

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

BETWEEN:

THE TORONTO-DOMINION BANK

Applicant

- and -

**INJECTION TECHNOLOGIES INC., MOLDCO PLASTICS INC.,
AND MOLDCO HOLDINGS INC.**

Respondents

**REPORT OF DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS THE PROPOSED RECEIVER OF
INJECTION TECHNOLOGIES INC., MOLDCO PLASTICS INC.,
AND MOLDCO HOLDINGS INC.
DATED MAY 19, 2023**

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INTRODUCTION

1. An application has been made before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) by The Toronto-Dominion Bank (“**TD**” or the “**Bank**”) for an order (the “**Receivership Order**”) appointing Deloitte Restructuring Inc. (“**Deloitte**”) as receiver and manager, 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 “**Receiver**”), of the assets, undertakings and properties (collectively, the “**Property**”) of Injection Technologies Inc. (“**ITI**”), Moldco Plastics Inc. (“**MPI**”), and Moldco Holdings Inc. (“**Moldco Holdings**”, and together with ITI and MPI, the “**Debtors**”) acquired for, or used in relation to a business carried on by the Debtors.
2. ITI and MPI operate as injection molded plastic parts manufacturers from two facilities located in Windsor and Kitchener. Moldco Holdings is the owner of certain equipment used in the operations. Historically, production focused on automotive customers and later expanded into consumer and medical instrument products in Kitchener.
3. The Windsor operations also include a longstanding tryouts/trials (“**Tryouts**”) business from which customers use equipment and personnel at the Windsor Facility to test molds prior to mass production at their own facilities.
4. TD is the senior secured lender to the Debtors pursuant to credit, loan, and equipment lease agreements (the “**TD Loan Agreements**”) granted by TD (the “**TD Indebtedness**”) and is owed in excess of Cdn \$13.0 million and US \$1.9 million as at May 1, 2023, all before legal costs, applicable disbursements, and accrued interest.
5. In February 2023, Deloitte was retained as financial advisor to TD to, among other things, review the Debtors’ current operations, financial position, and business viability.
6. As set out below, and in the Lafortune Affidavit (defined below), the Debtor is facing significant financial and operational issues, has run out of liquidity, and has lost the support of TD. A receivership will allow for an immediate marketing of the Debtors’ assets and business on an expedited basis to maximize recovery for the stakeholders.
7. Deloitte is a licensed trustee within the meaning of section 2 of the BIA and has consented to act as Receiver in these proceedings in the event that this Court grants the Receivership Order. The purpose of this report (the “**Report**”) as proposed Receiver of the Debtors (the “**Proposed Receiver**”) is to:

- (a) provide the Court with an overview of the Debtors' business and Property, including its corporate structure, certain assets and liabilities, unusual and unexplained events and account balances, and the current state of the affairs of the business; and
- (b) describe the proposed sale process (the "**Sale Process**") in respect of the assets and operations of the Debtors which, subject to Court approval, is to be commenced forthwith following the issuance of the Receivership Order.

TERMS OF REFERENCE

8. In preparing this Report, Deloitte has been provided with, and has relied upon, unaudited, draft and/or internal financial information, the Debtors' books and records, and discussions with management of the Debtors ("**Management**") (collectively, the "**Information**"). Except as described in this Report:
- (a) Deloitte has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, Deloitte has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants Canada Handbook, and, accordingly, Deloitte expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and
 - (b) Deloitte has prepared this Report in its capacity as the Proposed Receiver to support the Court's consideration of the relief being sought by TD in its application for the Receivership Order and, subject to the granting of the Receivership Order, the relief being sought by the Proposed Receiver in its motion for approval of the Sale Process. Parties using the Report other than for the purposes outlined herein are cautioned that it may not be appropriate for their purposes.
9. Unless otherwise stated, all dollar amounts contained in the Report are expressed in Canadian dollars.
10. Reference is made to the Affidavit of Mathieu Lafortune, sworn May 15, 2023 (the "**Lafortune Affidavit**"), in support of TD's application for the appointment of Deloitte as receiver of the Property, and approval of the Sale Process.
11. Unless otherwise provided, all other capitalized terms not otherwise defined in this Report are as defined in the Lafortune Affidavit.

