

## **CONWAY J. ENDORSEMENT**

The Proposal Trustee seeks an Order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale between the Conforti Holding Limited (the “Company”) and Cicaplus Ltd. (the “**Purchaser**”) dated May 5, 2021, as amended by an amendment agreement entered into following an auction on July 15, 2021 (the “**Augmented Stalking Horse APA**”), and vesting the assets purchased thereunder, being the Company’s head office owned by the Company and situated at 7755 Warden Avenue, Unit 2, in Markham (the “Property”).

The purchase price under the Augmented Stalking Horse APA for the Property is \$6,200,000 (the “Purchase Price”). Of this amount \$1,500,000 is to be satisfied by the Purchaser assuming the purported secured indebtedness of the Company to Beauty Experts Inc. (“BTI”).

On August 20, 2021, Moroccanoil, Inc. (“Moroccanoil”), a contingent creditor of the Company, delivered a motion record (the Moroccanoil Motion) challenging the validity of the BTI security (the “BTI Security”) and indebtedness of \$1,500,000 claimed under the BTI Security (the “BTI Indebtedness”). Moroccanoil further seeks to prevent the Proposal Trustee from accepting the Augmented Stalking Horse APA or alternatively, that the Purchaser not be able to assume the BTI Indebtedness and instead be required to pay an additional \$1,500,000 in cash in order to close the Transaction for the Property.

Moroccanoil, the Purchaser, the Company and the Proposal Trustee have agreed that the sale can be approved and vesting order granted on the basis of the Augmented Stalking Horse APA subject to the terms of this Endorsement. These terms are as follows:

1. Prior to the closing of the Augmented Stalking Horse APA, and in addition to all of the other conditions to closing, Cicaplus shall deposit the sum of \$1,500,000 in trust with the Proposal Trustee's lawyers (the "Funds").
2. The Funds may only be released by the Proposal Trustee pursuant to a future Court Order or Endorsement of a Judge of the Commercial List .
3. The parties will agree to a timetable for the hearing of the Moroccanoil Motion and will then seek a motion date at a 9:30 hearing, to be booked.
4. In the event the Moroccanoil Motion is ultimately entirely unsuccessful, the Funds will be returned to the Purchaser.
5. To the extent the Moroccanoil Motion is fully or partially successful in its challenge of the BTI Security and the BTI Indebtedness, some or all of the Funds (as may be ordered (the "Moroccanoil Motion Order") by the Judge hearing the Moroccanoil Motion) will be used to satisfy that portion of the Purchase Price otherwise to have been satisfied by the Purchaser assuming the BTI Indebtedness. Funds remaining, if any, shall be returned to the Purchaser to the extent directed by the Moroccanoil Motion Order.

The approval of the Transaction and the granting of the vesting order sought by the Proposal Trustee, on the terms set out above, are entirely without prejudice to

- (i) Moroccanoil's position that the BTI Security and/or the BTI indebtedness are invalid, void, voidable, unenforceable or otherwise cannot be assumed by the Purchaser as part of the Purchase Price and for the avoidance of doubt, the closing of the Transaction shall not render moot any argument or position which Moroccanoil may seek to assert;
- (ii) The Purchaser's position that the BTI Security and the BTI Indebtedness are valid and that it should be permitted to satisfy \$1,500,000 of the Purchase Price by assumption of the BTI Security and the BTI Indebtedness;
- (iii) The Company's position that no monies are owed by the Company to Moroccanoil. that Moroccanoil is in fact indebted to the Company in excess of \$4,000,000 and that Moroccanoil has no standing as a creditor in the Company's Proposal proceedings under the BIA; and
- (iv) Moroccanoil's position to the contrary of (iii) above, that it is owed the amounts set out in its Proof of Claim filed August 20, 2021, that it is not indebted in any fashion to CHL and that it has full standing as a creditor in the Company's Proposal proceedings and has had or ought to have had that standing since the commencement of those proceedings.

