inc., Digital Orthodontic Care Inc. and Ms. Marina Sheppard

We are counsel to the Ortho Studio Express, Inc. (the "**Lender**").

We refer to (i) the Line of Credit Grid Promissory Note dated March 20, 2020 amongst Digital Orthodontic Care Inc. (the "**Borrower**") and the Lender (as amended or restated, the "**Promissory Note**"), (ii) the Subordination Agreement amongst the Borrower, the Lender and Murrell Health Service Inc. dated March 20, 2020 (the "**Murrell Subordination**").

Agreement”), and (iii) the Subordination Agreement amongst the Borrower, the Lender and Ms. Marina Sheppard (“**Sheppard**”) dated March 20, 2020 (the “**Sheppard Subordination Agreement**”). Capitalized terms used and not defined herein have the meanings given to them in the Promissory Note.

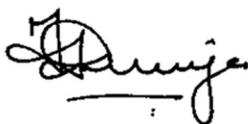
The Lender has recently become aware that a payment of CAN\$31,937.01 was made by the Borrower to Sheppard in March, 2022 (the “**March Payment**”). We are writing to advise you that the making of the March Payment constitutes a breach of section (a) of the Sheppard Subordination Agreement delivered by Sheppard in favour of the Lender, whereby Sheppard agreed to subordinate and postpone payment to the Lender all of the Borrower’s obligations to Sheppard.

Accordingly, we hereby demand that Sheppard immediately, and in any event no later than December 31, 2022, return to the Borrower the funds representing the March Payment. We note that the Borrower is due to make a quarterly interest payment under the Promissory note on December 31, 2022. Our expectation is that Sheppard and the Borrower will ensure that the March Payment is returned to the Borrower forthwith so as to enable the Borrower to meet its interest obligations when due.

Finally, we also note that the Lender was advised by representatives of the Borrower that on December 22, 2017, Mr. Derica Rice contributed CAN \$392,615.00 as an unsecured loan which was not disclosed to Lender prior the closing of the Promissory Note. As a result, the Borrower is in breach of its representations and warranties under the Promissory Note and we hereby note the Borrower in default.

Nothing in this letter should be interpreted or construed as a waiver of the defaults and breaches specified above, any other default (whether known or unknown) under the Murrell Subordination Agreement, the Sheppard Subordination or the Promissory Note or any of the Lender’s rights or remedies and the Lender hereby expressly reserves all of its rights and remedies, including to accelerate the loan, make demand and to enforce its security and appoint a receiver or receiver-manager at any time without further notice.

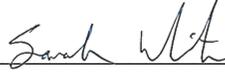
Yours truly,



Tushara Weerasooriya

THIS IS **EXHIBIT "I"** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.



Reply to the Attention of: Tushara Weerasooriya
Direct Line: 416.865.7890
Email Address: tushara.weerasooriya@mcmillan.ca
Date: January 4, 2023

EMAIL and COURIERED

Digital Orthodontic Care Inc.
300 Market Drive
Milton, Ontario
L9T 5A4

Attention: Jeff Sheppard,
jsheppard@surecurealigners.com

Dear Mr. Sheppard,

Re: Line of Credit Grid Promissory Note dated March 20, 2020 amongst Digital Orthodontic Care Inc. and Ortho Studio Express, Inc.)

We are counsel to the Ortho Studio Express, Inc. (the "**Lender**").

We refer to the Line of Credit Grid Promissory Note dated March 20, 2020 amongst Digital Orthodontic Care Inc. (the "**Borrower**") and the Lender (as amended or restated, the "**Promissory Note**"). Capitalized terms used and not defined herein have the meanings given to them in the Promissory Note.

As you are aware, the Borrower failed to make the interest payment under the Promissory Note which was due on December 31, 2022. As a result, we hereby give you notice that a default has occurred and is continuing under section 8(a) of the Promissory Note. Other events of default may exist and none of those events of default are waived by the Lender.

Accordingly, on behalf of the Lender, we hereby declare that all obligations under the Promissory Note are forthwith due and payable and we hereby demand payment to the Lender of all of the Borrower's indebtedness and liabilities under the Promissory Note.

In particular, we hereby demand payment in the amount of USD\$5,056,890.28 on account of principal, accrued and unpaid interest, fees and charges, outstanding under the Promissory Note as of January 4, 2023, together with additional accrued and unpaid interest, fees, charges and costs and all other amounts payable under or in connection with the Promissory Note by no later than 5 p.m. Toronto time on January 16, 2023. Interest

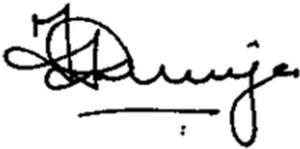
will continue to accrue on the outstanding amounts at the Note Rate plus the Default Rate Margin (as those terms are defined in the Promissory Note).