BACKGROUND

Overview

12. ITI is a Windsor-based injection molded plastic parts manufacturer and customer tryouts/trials facility in operation since 1990. Historically, ITI specialized in mold try-outs and service business, and expanded its short batch and extended run production following the MPI acquisition in March 2020.
13. ITI operates from the Windsor Facility (defined below) which it owned until completing a sale-leaseback transaction in March 2022. MPI is a guarantor under that lease.
14. Pursuant to a share purchase agreement dated February 29, 2020 (the “**MPI Purchase Agreement**”), 1241704 BC Ltd. (“**124 BC**”) purchased the shares of Moldco Inc. and 2426496 Ontario Inc. (“**242 Ontario**”) from the 2013 Gary Paul Cluthe Family Trust (the “**Cluthe Family Trust**”) for cash consideration plus a vendor take-back promissory note (the “**Cluthe VTB**”).
15. Subsequently, Moldco Inc. changed its name to “Moldco Plastics Inc.” and 242 Ontario changed its name to “Moldco Holdings Inc.”. In addition to ITI and MPI, the Company also operates under the banners Inject Tech Plastics, MoldCo Inc., and IT Group.
16. MPI is a Kitchener-based injection molded plastic parts manufacturer specializing in small batch and extended run production along with sub-assembly of molded components. As detailed later in this Report: (i) MPI moved into the Kitchener Facility (defined below) for which ITI is the named tenant, and (ii) MPI subleases the Old Kitchener Premises (defined below) to a major customer.
17. While ITI and MPI are distinct legal entities, they are being operated as though they are a single entity in certain circumstances (e.g. purchase orders issued to one entity but production performed at both plants, ITI being the named tenant on MPI’s real property lease, etc.). All MPI production is conducted at the Kitchener Facility. However, ITI production is conducted at both the Windsor Facility and the Kitchener Facility. Tryouts are conducted solely by ITI at the Windsor Facility.
18. Management advised that Moldco Holdings owns certain fixed assets located in Kitchener, but has no operations, employees, or other known assets.
19. The Debtors have a July 31st fiscal year-end (“**FY**”) date. On a combined basis, the Debtors’ internal unaudited financial statements report FY2022 revenues of approximately \$25.5 million. The Debtors’ internally unaudited financial statements report fiscal year-to-date sales to January 31, 2023 of approximately \$14.2 million.

20. The Debtors’ workforce consists of 160 employees, of which 140 are hourly staff and 20 are salaried staff. Further, 82 employees are classified under “Windsor” payroll and 78 employees under “Kitchener” payroll. None of the employees are represented by a union and the Debtors do not sponsor a pension plan.
21. Moldco Holdings did not have any employees and was administered by ITI and MPI management.
22. A summary of the Debtors’ leased locations, production summary, production profile, and approximate headcount as of April 2023 is as follows:

Description	ITI	MPI	Moldco Holdings
Plant Premises	4350 Industrial Drive, Windsor, ON (the “ Windsor Facility ”) <ul style="list-style-type: none"> • Sale-Leaseback in March 2022 • Term: 20 years • Square Feet: 47,885 • Guarantor on lease: MPI 	41 Ardelt Place, Kitchener, ON (the “ Kitchener Facility ”) <ul style="list-style-type: none"> • Term: October 1, 2020 to September 30, 2027 • Square Feet: 67,550 • Tenant: Lease in the name of Injection Technologies Inc. 	N/A
Offsite Warehouse Premises	2051 Ambassador Drive, Windsor, ON (the “ Windsor Warehouse ”)	965 Wilson Ave., Kitchener, ON (the “ Old Kitchener Premises ”) <ul style="list-style-type: none"> • Customer Sublease Agreement of October 29, 2021, extended to November 30, 2023. 	N/A
Production Summary	Mold tryouts, service, short batch, and extended run production. 2 shifts / day (16-hour coverage), 5 days / week. Currently operating at 60-65% of plant capacity	Small batch and extended run production, assembly of molded components. 3 shifts / day (24-hour coverage), 5 days / week. Currently operating at 45% of plant capacity	N/A – Fixed Assets

