

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

**IN THE MATTER OF THE PROPOSAL TO CREDITORS OF CONFORTI
HOLDINGS LIMITED,
A CORPORATION INCORPORATED UNDER THE ONTARIO *BUSINESS
CORPORATIONS ACT, R.S.O. 1990, C. B.16***

MOTION RECORD

Beauty Experts Security Motion

October 13, 2021

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5

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Lawyers for Moroccanoil, Inc.

TO: ATTACHED SERVICE LIST

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TAB DOCUMENT

1. Notice of Motion
2. Affidavit of Marie-Eve Berube-Cote sworn October 13, 2021
 - Exhibit “A” Corporate Profile Reports for each of CHL, BEI and Cicaplus
 - Exhibit “B” Settlement Agreement dated July 15, 2013
 - Exhibit “C” Brief in Support of Plaintiff’s Motion to Enforce Settlement Agreement
 - Exhibit “D” Proof of Claim of Moroccanoil, Inc.
 - Exhibit “E” Initial Creditor List prepared by CHL
 - Exhibit “F” March 12 Creditor List prepared by CHL
 - Exhibit “G” Sale Process Order dated May 14, 2021
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 - Exhibit “I” Letter from Gowling WLG (Canada) LLP to Goldman Sloan Nash & Haber LLP dated July 16, 2021
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 - Exhibit “K” Alleged Security Agreement of BEI
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3. Affidavit of Mark Riedel sworn October 13, 2021

TAB 1

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE PROPOSAL TO CREDITORS OF CONFORTI HOLDINGS LIMITED,
A CORPORATION INCORPORATED UNDER THE ONTARIO *BUSINESS CORPORATIONS ACT*,
R.S.O. 1990, C. B.16

NOTICE OF MOTION

Moroccanoil, Inc. ("Moroccanoil") will make a motion before a judge of the Ontario Superior Court of Justice (Commercial List) (the "Court") on a date to be established by the Commercial List Office, or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard orally:

- In writing under subrule 37.12.1 (1) because it is (*insert one of* on consent, unopposed or made without notice);
- In writing as an opposed motion under subrule 37.12.1 (4);
- In person;
- By telephone conference;
- By video conference.

via Zoom at Toronto, Ontario.

THE MOTION IS FOR:

1. An order, among other things:
 - (a) Declaring that no secured indebtedness (the "Alleged BEI Secured Debt") is owing by Conforti Holdings Limited ("CHL") to Beauty Experts Inc. ("BEI");

- (b) Prohibiting CHL from accepting a credit bid from Cicaplus Ltd. ("Cicaplus") or any nominee of Cicaplus of the Alleged BEI Secured Debt under an asset purchase agreement dated as of May 5, 2021 (the "Original APA"), as amended by a bid form and amendment dated as of July 15, 2021 (the "Amendment" together with the Original APA, the "Amended APA"); and
- (c) In the alternative to (b) above, making the approval of the transaction contemplated by the Amended APA subject to the condition that Cicaplus pay the amount of the purchase price represented by the Alleged BEI Secured in cash instead of by way of credit bid.

2. Such further and other relief as counsel may advise and as this Honourable Court deems just.

THE GROUNDS FOR THIS MOTION ARE

Background to the Relationship Between Moroccanoil and CHL

- 1. Moroccanoil produces and distributes a popular line of hair care products in over sixty countries, including the United States and Canada.
- 2. In or around 2009, Moroccanoil began receiving reports of counterfeit Moroccanoil Oil Treatment products appearing at various retail locations throughout the United States and Canada;
- 3. After tracing counterfeit Moroccanoil products to salons owned by Salon Distribution, Inc. (hereafter included in the definition of CHL) and Tony Conforti ("Conforti"), Moroccanoil sued CHL and Conforti in New Jersey in 2011 (the "2011 Litigation");
- 4. Salon Distribution, Inc. is a predecessor by amalgamation to CHL;
- 5. CHL, BEI, and Cicaplus are all entities controlled either directly or indirectly by Conforti;

6. On July 15, 2013, Salon Distribution, Inc. and Conforti entered into a settlement agreement with Moroccanoil to resolve the 2011 Litigation (the "**Agreement**");
7. Conforti falsely signed the agreement as Salon Distribution, Inc., an entity that did not exist at the time (as it had by then amalgamated into CHL), and then warranted that Salon Distribution, Inc. had the right and power to sign the Agreement. Conforti would conceal the amalgamation of CHL from Moroccanoil for over six years;
8. Moroccanoil subsequently learned that Salon Distribution, Inc. (now CHL) and Conforti had breached the Agreement and sold or otherwise transferred a significant quantity of Moroccanoil products to an unauthorized retail store in Macau;
9. In April 2015, Moroccanoil filed its first Motion to Enforce with the United States District Court District of New Jersey (the "**NJ Court**") on the basis, among other things, that CHL and Conforti breached the Agreement by reselling or otherwise transferring large quantities of Moroccanoil products, either directly or indirectly, to an unauthorized retail store (the "**New Jersey Proceedings**");
10. Conforti and CHL opposed and filed an affirmative Cross-Motion to Enforce Settlement Agreement in August 2015 (the "**CHL Motion**");
11. The NJ Court preliminarily denied the motions as premature, and assigned Magistrate Judge Hammer to oversee discovery;
12. The parties engaged in written and oral discovery as directed by the NJ Court;
13. As of the date hereof the New Jersey Proceedings are stayed, pending the filing of Moroccanoil's claims against CHL with this Honourable Court so that they may be dealt with in these bankruptcy

proceedings. That being said the parties have made substantial headway in the proceedings including with respect to discovery;

14. The result of discovery to date are clear, Moroccanoil is entitled to the following amounts in the New Jersey Proceedings: (A) "Purchase Requirement Damages" of \$374,279 for unfulfilled purchases; (B) liquidated damages of \$860,000 for diversion; (C) reimbursement of legal fees in the amount \$1,237,465.00; and, (D) applicable interest in the amount of \$336,013.12;