As security for the indebtedness and liabilities of the Borrower to the Lender, the Borrower granted to the Lender a general security agreement dated March 20, 2020 (the "**Security**"). Please be advised that, if payment or arrangements satisfactory to the Lender for payment are not made forthwith, the Lender will take such further steps as it deems necessary to recover the Borrower's outstanding indebtedness. Those steps may include the enforcement of the Security by way of the appointment of a receiver or otherwise.

We enclose herewith a Notice of Intention to Enforce Security addressed to the Borrower and issued pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (the "**Notice**"). The Lender reserves its rights to proceed with the enforcement of the Security at any time prior to the time specified in the enclosed Notice in those circumstances where such earlier enforcement may be permitted by law.

Please govern yourself accordingly.

Yours truly,

A handwritten signature in black ink, appearing to read "Tushara Weerasooriya". The signature is written in a cursive style with a horizontal line underneath the name.

Tushara Weerasooriya

cc: Thomas A. Fenton, *Aird & Berlis LLP*, tfenton@airdberlis.com

Notice of Intention to Enforce a Security

(Rule 124)

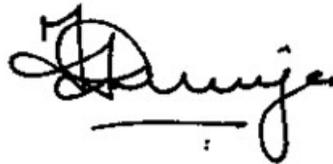
To: Digital Orthodontic Care Inc. (the “**Debtor**”), an insolvent person

Take notice that:

1. Ortho Studio Express, Inc. (the “**Lender**”), a secured creditor, intends to enforce its security on the Debtor’s property described in Schedule “A” attached hereto.
2. The security that is to be enforced is in the form of the security listed in Schedule “B” attached hereto (the “**Security**”).
3. The total amount of indebtedness secured by the Security as at January 4, 2023, is USD\$5,056,890.28 together with additional accrued and unpaid interest and fees, costs, and expenses.
4. The Lender will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

DATED at Toronto, Ontario, this 4th day of January, 2023.

ORTHO STUDIO EXPRESS, INC.
by its solicitors, McMillan LLP



Per:

Tushara Weerasooriya

In force September 30, 1997 as Form 115; reissued April 30, 1998.

SCHEDULE "A"

DESCRIPTION OF COLLATERAL

All present and after acquired real and personal property and undertaking of the Debtor as more particularly defined and described in the Security.

SCHEDULE “B”

SECURITY

1. General security agreement dated March 20, 2020 granted by the Borrower in favour of the Lender.

THIS IS **EXHIBIT “J”** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.

[REDACTED]

From: Jeff Sheppard <jsheppard@surecurealigners.com>
Sent: Tuesday, August 16, 2022 6:39 AM
To: Mark Cassidy <mcassidy@americanortho.com>
Cc: Gregory Broghammer <gbroghammer@americanortho.com>
Subject: Re: YTD

Hi Mark,
Please see my responses below in **BLUE**.
Let me know if you need anything else.
Thanks
Jeff

From: Mark Cassidy <mcassidy@americanortho.com>
Date: Monday, August 15, 2022 at 12:46 PM
To: Jeff Sheppard <jsheppard@surecurealigners.com>
Cc: Gregory Broghammer <gbroghammer@americanortho.com>
Subject: FW: YTD

Thanks Jeff. A few requests and questions:

1. Please provide detail on the \$6.9M "Medical Equipment" assets. **See attached schedule from MNP. This is from our year end in January. The only change here is the sale of two CNC machines for 120K USD.**
2. Please provide detail on the \$5.6M "Due-to-related-parties" debt (i.e. sources, amounts) **Murrell \$4377629.03, Sheppard \$1300655.00, Seiler \$11210.00**
3. What is the current % ownership by each shareholder? **Sachin 7.4%, Asad Kaspar 0.18%, Fred 61.04 %, Ortho Studio 10.05%, Jeff 21.30% (see attached for exact number of shares)**
4. Does the DOC Board of Directors still consist of 3 people: you, Sachin, and Fred? Any other Board members? **There have been no changes to the board (Fred, Sachin and myself).**

Mark

Mark Cassidy

Vice President of Operations
3524 Washington Avenue, Sheboygan, WI 53081
(920) 457-5051 Ext. 4191
www.americanortho.com



From: Jeff Sheppard <jsheppard@surecurealigners.com>
Sent: Sunday, August 14, 2022 2:22 PM
To: Mark Cassidy <mcassidy@americanortho.com>
Cc: Gregory Broghammer <gbroghammer@americanortho.com>
Subject: Re: YTD

Hi Mark, Please find attached the two items you mentioned. The balance sheet was put together based information I had readily available. Please let me know if you need anything else.