23. As described later in this Report, the Debtors failed to effectively integrate the Windsor and Kitchener businesses, which were further complicated by, among other things, (i) an expansion into a new, larger and costly leased facility in Kitchener, (ii) the departure of its longstanding CEO in mid-2022 and a rapid series of unsuccessful replacements, (iii) challenges in using two unintegrated

accounting systems, (iv) the FY 2022 audited financial statements and tax returns remain outstanding after 9 months with no immediate timeline to completion, (v) unexplained excessive inventory value build-up and recently disclosed \$6.2 million inventory impairment, (vi) an outstanding accounting of the uses of net proceeds from the 2022 sale lease-back transaction for the Windsor Facility to the satisfaction of the Proposed Receiver, (vii) significant accumulated sales tax and unremitted payroll tax liabilities, and Canada Revenue Agency (“CRA”) has recently commenced a payroll trust exam, (viii) the Debtors are in default of the TD credit agreement, (ix) the Debtors filed monthly borrowing limit certificates with TD which reported major margin shortfalls of \$5.1 million and \$6.7 million as at December 31, 2022 and January 31, 2023, respectively, (xi) the Debtors have forecast a reliance on the out-of-margin availability of the majority of the \$10 million TD line of credit for the next 12 months; (xii) certain suppliers have placed the Debtors on cash-on-demand (COD) terms, and (xiii) the Debtors are thinly capitalized and out of liquidity.

Corporate Background

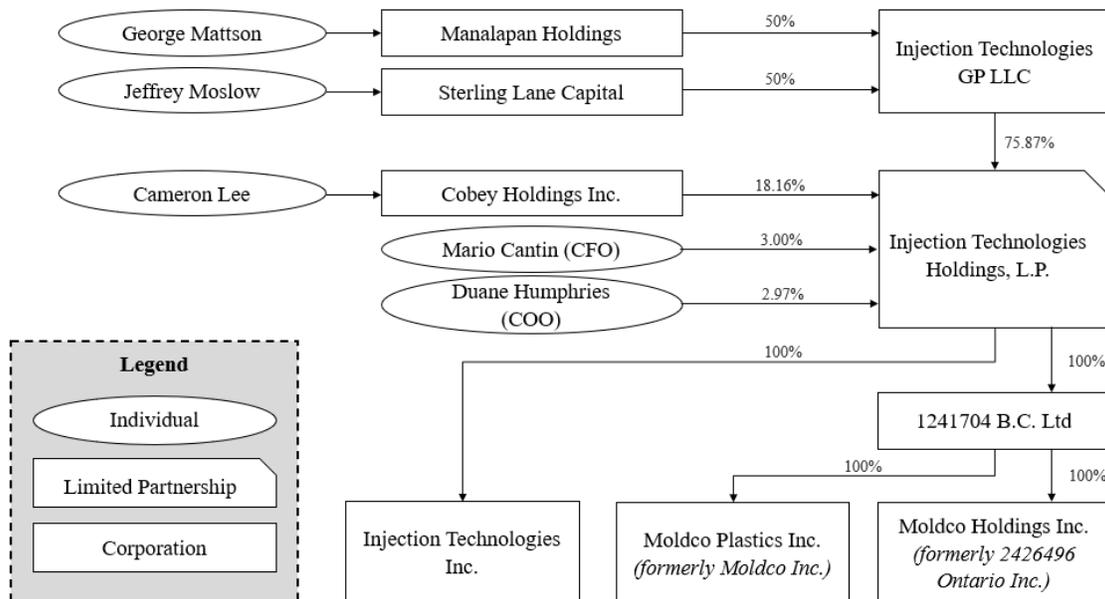
24. ITI is a British Columbia (“BC”) corporation formed by the amalgamation of Injection Technologies Acquisition Company Inc. and Injection Technologies Inc. (an Ontario corporation) on July 31, 2015.
25. MPI is a BC corporation, originally incorporated in Ontario on June 20, 2013 as Moldco Inc. and continued in BC as of January 29, 2021.
26. Moldco Holdings is a BC corporation, originally incorporated in Ontario on July 15, 2014 as 2426496 Ontario Inc. and continued in BC as of January 29, 2021. It is extra-provincially registered in Ontario.
27. ITI, MPI, and Moldco Holdings share a stated registered office in Vancouver, BC, however, none of the Debtors have any BC-based employees, management, or operations.
28. Based on Deloitte’s review of corporate searches for each of the Debtors:
 - (a) George Mattson (“**Mattson**”) and Jeffrey Moslow (“**Moslow**”) are directors (the “**Directors**”) of each of the Debtors;
 - (b) Cameron Lee (“**Lee**”) is listed as registered officer of ITI, and there are no registered officers of MPI and Moldco Holdings; and
 - (c) Each of the Debtors are “not in good standing” with the BC Registry Services.
29. Injection Technologies Holdings, L.P. (“**Injection Holdings**”) owns 100% of ITI and 124 BC.