CHL Files NOI Proceedings

15. Moroccanoil is one of the largest unsecured creditors of CHL, if not the largest;

16. CHL filed a Notice of Intention to Make a Proposal (the "**NOI**") under Division 1 of *the Bankruptcy and Insolvency Act* (Canada) on September 28, 2020;

17. Pursuant to Section 50.4(1) of the BIA, as part of the filing of its NOI, CHL was required to prepare a list of the names of its creditors with claims amounting to two hundred and fifty dollars or more (the "**Initial Creditor List**");

18. Pursuant to Section 50.4(6), within five days of the filing of the NOI, the proposal trustee (the "**Proposal Trustee**") was required to send to every known creditor notice of the filing of the NOI along with a copy of the Initial Creditor List;

19. Despite the legislative requirements noted above, CHL failed to include Moroccanoil on the Initial Creditor List submitted in filing the NOI and Moroccanoil did not receive notice of the filing of the NOI;

20. Despite the fact that the New Jersey Proceedings were ongoing, with multiple steps taken during this period including the hearing of certain motions, the NOI proceedings were not disclosed to Moroccanoil or the New Jersey Court;
21. On June 7, 2021, as it was preparing for a deposition of CHL, Moroccanoil first learned of the NOI proceedings, more than eight months after the NOI was filed;

The Sales Process Hearing

22. CHL's failure to provide notice to Moroccanoil of the NOI proceedings despite the legislative requirement to do so has had significant consequences;
23. Among other things, Moroccanoil was not provided notice of, or given the opportunity to participate and make submissions with respect to the appropriateness of the sale process (the "**Sale Process**") that was approved by Order of the Honourable Justice Conway (the "**Sale Process Order**") on May 14, 2021 for CHL's head office located at 7755 Warden Avenue, Markham, Ontario (the "**Warden Property**");
24. The Warden Property is CHL's most significant asset;

The Sale Process

25. The Sale Process Order included approval of a stalking horse bid submitted by Cicaplus pursuant to the Original APA that was based on a "credit bid" of, among other things, the Alleged BEI Secured Debt;
26. After the Sale Process Order was granted, the Proposal Trustee commenced the Sale Process;
27. Moroccanoil understands that as part of the Sale Process, the Proposal Trustee received a number of qualifying bids in addition to the Original APA submitted by Cicaplus;

28. An auction amongst qualified bidders was held on July 15, 2021;
29. At the conclusion of the auction, Cicaplus was the successful bidder, having submitted the highest bid as documented by the Amended APA;
30. As with the Original APA, the Amended APA includes a credit bid of the Alleged BEI Secured Debt;

The Alleged BEI Secured Debt

31. Based on the fifth report of the Proposal Trustee dated August 13, 2021, Moroccanoil understands that the Alleged BEI Secured Debt is valued at \$1,500,000;
32. As part of the New Jersey Proceedings, Moroccanoil received detailed financial disclosure (the “**Financial Information**”) regarding CHL’s business, including profit and loss statements, balance sheets, general ledgers and trial balances;
33. The Financial Information did not disclose the existence of the Alleged BEI Secured Debt;
34. In Support of the Alleged BEI Secured Debt, the Proposal Trustee has provided Moroccanoil with a “schedule of compensation” that was presumably prepared by Conforti (the “**Schedule of Compensation**”);
35. The Schedule of Compensation is one page, undated and provides no evidentiary support for the Alleged BEI Secured Debt;
36. The Alleged BEI Secured Debt does not appear to be *bona fide* and there is no evidence in the record that it represents the value received by CHL;

General

37. Those other grounds set out in the Berube-Cote Affidavit and the Riedel Affidavit and the exhibits thereto;
38. The provisions of the BIA, including Section 4.2, 95 and 96 thereof;
39. The provisions of the *Fraudulent Conveyances Act*, R.S.O. 1990, c. F.29, including Section 2;
40. The provisions of the *Assignments and Preferences Act*, R.S.O. 1990, c. A.33, including Section 4;
41. The inherent and equitable jurisdiction of this Honourable Court;
42. Such further and other grounds as counsel for Moroccanoil may advise and this Honourable Court may permit.

DOCUMENTARY EVIDENCE

43. The following documentary evidence will be used at the hearing of the motion:
 - (a) The affidavit of Marie-Eve Berube-Cote to be filed (the "**Berube-Cote Affidavit**");
 - (b) The affidavit of Mark Riedel to be filed (the "**Riedel Affidavit**");
 - (c) Such further and other materials as counsel for the Moroccanoil may advise and as this Honourable Court may permit.

Date: August 20, 2021

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Toronto ON M5X 1G5

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Lawyers for Moroccanoil, Inc.

IN THE MATTER OF THE PROPOSAL TO CREDITORS OF CONFORTI HOLDINGS LIMITED,
A CORPORATION INCORPORATED UNDER THE ONTARIO *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, C. B.16

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

NOTICE OF MOTION

GOWLING WLG (CANADA) LLP
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Toronto ON M5X 1G5

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Lawyers for Moroccanoil, Inc.

TAB 2

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

**IN THE MATTER OF THE PROPOSAL TO CREDITORS OF CONFORTI HOLDINGS
LIMITED,
A CORPORATION INCORPORATED UNDER THE ONTARIO BUSINESS
CORPORATIONS ACT, R.S.O. 1990, C. B.16**

AFFIDAVIT OF MARIE-EVE BÉRUBÉ-CÔTÉ

(Sworn October 13, 2021)

**I, Marie-Eve Bérubé-Côté, of the City of Montreal, Quebec MAKE OATH AND SAY
AS FOLLOWS:**

1. I am the General Counsel, Americas of Moroccanoil, Inc. (“**Moroccanoil**”). As a result, I have personal knowledge of the matters to which I hereinafter depose save and except where I refer to matters based on information and belief, in which case I verily believe that information to be true. Where the information set out in this affidavit is based upon information that I have received from others, I have stated the source of that information and believe it to be true.