Thanks

Jeff

From: Mark Cassidy <mcassidy@americanortho.com>

Date: Friday, August 12, 2022 at 9:06 AM

To: Jeff Sheppard <jsheppard@surecurealigners.com>

Cc: Gregory Broghammer <gbroghammer@americanortho.com>

Subject: YTD

Hi Jeff,

Regarding the discussion on funding, please send Greg and I DOC's YTD Balance Sheet and YTD Income Statement,

Thanks,

Mark

Mark Cassidy

Vice President of Operations

3524 Washington Avenue, Sheboygan, WI 53081

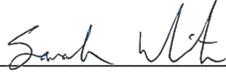
(920) 457-5051 Ext. 4191

www.americanortho.com



THIS IS **EXHIBIT “K”** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.



EMAIL

March 20, 2023

Digital Orthodontic Care Inc.
300 Market Drive
Milton, Ontario
L9T 5A4

Attention: Jeff Sheppard, jsheppard@surecurealigners.com

Dear Mr. Sheppard:

Re: Line of Credit Grid Promissory Note dated March 20, 2020 amongst Digital Orthodontic Care Inc. and Ortho Studio Express, Inc.)

We refer to the Line of Credit Grid Promissory Note dated March 20, 2020 amongst Digital Orthodontic Care Inc. (the "**Borrower**") and Ortho Studio Express, Inc. (the "**Lender**") (as amended or restated, the "**Promissory Note**"). Capitalized terms used and not defined herein have the meanings given to them in the Promissory Note.

We write further to our recent discussions regarding the Borrower's current financial situation. As you know, the Borrower failed to repay the obligations due under the Promissory Note on the Maturity Date (the "**Default**"). As a consequence, you have acknowledged that the Borrower is in default under the Promissory Note.

You have advised that the Borrower is currently in discussions regarding a proposed investment from OrthoFX, which investment will result in the full repayment of the obligations under the Promissory Note. You have requested that Lender forbear on enforcing its rights and remedies, including the enforcement of its security, in respect of the Default until July 18, 2023, so as to provide the Borrower adequate time to conclude a transaction with OrthoFX that will include repayment of the obligations under the Promissory Note (the "**Transaction**").

As discussed, the Lender is prepared to forbear from enforcing rights and remedies, including enforcing its security until **July 18, 2023**. The Lender's agreement to forbear on the terms and conditions set out herein should not be interpreted by the Borrower as indicative of the Lender's willingness to provide further accommodations.

The Lender's agreement to forbear is conditional upon the Borrower executing and returning copy of this letter to the Lender no later than 5:00 p.m. (Toronto time) on March 22, 2023 confirming the following and is subject to the following terms and conditions:



1. The Borrower acknowledges that it is in default under the Promissory Note, and it does not dispute its liability for the indebtedness owing under the Promissory Note on any grounds whatsoever. The Borrower acknowledges that (i) obligations under the Promissory Note have matured, (ii) the Lender is no longer obligated to make any advances under the Promissory Note, and (iii) all of the obligations under the Promissory Note are immediately due and payable.
2. The Borrower confirms and agrees that from and after March 20, 2023, the principal balance outstanding under the Promissory Notes shall incur interest at a fixed annual rate of nine percent (9%) until all amounts outstanding under the Promissory Note have been repaid in full.
3. The Borrower agrees that all of the interest, principal and other obligations outstanding under the Promissory Note shall be paid to the Lender on the earlier of: (i) the date on which the Transaction closes, and (ii) July 18, 2023.
4. The Borrower further agrees that upon the closing of the Transaction, the Borrower shall pay to the Lender an additional payment of US\$1,650,000.00, as consideration for, and compensation in respect of, the Lender's agreement to forbear on enforcing its rights and remedies under the Promissory Note.
5. The Borrower further agrees to pay quarterly interest on the principal balance outstanding under the Promissory Note in the amount of US\$44,498.33 on March 21, 2023 (the "**March Interest Payment**").
6. The Borrower acknowledges and agrees that the Lender may terminate its forbearance and proceed to enforce its rights and remedies pursuant to the terms of the Promissory Note and the security granted in respect thereof if the Borrower fails to comply with any of its obligations under this forbearance letter or if a further default occurs under the Promissory Note.