30. 124 BC was incorporated in February 2020 and owns 100% of MPI and Moldco Holdings.

31. The ultimate shareholders of Injection Holdings, 124 BC, ITI, MPI, and Moldco Holdings are as follows:

- (a) Mattson and Moslow are the majority shareholders and are experienced senior finance professionals and investors based in the United States;
- (b) Lee who served as Chief Executive Officer of ITI from 2006 and later the combined Company until taking a leave of absence in mid-2022 on which in remains as of the date of this Report;
- (c) Mario Cantin is the Chief Financial Officer (“**Cantin**” or “**CFO**”) and was hired in early 2022 and is based in Kitchener; also assumed role of interim General Manager of the Kitchener operations following the departure of Lee and other interim General Managers; and
- (d) Duane Humphries, a longstanding ITI employee based in Windsor, and was appointed as Chief Operating Officer (“**Humphries**” or “**COO**”) in 2022.

32. The Proposed Receiver understands that the corporate structure of the Debtor is as follows:



SELECT HISTORICAL FINANCIAL POSITION AND OPERATING RESULTS

33. The Debtors reported revenue of \$25.3 million and \$25.5 million on a combined basis in FY2021 and FY2022, respectively.
34. On March 18, 2022, ITI closed a sale-leaseback transaction (the “**Windsor Sale-Leaseback**”) with respect to its interest in the land and building constituting the Windsor Facility. This resulted in an accounting and taxable gain for FY 2022.
35. The Windsor Sale-Leaseback did not improve the Debtor’s liquidity. Management advises that a portion was used to partially pay certain payroll tax arrears and the balance of surplus funds was used to pay trade payables owing to suppliers. A detailed accounting for the use of the Windsor Sale-Leaseback proceeds remains outstanding.

CERTAIN ASSETS

Inventory

36. The Debtor recently disclosed to TD a downward inventory provision of \$6.2 million (the “**Inventory Provision**”). Management advised the Proposed Receiver that the Debtors became aware that inventory was overstated on or about July 2022, and that it took until early 2023 to arrive at a final amount of the provision. However, they have not yet provided a reasonable explanation or detailed accounting of the Inventory Provision, but have cited the following possible reasons:
 - (a) Possible write-off of raw materials upon transfer from the Old Kitchener Premises to the new Kitchener Facility, although management has not confirmed nor provided details on whether these were expired/obsolete/unsubstantiated raw materials which should have written down on the acquisition or move date;
 - (b) Internal costing and accounting system limitations; and
 - (c) Certain customer inventory stored by the Debtors may have been incorrectly counted as owned by MPI.
37. Management informed the Proposed Receiver that the Inventory Provision has not yet been processed through the income statement as the FYE 2022 audit remains in-progress. Should it be appointed, the Proposed Receiver intends to liquidate the finished goods inventory to existing customers. Raw materials will be used in ongoing production or otherwise liquidated.