2. This affidavit is sworn in support of Moroccanoil’s motion for an Order:

- (a) Declaring that no secured indebtedness (the “**Alleged BEI Secured Debt**”) is owing by Conforti Holdings Limited (“**CHL**”) to Beauty Experts Inc. (“**BEI**”); and
- (b) Prohibiting CHL from accepting a credit bid from Cicaplus Ltd. (“**Cicaplus**”) of the Alleged BEI Secured Debt under an asset purchase agreement in respect of the Warden Property (as defined below) dated as of May 5, 2021 (the “**Original**

APA”), as amended by a bid form and amendment dated as of July 15, 2021 (the “**Amendment**” together with the Original APA, the “**Amended APA**”).

I. DESCRIPTION OF THE PARTIES

CHL / BEI / Cicaplus

3. CHL operates salons across Southern Ontario. I have been advised by Thomas Gertner¹, Canadian counsel to Moroccanoil that CHL is a successor to Salon Distribution, Inc. (hereafter included in the definition of CHL) (“**SDI**”). CHL commenced these insolvency proceedings on September 29, 2020. Until recently, CHL owned the Warden Property.
4. BEI claims to be a secured creditor of CHL in respect of the Alleged BEI Secured Debt.
5. Cicaplus is the purchaser of the Warden Property. As part of the purchase price for the Warden Property it is seeking to use the Alleged BEI Secured Debt in these proceedings.
6. CHL, BEI, and Cicaplus are all entities controlled either directly or indirectly by Tony Conforti (“**Conforti**”). Attached hereto and marked as **Exhibit A**, are true copies of corporate profile reports for each of CHL, BEI, and Cicaplus.

Moroccanoil

7. Moroccanoil is a significant creditor of CHL. It produces and distributes a popular line of hair care products in over sixty (60) countries including the United States and Canada. As further

¹ I note that in referencing information that I have obtained from U.S. or Canadian counsel to Moroccanoil in this affidavit, I do not intend to waive any privilege attaching to communications with counsel and Moroccanoil expressly reserves its rights to assert all applicable privileges.

described below, it is party to ongoing litigation with CHL in New Jersey (the “**New Jersey Proceedings**”).

II. The Settlement Agreement and its Breach

8. In or around 2009, Moroccanoil began receiving reports of counterfeit Moroccanoil Oil Treatment products appearing at various retail locations throughout the United States and Canada.

9. After tracing counterfeit Moroccanoil products to salons affiliated with SDI and Conforti. Moroccanoil sued SDI and Conforti in New Jersey in 2011 (the “**2011 Litigation**”).

10. On July 15, 2013, SDI and Conforti entered into a settlement agreement with Moroccanoil to resolve the 2011 Litigation (the “**Settlement Agreement**”). Attached hereto and marked as **Exhibit B** is a true copy of the Settlement Agreement.

11. I note that Conforti in executing the Settlement Agreement signed the agreement as an authorized officer of SDI, an entity that did not exist at the time as it had by then amalgamated into CHL. In executing the Settlement Agreement Conforti warranted that SDI had the right and power to sign and enter into this agreement.

12. Conforti concealed the amalgamation of SDI with CHL from Moroccanoil for over six (6) years.

13. The Settlement Agreement specifically prohibits SDI from directly or indirectly, knowingly or unknowingly, diverting or counterfeiting Moroccanoil products anywhere in the world.

14. In or about December 2014, Moroccanoil learned that SDI (now CHL) and Conforti breached the Settlement Agreement and sold or otherwise diverted a significant quantity of Moroccanoil products to an unauthorized retail store in Macau.

15. CHL's breaches of the Settlement Agreement are more fully summarized in the Brief in Support of Plaintiff's Motion to Enforce Settlement Agreement filed by Moroccanoil in the New Jersey Proceedings on November 6, 2020, a true copy of which is attached hereto and marked as **Exhibit C**.

III. The New Jersey Proceedings

16. Moroccanoil filed a Motion to Enforce the Settlement Agreement with the United States District Court District of New Jersey (the "**NJ Court**") in April 2015 on the basis, among other things, that CHL and Conforti breached the Settlement Agreement by (i) reselling or otherwise transferring large quantities of Moroccanoil products, either directly or indirectly, to an unauthorized retail store; and (ii) failing to maintain, create and produce contractually required records.

17. Conforti and CHL opposed and filed an affirmative Cross-Motion to Enforce Settlement Agreement in August 2015.

18. The NJ Court preliminarily denied both motions as premature and assigned Magistrate Judge Hammer to oversee discovery.

19. The parties subsequently engaged in written and oral discovery as directed by the NJ Court.

20. In accordance with the proof of claim filed in these proceedings attached as **Exhibit D** to this my affidavit, Moroccanoil is owed the following amounts by CHL in connection with the New Jersey Proceedings: (A) “Purchase Requirement Damages” of \$374,279 for unfulfilled purchases; (B) liquidated damages of \$860,000 for diversion; (C) reimbursement of legal fees in the amount \$1,237,465.00; and, (D) applicable interest in the amount of \$336,013.12.

IV. CHL Files the NOI Proceedings

21. CHL filed a Notice of Intention to Make a Proposal (the “**NOI**”) under Division 1 of *the Bankruptcy and Insolvency Act* (Canada) on September 28, 2020.

22. I am advised by Mr. Gertner that pursuant to Section 50.4(1) of the BIA, as part of the filing of its NOI, CHL was required to prepare and file a list of the names of its creditors with claims amounting to two hundred and fifty dollars (\$250) or more (the “**Initial Creditor List**”).

23. I am further advised by Mr. Gertner that pursuant to Section 50.4(6), within five (5) days of the filing of the NOI, the proposal trustee (the “**Proposal Trustee**”) was required to send to every known creditor notice of the filing of the NOI along with a copy of the Initial Creditor List.