The Borrower acknowledges and agrees that the Lender has not waived the Default or any other defaults of the Borrower and that the Lender specifically reserves all of its rights and remedies.

The Borrower agrees that this forbearance letter is not a condition to the Borrower's obligations to the Lender, that the terms and conditions hereof are for the sole benefit of and may be waived in whole or in part by the Lender, and that any failure of the Borrower to comply with the terms hereof or any failure of the Lender to insist upon compliance with the terms hereof shall not in any way limit or lessen its liabilities to the Lender.

The Borrower and the Lender agree that this forbearance agreement shall become effective upon receipt by the Lender of (i) the March Interest Payment, and (ii) a copy of this forbearance letter countersigned by the Borrower.



Yours truly,

ORTHO STUDIO EXPRESS, INC.

By: 

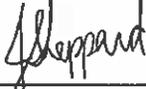
Name: *Carlos Garcia*

Title: *President*

We acknowledge and agree to the terms and conditions in this agreement.

Dated this 22nd day of March, 2023.

DIGITAL ORTHODONTIC CARE INC.

By: 

Name: *Jeff Sheppard*

Title: *CEO*

THIS IS **EXHIBIT "L"** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.

[REDACTED]

From: Mark Cassidy <mcassidy@americanortho.com>
Sent: Tuesday, May 2, 2023 11:01 AM
To: Jeff Sheppard <jsheppard@surecurealigners.com>
Cc: Gregory Broghammer <gbroghammer@americanortho.com>
Subject: Re: [REDACTED]

I would be willing to have a conversation with [REDACTED]

Get [Outlook for iOS](#)

From: Jeff Sheppard <jsheppard@surecurealigners.com>
Sent: Tuesday, May 2, 2023 10:19 AM
To: Mark Cassidy <mcassidy@americanortho.com>
Subject: Re: [REDACTED]

Hi Mark,

I want to update you on the current situation. We received a demand letter from our landlord to pay \$317,752.93 by tomorrow. We negotiated a payment plan with them based on the assumption that the funds would be available. but were not able to follow through. As of this coming Wednesday the landlord has the option of locking us out and disposing of the assets to satisfy the rents due. I am trying to find a way to avoid everyone's investment going to zero. Are there any circumstances under which we could re-engage OSE to work with us? Please let me know today, [REDACTED]
Jeff

From: Jeff Sheppard <jsheppard@surecurealigners.com>
Date: Tuesday, May 2, 2023 at 8:09 AM
To: Mark Cassidy <mcassidy@americanortho.com>
Subject: Re: [REDACTED]

From: Mark Cassidy <mcassidy@americanortho.com>
Date: Tuesday, May 2, 2023 at 7:26 AM
To: Jeff Sheppard <jsheppard@surecurealigners.com>
Subject: Re: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted]

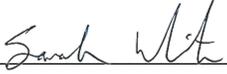
Get [Outlook for iOS](#)

From: Jeff Sheppard <jsheppard@surecurealigners.com>
Sent: Tuesday, May 2, 2023 6:27 AM
To: Mark Cassidy <mcassidy@americanortho.com>
Subject: [Redacted]

[Redacted]

THIS IS **EXHIBIT "M"** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.

From: [Mark Cassidy](#)
To: [Jeff Sheppard](#)
Cc: [Tushara Weerasooriya](#); [Gregory Broghammer](#); [Stephen Brown-Okruhlik](#); [Sarah White](#)
Subject: Fwd: DOC
Date: Wednesday, May 3, 2023 4:56:03 PM
Attachments: [Consent to Earlier Enforcement \(May 3 2023\).docx](#)
[s.244 Notice to Digital Orthodontic Care Inc. - May 3 2023.doc](#)

[EXTERNAL/EXTERNE]

Jeff – can you please advise as to the status of the landlord’s demand? We expect that you have been in contact with your counsel with respect to your options. From our perspective (as well as all of the other creditors), it is essential to ensure that the collateral is safeguarded. Accordingly, we think it is prudent for us to bring-forward the notices that we sent in January to ensure that Ortho Studio Express is in a position to obtain court-relief if the landlord takes enforcement steps. We ask you to please sign back the consent waiving the 10-day period so that we can move quickly, if required. Thanks, Mark

Notice of Intention to Enforce a Security
(Rule 124)