Fixed Assets

38. The Debtors' fixed assets are primarily comprised of machinery and equipment located the Windsor Facility, Kitchener Facility, and Windsor Warehouse.
39. Certain of the machinery and equipment appear to be subject to leases, such as: TD (various), Bank of Montreal (one large machine), Wells Fargo (lease payments appear complete), and De Lage Landen (forklifts). As described later in this Report, should it be appointed, the Proposed Receiver will (i) compile and review lease documentation and (ii) retain independent legal counsel to conduct a security review.
40. As described later in this Report, the Proposed Receiver's proposed Sales Process contemplates offering the fixed assets for sale to interested bidders and/or auctioneers.

CREDITORS

Secured Creditors

41. Based on a review of the Debtors books and records, and PPSA registrations, the following are the Debtor's primary secured creditors:
 - (a) TD is the senior secured lender and is owed in excess of Cdn \$13.0 million and US \$1.9 million as at May 1, 2023, all before legal costs, applicable disbursements, and accrued interest. This consists of a line of credit, term loans, and equipment leases;
 - (b) Bank of Montreal is a secured creditor pursuant to a lease for a large equipment unit at the Windsor Facility;
 - (c) De Lage Landen is a secured creditor pursuant to operating leases for forklifts located in Windsor and Kitchener;
 - (d) BMW Group Financial Services Canada is a secured creditor pursuant to a vehicle lease;
 - (e) Meridian OneCap Credit Corp is a secured creditor with respect to certain equipment; and
 - (f) The Cluthe Family Trust is a secured creditor pursuant to a general security agreement in connection with the Cluthe VTB.
42. The Proposed Receiver intends to retain Harrison Pensa LLP as independent legal counsel to, among other things, conduct a review of the security granted by the Debtors to each of the secured

parties listed above and report to the Court on the results of that security review in a subsequent motion.

Trade Creditors

43. The Debtors' have accounts payable and accrued liabilities owing to numerous vendors located in Canada and the United States of which the largest balances are payable to resin suppliers.

Taxes

44. ITI has an unremitted HST liability of \$695,000 as at January 31, 2023, which balance has accumulated over a year. In early 2023, CRA and ITI agreed to a monthly payment plan to repay this HST liability.
45. Management disclosed that ITI accumulated an unremitted employee source deductions balance during a period when ITI manually processed payroll internally. Management advised that this issue was remedied on a go-forward basis once ITI transitioned its payroll to an external payroll services provider in October 2021 for ongoing remittances. Management advised that ITI has subsequently remitted payments and has calculated a reduced balance of \$488,000 as at January 31, 2023. However, the CRA payroll account statements indicate that \$1.3 million remains outstanding. Management indicated that \$859,000 of ITI payments on account of payroll tax arrears were inadvertently applied by CRA to MPI's payroll tax number. Management and its external accountant advised that supporting documentation has been furnished to CRA to correct this error, however, it is unclear if CRA has made the appropriate corrections to their records. The Proposed Receiver understands that the CRA is conducting a review of the Debtors payroll and HST accounts.
46. The Debtors' external accountant has not finalized the FY2022 audit and corporate income tax returns. On a preliminary basis, the external accountant estimated (i) modest corporate income tax refunds for each of the Debtors, and (ii) modest SR&ED refunds for ITI and MPI.

Government Loans

47. The Debtors have two loans with respect to the Federal Economic Development Agency for Southern Ontario (Regional Relief and Recovery Fund), which Management advises are unsecured loans.

THE CURRENT CIRCUMSTANCES FACING THE DEBTORS

48. The above events have left the Debtors in the following situation:
- (a) the business continues to generate losses and is operating at under-capacity, particularly the Kitchener Facility;
 - (b) they have intertwined their operations and obligations, and have a non-integrated financial reporting structure;
 - (c) they have disclosed significant payroll tax and sales tax arrears;
 - (d) cash resources have been almost entirely depleted, and it has no sources of equity injections or funding. The Debtors are unable to maintain payments to its lenders, vendor payment terms have been stretched and they have inadequate operating cash levels. The Debtors are in a significant margin shortfall under the TD line of credit, and are relying on the maximum \$10 million borrowing limit to maintain operations; and
 - (e) they are in default of the TD Loan Agreements and TD is enforcing on its security. The Debtors are unable to repay or refinance the secured indebtedness owed to TD under the TD Loan Agreement.
49. Based on the foregoing, the Proposed Receiver is of the view that the Debtor is insolvent.