24. I understand from Mr. Gertner, that as part of the NOI proceedings, the Proposal Trustee and Conforti prepared a further list of CHL’s creditors dated as of March 12, 2021 (the “**March 12 Creditor List**”) in advance of a formal creditors meeting scheduled for April 1, 2021 (the “**April 1 Creditors’ Meeting**”).

V. CHL Fails to Disclose Insolvency Proceedings

25. Despite the legislative requirements noted above, and despite the magnitude of its potential claim, CHL failed to include Moroccanoil on the Initial Creditor List or the March 12 Creditor List and Moroccanoil did not receive notice of the filing of the NOI. True Copies of the Initial Creditor List and March 12 Creditor List are attached hereto as **Exhibits E and F** respectively.

26. I note that, in addition to not fulfilling these requirements, CHL's U.S. counsel also failed to directly provide Moroccanoil or the New Jersey Court notice of the filing of the NOI, notwithstanding that the New Jersey Proceedings were ongoing, with multiple steps taken during this period including the hearing of certain motions.

27. On June 7, 2021 (the "**Disclosure Date**"), Moroccanoil first learned of the NOI proceedings more than eight (8) months after the NOI was filed, when our U.S. counsel discovered the Proposal Trustee's case website in advance of a deposition of CHL.

VI. Prejudice to Moroccanoil From Failure to Disclose Insolvency Proceedings

28. Having not been advised of the NOI proceedings until the Disclosure Date, Moroccanoil was not provided notice of, or given the opportunity to participate in the following meetings and hearings that occurred in the NOI proceedings:²

- (a) Stay extension hearings held on October 26, 2020, December 14, 2020, and January 27, 2021 (the "**Stay Extension Hearings**");

² I obtained my information concerning these matters from the website maintained by the Proposal Trustee in respect of the NOI proceedings.

- (b) The April 1 Creditors' Meeting, to consider the terms of a proposal filed by CHL, which meeting was adjourned until October 29, 2021; and
- (c) A hearing held on May 14, 2021, to consider the granting of an Order (the "**Sale Process Order**") approving the sale process (the "**Sale Process**") for CHL's head office located at 7755 Warden Avenue, Markham, Ontario (the "**Warden Property**").

VII. The Sale Process

29. The Sale Process Order, in the form granted by the Court, included approval of a stalking horse bid submitted by Cicaplus pursuant to the Original APA that was based on a "credit bid" of, among other things, the Alleged BEI Secured Debt. A true copy of the Sale Process Order is attached hereto as **Exhibit G**.

30. After the Sale Process Order was granted, the Proposal Trustee commenced the Sale Process.

31. I have been advised by Mr. Gertner that as part of the Sale Process, the Proposal Trustee received a number of qualifying bids in addition to the Original APA submitted by Cicaplus. An auction amongst qualified bidders was held on July 15, 2021 and at the conclusion of the auction, Cicaplus was the successful bidder, having submitted the highest bid as documented by the Amended APA.

32. As with the Original APA, the Amended APA includes a credit bid of the Alleged BEI Secured Debt. True copies of the Original APA and Amended APA are attached hereto as **Exhibit H**.

VIII. The Alleged BEI Secured Debt

33. I have been advised by Mr. Gertner that the Fifth Report of the Proposal Trustee dated August 13, 2021 states that the Alleged BEI Secured Debt is valued at \$1,500,000.

34. On July 16, 2021, Clifton Prophet, Canadian counsel to Moroccanoil wrote to counsel to the Proposal Trustee, Goldman Sloan Nash & Haber LLP (“GSNH”), to express Moroccanoil’s concern with respect to the Alleged BEI Secured Debt (the “**July 16 Letter**”). Attached hereto and marked as **Exhibit I** is a true copy of the July 16 Letter.

35. On August 12, 2021, GSNH wrote a responding letter to Mr. Prophet in which it advised that it was of the view that the Alleged BEI Secured Debt, which it stated was incurred in respect of deferred compensation, was valid (the “**August 12 Letter**”). In support of its position it attached a “schedule of compensation”. Attached hereto and marked as **Exhibit J** is a true copy of the August 12 Letter inclusive of the schedule of compensation.

36. The schedule of compensation is one page, undated and seems to have been prepared by Conforti or a party acting on behalf of Conforti. No source documentation is included with or referenced in the schedule of compensation.

IX. Registration of the Alleged BEI Debt

37. Attached hereto and marked as **Exhibit K** is what I understand to be the security agreement being relied upon by BEI.

38. Attached hereto and marked as **Exhibit L** are true copies of *Personal Property Security Act* (Ontario) (“**PPSA**”) searches obtained in Ontario against CHL with a file currency date of September 14, 2021 (“**PPSA Searches**”).

39. I have been advised by Mr. Gertner that the PPSA Searches reveal that BEI did not register its alleged secured interest under the PPSA until February 24, 2021 (the “**BEI Registration**”).

40. I note that the BEI Registration occurred after the NOI had been filed and each of the Stay Extension Hearings had been held.

41. I understand in reviewing the Proposal Trustee’s case website for this matter, that at no time did the Proposal Trustee or CHL disclose as part of the Stay Extension Hearings, to the creditors or the Court, that BEI, which was a related party, did not actually have a perfected security interest prior to the BEI Registration Date.

42. I note that Conforti attached PPSA searches (the “**October Searches**”) to his affidavit sworn as of October 21, 2020 (the “**October 21 Affidavit**”), in support of the first stay extension that reflected that no registration was held by BEI. Attached hereto and marked as **Exhibit M** are true copies of the October 21 Affidavit without exhibits and the October Searches.

43. I find this to be concerning as I understand from Mr. Gertner that if the stay of proceedings was not extended at the Stay Extension Hearings, a bankruptcy would have occurred, and BEI would not have been able to advance its secured claim on the basis that it had not been perfected as of the date of bankruptcy.

44. This may in turn have significantly increased recoveries for CHL’s unsecured creditors.

45. The effect of CHL's non-disclosure of the Alleged BEI Secured Debt exacerbated the prejudice suffered by Moroccanoil of being effectively shutout of the CHL insolvency proceedings.