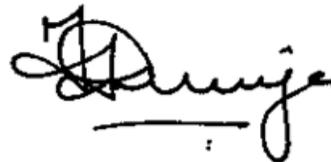
To: Digital Orthodontic Care Inc. (the “**Debtor**”), an insolvent person

Take notice that:

1. Ortho Studio Express, Inc. (the “**Lender**”), a secured creditor, intends to enforce its security on the Debtor’s property described in Schedule “A” attached hereto.
2. The security that is to be enforced is in the form of the security listed in Schedule “B” attached hereto (the “**Security**”).
3. The total amount of indebtedness secured by the Security as at May 3, 2023, is USD \$5,055,000.00 together with additional accrued and unpaid interest and fees, costs, and expenses.
4. The Lender will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

DATED at Toronto, Ontario, this 3th day of May, 2023.

ORTHO STUDIO EXPRESS, INC.
by its solicitors, McMillan LLP



Per:

Tushara Weerasooriya

SCHEDULE "A"

DESCRIPTION OF COLLATERAL

All present and after acquired real and personal property and undertaking of the Debtor as more particularly defined and described in the Security.

SCHEDULE “B”

SECURITY

1. General security agreement dated March 20, 2020 granted by the Borrower in favour of the Lender.

**ACKNOWLEDGMENT OF RECEIPT AND
CONSENT TO EARLIER ENFORCEMENT**

We, the undersigned, Digital Orthodontic Care Inc., do hereby recognize having received service of the Notice of Intention to Enforce Security under s.244 (1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), issued by Ortho Studio Express, Inc. (the “**Secured Creditor**”) dated May 3, 2023, with respect to the security charging the property described in such notice (the “**Security**”).

We, the undersigned, Digital Orthodontic Care Inc., do hereby waive the 10-day period provided for under s.244 (1) of the BIA, and accordingly do consent to the enforcement, at any time even prior to the expiry of such 10 day period, by the Secured Creditor of all of its rights and remedies under its security against the Security.

AND WE HAVE SIGNED, THIS _____TH DAY OF MAY, 2023.

Digital Orthodontic Care Inc.

By: _____

Name:

Title:

(I have the authority to bind the insolvent person)

THIS IS **EXHIBIT “N”** REFERRED TO IN THE
AFFIDAVIT MARK CASSIDY, SWORN BEFORE ME

THIS 8 DAY OF MAY, 2023



A Commissioner for Taking Affidavits, etc.

**ACKNOWLEDGMENT OF RECEIPT AND
CONSENT TO EARLIER ENFORCEMENT**

We, the undersigned, Digital Orthodontic Care Inc., do hereby recognize having received service of the Notice of Intention to Enforce Security under s.244 (1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), issued by Ortho Studio Express, Inc. (the “**Secured Creditor**”) dated May 3, 2023, with respect to the security charging the property described in such notice (the “**Security**”).

We, the undersigned, Digital Orthodontic Care Inc., do hereby waive the 10-day period provided for under s.244 (1) of the BIA, and accordingly do consent to the enforcement, at any time even prior to the expiry of such 10 day period, by the Secured Creditor of all of its rights and remedies under its security against the Security.

AND WE HAVE SIGNED, THIS 5th TH DAY OF MAY, 2023.

Digital Orthodontic Care Inc.

By: _____



Name:

Title:

(I have the authority to bind the insolvent person)

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**AFFIDAVIT OF
(Sworn May 8, 2023)**

McMillan LLP
Brookfield Place
181 Bay St, Suite 4400
Toronto ON M5J 2T3

Stephen Brown-Okruhlik LSO# 66576P
stephen.brown-okruhlik@mcmillan.ca
Tel: (416) 865-7043

Sarah White LSO#: 82985M
sarah.white@mcmillan.ca
Tel: 416.865.5533

Lawyers for the Applicant

ORTHO STUDIO EXPRESS, INC.
Applicant

and DIGITAL ORTHODONTIC CARE INC.
Respondent

Court File No.: CV-23-00699238-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at [Toronto](#)

APPLICATION RECORD

McMillan LLP
Brookfield Place
181 Bay St, Suite 4400
Toronto ON M5J 2T3

Stephen Brown-Okruhlik LSO# 66576P
stephen.brown-okruhlik@mcmillan.ca
Tel: (416) 865-7043

Tushara Weerasooriya LSO# 51186K
tushara.weerasooriya@mcmillan.ca
Tel: (416) 865-7890

Sarah White LSO#: 82985M
sarah.white@mcmillan.ca
Tel: (416) 865-5533

Lawyers for the Applicant