THE RECEIVER'S PROPOSED SALE PROCESS

Business and Asset Lots for Sale

50. Should it be appointed, the Proposed Receiver intends to temporarily operate the business from the Windsor Facility and Windsor Warehouse (the "**Windsor Business**") to a certain extent with the view of finding a going-concern purchaser and realize value on its legacy Tryouts business. This is contingent on, among other things, the Proposed Receiver negotiating payment terms with customers to the satisfaction of the Proposed Receiver.
51. Management acknowledged that operations at the Kitchener Facility were not viable in their current form, and it had formulated a preliminary plan to winddown its Kitchener operations and transfer certain customers and machinery to the Windsor Facility. That plan has not been implemented as of the date of this Report. The Proposed Receiver also notes that operations at the Kitchener Facility require significant capital, liquidity, and operational investments in order to make it viable. In addition, the Kitchener operations' high monthly overhead cost structure, unclear product

costing, disorganized financial reporting platform, and significant excess capacity make it unlikely it would sell on a going concern basis with full operations. However, the Proposed Receiver will evaluate the commercial reasonableness of maintaining partial operations at the Kitchener Facility with a view to continuing production for specific customer contracts for a limited period. Consequently, the Proposed Receiver proposes to market the Windsor Business as well as the assets located in Windsor and Kitchener.

52. As a result, the Proposed Receiver has developed a proposed sales process which is set out in the attached **Appendix “A”** (the “**Sale Process**”). The Sales Process involves separating the various assets into lots by location and sub-lots (the “**Lots**” and “**Sub-Lots**”, respectively) as listed in an electronic data room (the “**Data Room**”) to be established by the Proposed Receiver. Bids can be submitted for the Windsor Business and/or any or all of the Lots or Sub-Lots, which can be summarized as follows:

- (a) **The Windsor Business:** The operations and assets, including in Lots 1 and 3, used in the Windsor Business. A bid for the Windsor Business shall specify which of the following numbered lots are included;
- (b) **Lot 1:** Fixed assets, including machinery and equipment, located at the Windsor Facility;
- (c) **Lot 2:** Fixed assets, including machinery and equipment, located at the Kitchener Facility;
- (d) **Lot 3:** Fixed assets, including machinery and equipment, located at the Windsor Warehouse;
- (e) **Lot 4:** All raw material inventory, work-in-process inventory, and finished goods inventory, which are not otherwise used in operations or sold to customers at each of:
 - (i) Lot 4(a) - The Windsor Facility,
 - (ii) Lot 4(b) – The Kitchener Facility;
 - (iii) Lot 4(c) - The Windsor Warehouse; and
- (f) **Lot 5:** All intellectual property of the Debtors, excluding any intellectual property which may be included in a transaction for the Windsor Business.

53. The accounts receivable of the Debtors may be made available for an assignment or sale to a Prospective Bidder, in the sole discretion of the Proposed Receiver.

54. The Proposed Receiver reserves its right to add or remove assets from the Lots and Sublots prior to the Bid Deadline.
55. Purchasers seeking only to purchase the Windsor Business and assets located at the Windsor Facility and Windsor Warehouse are only required to submit one Binding Bid. If such parties are also interested in assets located in Kitchener, a separate bid(s) will be required for Lots or Sublots 2, 4, and 5 in respect of the Kitchener assets.

Timeline

56. The Sale Process is a robust process intended to broadly market the assets in a reasonable timeframe. A chronology of the key activities to be undertaken by the Proposed Receiver is set out below.