46. The failure to disclose this information seems to me to be highly prejudicial to CHL's stakeholders. It seems to me to be part of a pattern of non-disclosure by CHL, both in and outside of these proceedings. It seems highly unfair to me that such information was not disclosed to either CHL or its stakeholders at the Stay Extension Hearings.

47. Had Moroccanoil received notice of the Stay Extension Hearings, it would have opposed the extensions, particularly had it been aware that a related party like BEI was going to assert a security interest later that had the effect of depriving arms' length creditors of value.

SWORN before me by video-conference at the City of Toronto,
in the Province of Ontario this 13th day
of October, 2021



Commissioner for taking affidavits, etc.



MARIE-EVE BÉRUBÉ-CÔTÉ

TAB 2A

THIS IS EXHIBIT "A"
REFERRED TO IN THE AFFIDAVIT OF
MARIE-EVE BÉRUBÉ-CÔTÉ SWORN
BEFORE ME ON OCTOBER 13, 2021



A Commissioner for Oaths and Notary Public in
and for the Province of Ontario

CORPORATION PROFILE REPORT

| Ontario Corp Number | Corporation Name | Amalgamation Date |
|--------------------------------------------------------|---------------------------------------------|------------------------------|
| 1933265 | CONFORTI HOLDINGS LIMITED | 2015/04/01 |
| Corporation Type | Corporation Status | Former Jurisdiction |
| ONTARIO BUSINESS CORP. | ACTIVE | NOT APPLICABLE |
| Registered Office Address | Date Amalgamated | Amalgamation Ind. |
| 7755 WARDEN AVE | NOT APPLICABLE | A |
| Suite # UNIT 2 MARKHAM ONTARIO CANADA L3R 0N3 | New Amal. Number | Notice Date |
| | NOT APPLICABLE | NOT APPLICABLE |
| | Letter Date | |
| Mailing Address | Revival Date | Continuation Date |
| NOT AVAILABLE | NOT APPLICABLE | NOT APPLICABLE |
| Activity Classification | Number of Directors Minimum Maximum | Date Commenced in Ontario |
| NOT AVAILABLE | 00002 00002 | NOT APPLICABLE |
| | | Date Ceased in Ontario |
| | | NOT APPLICABLE |

CORPORATION PROFILE REPORT

Ontario Corp Number

1933265

Corporation Name

CONFORTI HOLDINGS LIMITED

Corporate Name History

CONFORTI HOLDINGS LIMITED

Effective Date

2015/04/01

Current Business Name(s) Exist:

YES

Expired Business Name(s) Exist:

YES - SEARCH REQUIRED FOR DETAILS

Amalgamating Corporations

| Corporation Name | Corporate Number |
|---------------------------|-------------------------|
| BIVER COIFFURES LTD. | 1138511 |
| CANAL COIFFURES LTD. | 1138513 |
| CONFORTI HOLDINGS LIMITED | 1893643 |
| CREW COIFFURES LTD. | 2019716 |
| EAST COIFFURES LTD. | 1260097 |
| EXTREME COIFFURES LTD. | 1480433 |
| MARKHAM COIFFURES LTD. | 1335235 |
| MOTION COIFFURES LTD. | 2163004 |
| NATURA IMPORTS LTD. | 2021350 |
| PARK COIFFURES LTD. | 1401924 |
| PASSION COIFFURES LTD. | 2008275 |
| SPA COIFFURES LTD. | 1401925 |
| WHITE PINE COIFFURES LTD. | 1401923 |

CORPORATION PROFILE REPORT

Ontario Corp Number

1933265

Corporation Name

CONFORTI HOLDINGS LIMITED

Administrator:

Name (Individual / Corporation)

TONY

CONFORTI

Address

7755 WARDEN AVENUE
UNIT 2

MARKHAM
ONTARIO
CANADA L3R 0N3

Date Began

2015/04/01

First Director

YES

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

SYLVIA

CONFORTI

Address

7755 WARDEN AVENUE
UNIT 2

MARKHAM
ONTARIO
CANADA L3R 0N3

Date Began

2015/04/01

First Director

YES

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

CORPORATION PROFILE REPORT

Ontario Corp Number

1933265

Corporation Name

CONFORTI HOLDINGS LIMITED

Last Document Recorded

| Act/Code Description | Form | Date |
|------------------------|------|--------------------------------|
| CIA ANNUAL RETURN 2014 | 1C | 2015/04/08 (ELECTRONIC FILING) |

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

CORPORATION PROFILE REPORT

| Ontario Corp Number | Corporation Name | Incorporation Date | |
|----------------------------------------------------------------------|---------------------|---------------------|---------------------------|
| 2235697 | BEAUTY EXPERTS INC. | 2010/03/02 | |
| Corporation Type | Corporation Status | Former Jurisdiction | |
| ONTARIO BUSINESS CORP. | ACTIVE | NOT APPLICABLE | |
| Registered Office Address | | Date Amalgamated | Amalgamation Ind. |
| 7755 WARDEN AVE Suite # 2 MARKHAM ONTARIO CANADA L3R 0N3 | | NOT APPLICABLE | NOT APPLICABLE |
| Mailing Address | | New Amal. Number | Notice Date |
| NOT AVAILABLE | | NOT APPLICABLE | NOT APPLICABLE |
| Activity Classification | | Revival Date | Continuation Date |
| NOT AVAILABLE | | NOT APPLICABLE | NOT APPLICABLE |
| | Number of Directors | | |
| | Minimum | Maximum | |
| | 00001 | 00005 | Date Commenced in Ontario |
| | | | Date Ceased in Ontario |
| | | | NOT APPLICABLE |
| | | | NOT APPLICABLE |

Request ID: 026812683
Transaction ID: 80837572
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/10/12
Time Report Produced: 09:49:39
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

2235697

Corporation Name

BEAUTY EXPERTS INC.

Corporate Name History

BEAUTY EXPERTS INC.

Effective Date

2010/03/02

Current Business Name(s) Exist:

YES

Expired Business Name(s) Exist:

NO

Administrator:**Name (Individual / Corporation)**

TONY

CONFORTI

Address

7755 WARDEN AVENUE

Suite # 2
MARKHAM
ONTARIO
CANADA L3R 0N3

Date Began

2010/03/02

First Director

YES

Designation

DIRECTOR

Officer Type**Resident Canadian**

Y

Request ID: 026812683
Transaction ID: 80837572
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/10/12
Time Report Produced: 09:49:39
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

2235697

Corporation Name

BEAUTY EXPERTS INC.

Last Document Recorded

| Act/Code Description | Form | Date |
|------------------------|------|--------------------------------|
| CIA ANNUAL RETURN 2020 | 1C | 2020/12/13 (ELECTRONIC FILING) |

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

CORPORATION PROFILE REPORT

| Ontario Corp Number | Corporation Name | Incorporation Date | |
|---------------------------------------------------|---------------------------------------------|------------------------------|---------------------------|
| 2826492 | CICAPLUS LTD. | 2021/03/24 | |
| Jurisdiction | | | |
| ONTARIO | | | |
| Corporation Type | Corporation Status | Former Jurisdiction | |
| ONTARIO BUSINESS CORP. | ACTIVE | NOT APPLICABLE | |
| Registered Office Address | | Date Amalgamated | Amalgamation Ind. |
| 7755 WARDEN AVE | | NOT APPLICABLE | NOT APPLICABLE |
| Suite # 2 MARKHAM ONTARIO CANADA L3R 0N3 | | New Amal. Number | Notice Date |
| | | NOT APPLICABLE | NOT APPLICABLE |
| | | | Letter Date |
| Mailing Address | | NOT APPLICABLE | |
| 7755 WARDEN AVE | | Revival Date | Continuation Date |
| Suite # 2 MARKHAM ONTARIO CANADA L3R 0N3 | | NOT APPLICABLE | NOT APPLICABLE |
| | | Transferred Out Date | Cancel/Inactive Date |
| | | NOT APPLICABLE | NOT APPLICABLE |
| Activity Classification | Number of Directors Minimum Maximum | EP Licence Eff.Date | EP Licence Term.Date |
| NOT AVAILABLE | 00001 00010 | NOT APPLICABLE | NOT APPLICABLE |
| | | Date Commenced in Ontario | Date Ceased in Ontario |
| | | NOT APPLICABLE | NOT APPLICABLE |

Request ID: 026812689
Transaction ID: 80837584
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/10/12
Time Report Produced: 09:49:53
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

2826492

Corporation Name

CICAPLUS LTD.

Corporate Name History

CICAPLUS LTD.

Effective Date

2021/03/24

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:**Name (Individual / Corporation)**

ANTONIO

CONFORTI

Address

91 DUNCAN ROAD
RICHMOND HILL
ONTARIO
CANADA L4C 6J4

Date Began

2021/03/24

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

CORPORATION PROFILE REPORT

Ontario Corp Number

2826492

Corporation Name

CICAPLUS LTD.

Administrator:**Name (Individual / Corporation)**

SYLVIA

CONFORTI

Address

91 DUNCAN ROAD

RICHMOND HILL
ONTARIO
CANADA L4C 6J4

Date Began

2021/03/24

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian**Administrator:****Name (Individual / Corporation)**

ANTONIO

CONFORTI

Address

91 DUNCAN ROAD

RICHMOND HILL
ONTARIO
CANADA L4C 6J4

Date Began

2021/03/24

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type**Resident Canadian**

Y

CORPORATION PROFILE REPORT

Ontario Corp Number

2826492

Corporation Name

CICAPLUS LTD.

Administrator:**Name (Individual / Corporation)**

SYLVIA

CONFORTI

Address

91 DUNCAN ROAD
RICHMOND HILL
ONTARIO
CANADA L4C 6J4

Date Began

2021/03/24

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type**Resident Canadian**

Y

Administrator:**Name (Individual / Corporation)**

SYLVIA

CONFORTI

Address

91 DUNCAN ROAD
RICHMOND HILL
ONTARIO
CANADA L4C 6J4

Date Began

2021/03/24

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type**Resident Canadian**

TREASURER

Request ID: 026812689
Transaction ID: 80837584
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2021/10/12
Time Report Produced: 09:49:53
Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2826492

CICAPLUS LTD.

Last Document Recorded

| Act/Code Description | Form | Date |
|----------------------|------|--------------------------------|
| CIA INITIAL RETURN | 1 | 2021/03/24 (ELECTRONIC FILING) |

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

TAB 2B

**THIS IS EXHIBIT "B"
REFERRED TO IN THE AFFIDAVIT OF
MARIE-EVE BÉRUBÉ-CÔTÉ SWORN
BEFORE ME ON OCTOBER 13, 2021**

Ma Gé
A Commissioner for Oaths and Notary Public in
and for the Province of Ontario

**CONFIDENTIAL SETTLEMENT AGREEMENT
AND GENERAL RELEASE**

The parties to this settlement agreement (“Agreement”) are Moroccanoil, Inc. (“Moroccanoil California”), Moroccanoil Israel, Ltd. (“Moroccanoil Israel”) and Moroccanoil Canada, Inc. (“Moroccanoil Canada”) (collectively “Moroccanoil”), and Tony Conforti (“Conforti”) and Salon Distribution, Inc. (“SDI”) (individually “Defendant” or collectively “Defendants”). Moroccanoil and Defendants may be collectively referred to herein as the “Parties” or individually as a “Party.” The effective date (“Effective Date”) of this Agreement is July 15, 2013.