Timing	Activity
Day 1 to 5	<ul style="list-style-type: none"> • Identification of potential purchasers (each, a “Potential Purchaser”). • Preparation of a marketing teaser (the “Teaser”) and form of non-disclosure agreement (“NDA”) for circulation to Potential Purchasers. • Compile and review information that will be required by Potential Purchasers to assess their offer(s) for the assets. • Establish and commence populating the Data Room with information for Potential Purchasers who executed an NDA to assess the equipment and acquisition opportunity.
Day 5 to 7	<ul style="list-style-type: none"> • Launch the market outreach campaign with an email distribution of the Teaser and NDA to Potential Purchasers. • Advertise in an industry publication. • Commence arranging third-party inspection of assets and preparation of equipment listing for use by Potential Purchasers. • Respond to in-bound calls and inquiries.
Day 15-20	<ul style="list-style-type: none"> • The Receiver’s template forms of offer to be posted in the Data Room for use by Prospective Bidders: <ul style="list-style-type: none"> ○ Agreement of Purchase and Sale re Windsor Business – The Receiver’s template form of Agreement of Purchase and Sale ○ Asset Purchase Agreement / Auction Proposal – The Receiver’s template form of Asset Purchase Agreement and/or Terms and Conditions for an auction proposal
Day 8 to 30	<ul style="list-style-type: none"> • Continue outreach to Potential Purchasers, respond to inquiries, and execution of NDAs. • Ongoing compilation and review of information, updating the Data Room.

Timing	Activity
	<ul style="list-style-type: none"> Coordinate site visits and review of assets by Prospective Bidders.
Day 31	<ul style="list-style-type: none"> Bid deadline for submission of bids, including conditions, supplemental bidder information about its operational background, experience, corporate disclosures, and financial capability (the “Bid Deadline”).
Day 31 to 35	<ul style="list-style-type: none"> Review of bids (each, a “Bid”), selection of shortlisted Bids (each, a “Shortlisted Bid”), correspondence and clarifying questions with Shortlisted Bids, and consultations with stakeholders.
Day 35	<ul style="list-style-type: none"> Selection of the most advantageous Shortlisted Bid(s), conditional on Court approval.
Day 35 to 40	<ul style="list-style-type: none"> Negotiation with the successful bidder(s) and execution of a definitive agreement (a “Definitive Agreement”).
Day 45 to 50	<ul style="list-style-type: none"> Projected date to seek the Court’s approval of the successful purchaser and the corresponding Definitive Agreement (the “Sale Approval Hearing”).
Day 51 to 55	<ul style="list-style-type: none"> Close the transaction (the “Sale Transaction”) set out in the Definitive Agreement. Implement terms of the Definitive Agreement (if applicable). Targeted date for removal of all Property and vacate associated leased premises.
TBC - Auction Timing	<ul style="list-style-type: none"> Period and terms of continued occupancy to facilitate an auction at each or all of the Windsor Facility, Kitchener Facility, and Windsor Warehouse to be negotiated and subject to the Receiver’s discretion.

57. The condensed timeline proposed in the table above reflects the lack of liquidity to fund ongoing protective disbursements, including ongoing Windsor payroll and interim occupancy costs with multiple leased locations. Accordingly, the Receiver believes the Sale Process is reasonable in the circumstances set out above. However, the Proposed Receiver reserves the right to modify or extend the timeframes set out above should it deem it necessary to maximize the realizations from the Property.

Other Terms and Conditions

58. The following is a summary of other key terms and conditions of the Sale Process:

- Purchasers are only required to submit one bid for the Windsor Business and assets located in Windsor.