RECITALS

A. Disputes have arisen between Moroccanoil and Defendants concerning alleged counterfeit and diverted Moroccanoil hair care products. This dispute has given rise to litigation known as *Moroccanoil, Inc. v. Tony Conforti, et al.*, pending in the United States District Court, District of New Jersey, as Civil Action No.: 2:11-CV-00136 (WJM-MF) and *Moroccanoil Israel, Ltd. v. Tony Conforti, et al.*, pending in the United States District Court, District of New Jersey, as Civil Action No.: 2:12-CV-06374 (collectively the “New Jersey Actions”). The dispute has also given rise to related litigation entitled *Kevin Corona and Beyond Beauty Distributors, Inc. v. Tony Conforti, et al.*, pending in Ontario Superior Court of Justice as CV10-410445 (the “Ontario Action”). The Ontario Action has

been assigned to Moroccanoil Canada, by Beyond Beauty, Inc., the plaintiff that filed the Ontario Action.

B. Moroccanoil California is the owner of certain federally registered trademarks including: the word “MOROCCANOIL” (U.S. Reg. No. 3,478,807), the vertical “M Moroccanoil Design” (U.S. Reg. No. 3,684,910), and the horizontal “M Moroccanoil Design” (U.S. Reg. No. 3,684,909). The trademarks are registered in Class 3 on the Principal Register of the United States Patent and Trademark Office (“USPTO”). Moroccanoil states that Moroccanoil Israel or Moroccanoil California is the owner of the trademark registrations listed on Exhibit A around the world. The Parties agree that the trademarks identified in this Recital B are collectively referred to as “Moroccanoil Trademarks.”

C. Moroccanoil’s labeling and packaging use distinctive colors, individually and in combination with one another (the “Moroccanoil Trade Dress”). The Moroccanoil Trade Dress includes, but is not limited to, the blue, white, and orange colors which are depicted in certain design trademark applications now pending with the USPTO, as Serial Numbers 85684735, 85684740 and 85684742.

D. As used in this Agreement, a “Moroccanoil Product” shall mean and include any and all hair care products bearing Moroccanoil Trademarks or Moroccanoil Trade Dress, including, but not limited to, such products as: (a)

Moroccanoil Oil Treatment, (b) Moroccanoil Light Oil Treatment, (c) Moroccanoil Hydrating Styling Cream, (d) Moroccanoil Weightless Hydrating Mask, (e) Moroccanoil Restorative Hair Mask, (f) Moroccanoil Curl Defining Cream, (g) Moroccanoil Glimmer Shine Spray, (h) Moroccanoil Shampoo, (i) Moroccanoil Conditioner, (j) Moroccanoil Luminous Hairspray, (k) Moroccanoil Curl Control Mousse, (l) Moroccanoil Dry-No-More Scalp Treatment, (m) Moroccanoil Oil-No-More Scalp Treatment, (n) Moroccanoil Frizz Control, and any other hair care product developed or introduced by Moroccanoil that bear any of the Moroccanoil Trademarks or Moroccanoil Trade Dress.

E. The purpose of this Agreement is to resolve disputes concerning the alleged counterfeit Moroccanoil Products that are subject of the lawsuits in Recital A.

THE PARTIES' AGREEMENT

1. SETTLEMENT

For good and valuable consideration, Moroccanoil agrees to forego its New Jersey Actions and the Ontario Action and Defendants agree to forego their defenses and the claims they have or might have in exchange for this Agreement in which Defendants agree to purchase one million, two hundred, ninety-eight thousand, seven hundred Canadian dollars (CAN \$1,298,700.00) worth of Moroccanoil Products on or before July 15, 2016 (the "Purchase Requirement").

Defendants agree to purchase, use and sell Moroccanoil Products in strict compliance with the terms and conditions of this Agreement. The Defendants' obligations to satisfy the Purchase Requirement shall be joint and several.

Moroccanoil agrees that, subject to normal commercial practices in the North American Hair Care Products Industry, it will use commercially reasonable efforts to fulfill the Defendants' orders for the Moroccanoil Products identified on Exhibit B, which are made in compliance with Paragraph 3, at a rate of not less than thirty-seven thousand dollars (\$37,000 CAN) per month up to the Purchase Requirement. The mix of Moroccanoil Products, product name, size, and quantity for delivery, that Defendants order must be in keeping with the needs of each Qualifying Salon and in keeping with industry standard usage patterns for such Qualifying Salon.

In the event that Moroccanoil is unable to fulfill the dollar value of any orders placed by Defendants in accordance with Paragraph 3 during the term of this Agreement, the Purchase Requirement shall be reduced by the dollar cost of those specific Moroccanoil Products that Moroccanoil was unable to supply to Defendants in response to a prepaid order.

2. PROFESSIONAL USE OF MOROCCANOIL PRODUCTS

Moroccanoil hereby authorizes the Defendants to purchase Moroccanoil Products from Moroccanoil Canada for “professional use” in Qualifying Salons as defined in Paragraph 4 of this Agreement.

As used in this Agreement, “professional use” means that the Moroccanoil Products purchased will be used only for professional services performed in a Qualifying Salon or for sale to individual customers of the Qualifying Salons in amounts consistent with such customer’s personal and family use, in transactions made on the floor of the Qualifying Salon that are taxed by the governing retail taxing authority.

To be eligible to accept delivery of and sell Moroccanoil Products, each Qualifying Salon must make an application to Moroccanoil Canada, be approved by Moroccanoil Canada as a Qualifying Salon, and execute a Salon Contract in the form attached to this Agreement as Exhibit C. Moroccanoil hereby approves the salons owned by Defendants which are listed on Exhibit D as Qualifying Salons.

3. METHOD FOR DEFENDANTS TO PURCHASE MOROCCANOIL PRODUCTS

Defendants may purchase Moroccanoil Products from and only from Moroccanoil Canada, and shall do so at a price that includes a twelve and a half percent (12.5%) premium above the then-current standard salon price paid by salons for Moroccanoil Products purchased through a Moroccanoil distributor. A

copy of Moroccanoil Canada's current salon price list is attached to this Agreement as Exhibit B.