- Prospective Bidders that operate as an auctioneer (an “**Auctioneer**”) shall submit two bids required for the assets as follows:
 - Cash Purchase Price – An offer to purchase and take title to all of the Property, Lots, or Sublots. Such offers must ascribe bid values to permit the Proposed Receiver to allocate them between other secured creditors as may be applicable and required; and
 - Net Minimum Guarantee – Bidder offers to pay a specified minimum amount for all the machinery and equipment to be auctioned (a “**Net Minimum Guarantee**” or “**NMG**”), plus the proceeds from auction above the NMG would be shared by allocation between the bidder and the Proposed Receiver based upon a negotiated / proposed structure
- Each Auctioneer bid shall (i) provide a brief description of its corporate background, including but not limited to prior experience for projects of this size/scope, and any prior experience in the automotive or manufacturing industry; (ii) demonstrate an in-depth knowledge of the various asset classes available and clear insight on the appropriate channels to market these assets to maximize recovery; (iii) provide evidence of financial ability to close the proposed transaction (e.g. Proof of Funds letter) and appropriate insurance to conclude the transaction; and (iv) specify any partners that would participate in the transaction.
- Each Auctioneer shall outline an opinion on the estimated value range of recovery/price per asset/unit on the asset listing included in the Data Room.
- A listing of the assets will be provided to Potential Purchasers; however, as a starting point interested parties are responsible to conduct their own diligence on the assets. An asset sale is meant to include all assets wall-to-wall, floor-to-ceiling with the exception of items that must remain affixed to building, leased items, and items that would typically remain with a leased building (e.g. HVAC, lighting, doors, electrical, plumbing, etc.).
- All assets will be sold “as-is”, “where-is” without warranty or liability.
- Each bidder to provide its opinion on the estimated value range of recovery/price per asset on the asset listing and in total.
- Bidders will be responsible for: (i) coordinating with the local management on-site appropriate documentation to facilitate sale and asset removal; (ii) coordinating removal of all assets using bonded and insured riggers and service providers; and (iii) leaving the

respective leased facility in an orderly condition and for restoring any damages caused to the premises that occurs as a result of the asset removal.

- The Receiver will assess and consider whether the Bids, if any, are likely to be consummated and in the best interest of stakeholders.
- The Receiver shall review all such Bids and may, but shall have no obligation to, enter into a Definitive Agreement with the Potential Purchaser or Potential Purchasers who submitted the best, highest, or otherwise most favourable bid. The Receiver reserves its right not to accept any bid or to vary the terms of or terminate the Sale Process. The Receiver reserves the right to deal with one or more bidders to the exclusion of others and to accept a bid or bids for some or all of the Property.

59. For greater certainty, paragraphs 52 to 58 this Report are of a summary nature and the terms provided for in the Sales Process at Appendix “A” shall govern.

RECEIVER’S BORROWINGS

60. The draft Receivership Order provides for the Proposed Receiver to borrow up to \$2.0 million by way of Receiver’s certificates. Based on its preliminary analysis, the Receiver believes this should be sufficient to fund receivership operations until the Sale Process can be implemented and proceeds from the sale of the Property collected. In the event that circumstances dictate that the Proposed Receiver would require further funding beyond the maximum set out above, it will return to Court to seek to have the maximum borrowing capacity increased. TD Bank has agreed to provide funding through Receiver’s Certificates throughout the receivership process.

61. The Receiver expects that borrowings may be required to fund existing and ongoing obligations, including but not limited to: payroll, rent, security, utilities, various other protective disbursements, and professional and legal costs that will be incurred during the receivership. The Receiver believes that such borrowings are necessary and appropriate for the benefit of all stakeholders and to enhance value in undertaking the Sale Process. The Receiver intends to utilize such borrowings subject to the timing of collections of A/R and inventory sales.

PROPOSED RECEIVER’S RECOMMENDATIONS

62. For the reasons set out above, and in the event the Court grants the Appointing Order, the Receiver recommends that the Court approve the processes of disposition as described and proposed in this Report.

All of which is respectfully submitted at Toronto, Ontario this 19th day of May, 2023.

DELOITTE RESTRUCTURING INC.,
solely in its capacity as the proposed
Court-appointed Receiver of
Injection Technologies Inc., Moldco Plastics
Inc., and Moldco Holdings Inc., and
without personal or corporate liability



Per:

Jorden Sleeth, CPA, CA, CIRP, LIT
Senior Vice-President



Stefano Damiani, CPA, CA, CIRP, LIT
Senior Vice-President

THE TORONTO-DOMINION BANK

-and- INJECTION TECHNOLOGIES INC., MOLDCO PLASTICS INC.,
AND MOLDCO HOLDINGS INC.

Applicant

Respondents

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

PROCEEDING COMMENCED AT
TORONTO

**PRE-FILING REPORT OF THE PROPOSED RECEIVER,
DELOITTE RESTRUCTURING INC.**

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