The procedure for Defendants to purchase Moroccanoil Products from Moroccanoil Canada shall be for Defendants to submit monthly orders to Moroccanoil Canada on behalf of each Qualifying Salon where the Moroccanoil Products will be used and sold. Defendants shall place all of their monthly orders for all Qualifying Salons on or before the first business day of each month, and Moroccanoil Canada shall arrange for the Moroccanoil Products to be delivered to each Qualifying Salon during the first fifteen (15) days of the following month. Each order shall identify the name and address of each Qualifying Salon and a list of the Moroccanoil Products by product name, size and quantity for delivery to that Qualifying Salon. Defendants represent and warrant that they shall only place orders for Qualifying Salons in amounts that are reasonably necessary for professional use in strict compliance with the Salon Contracts. This Agreement shall not prohibit Defendants from exchanging Moroccanoil Products between any of the Qualifying Salons provided Defendants create and maintain records showing the Moroccanoil tracking codes of every one of the Moroccanoil Products exchanged.

Defendants shall pay Moroccanoil Canada on or before the fourteenth day of each month by wire transfer for all Moroccanoil Products ordered to be delivered

in the following month. In the event that an order is not paid in full by the fourteenth day of the month preceding delivery, Moroccanoil may, in its discretion, determine which Moroccanoil Products will be delivered to any Qualifying Salon. Moroccanoil's obligations under Paragraph 1 arising from any order which is not paid in full by the fourteenth day of the month preceding delivery will be fully discharged provided it delivers Moroccanoil Products in any combination of quantities and types of Moroccanoil Products having a value equal to the amount of payment it received.

4. QUALIFYING SALONS

A salon must meet each of the following requirements to be a Qualifying Salon:

- (a) Defendants must represent and warrant that they own, operate, control and manage each Qualifying Salon.
- (b) Defendants must represent and warrant that each Qualifying Salon meets the requirements of Moroccanoil's "Salon Definition" attached to this Agreement as Exhibit E, and will continue to meet the requirements of this definition during the term of this Agreement. For this purpose, Defendants represent and warrant that they own, operate, control and manage each of the salons listed on Exhibit D and that each of the salons listed on Exhibit D meets the

requirements of Moroccanoil's Salon Definition as of the Effective Date and will continue to meet this definition during the term of this Agreement.

(c) Each Qualifying Salon must meet each and every requirement imposed by Moroccanoil Canada at any time on all Moroccanoil Salons in Canada and execute a Salon Contract in the form of Exhibit C, which includes the then-current requirements imposed by Moroccanoil Canada on all Moroccanoil salons in Canada.

(d) Defendants and each Qualifying Salon shall be deemed to represent as a fact that for each order they place under this Agreement, they are purchasing the Moroccanoil Products only for "professional use" as defined in Paragraph 2 of this Agreement, and they will not use or sell Moroccanoil Products for any other purpose.

(e) Defendants and each Qualifying Salon shall not remove, alter or obliterate any matrix or other code on Moroccanoil Products or offer, sell, transfer, or otherwise deliver any Moroccanoil Product whose matrix or other code has been removed, altered or obliterated.

(f) Defendants and each Qualifying Salon shall create contemporaneous electronic records of all transactions of Moroccanoil Products and shall maintain all such electronic records for a minimum of five (5) years from the date of any

transaction and shall have the records available both at each Qualifying Salon and at Defendants' offices.

(g) Defendants shall provide Moroccanoil with any electronic records of transactions in Moroccanoil Products within five (5) business days of Moroccanoil's request. Moroccanoil will make each request, in a reasonable manner, in writing to SDI.

5. PERMANENT PROHIBITION AGAINST MARKETING OR SELLING COUNTERFEIT OR DIVERTED MOROCCANOIL PRODUCTS

As used in this Agreement, the terms "divert", "diverted" or "diversion" shall mean or refer to Moroccanoil Products which have been sold or transferred to persons or entities outside of Moroccanoil's "salon only" channel of distribution, typically for sale in unauthorized "brick and mortar" retail locations or Internet websites. Defendants, and each of them, represent and warrant that they shall never directly or indirectly, knowingly or unknowingly, manufacture, purchase, acquire, store, transport, transfer, sell, deliver, market, advertise, hypothecate, broker, or otherwise deal in ("Deal In") any diverted or counterfeit products bearing any Moroccanoil Trademarks or Moroccanoil Trade Dress anywhere in the world. As used in this Agreement, "indirectly" includes causing, assisting or influencing any other person or entity. This prohibition shall survive the termination of this Agreement until the third anniversary of the termination of the

Agreement. Moroccanoil hereby represents that the Moroccanoil Products that it will supply to Defendants under this Agreement are current, authentic and original Moroccanoil Products.

6. DAMAGES AND REQUIREMENTS FOR SECURITY

The Parties acknowledge that a breach of Paragraph 5 of this Agreement would cause irreparable harm and injury that could not be compensated by an award of monetary damages. Accordingly, if a Party should breach, or threaten to breach, Paragraph 5 of this Agreement, the other non-breaching Party shall be entitled to equitable relief (including temporary restraining orders, preliminary and permanent injunction and specific performance) in addition to all other remedies to which it may be entitled.

a. Damages

The provisions of this subparagraph shall supersede any laws governing the calculation of damages for breach of contract.

In the event that Defendants do not satisfy the Purchase Requirement, for any reason, including termination of the Agreement by Moroccanoil, the damages they must pay to Moroccanoil will be computed as follows: one million Canadian dollars (CAN \$1,000,000) minus seventy-seven and seven-tenths percent (77.7%) of the total price of all Moroccanoil Products that Defendants ordered and paid for under this Agreement (the “Purchase Requirement Damages”).

Because of the difficulty of calculating the dollar amount of damages that Moroccanoil would suffer if Defendants or Qualifying Salons divert Moroccanoil Products or Deal In counterfeits of Moroccanoil Products, the Parties agree that the amounts of liquidated damages and the methods of calculation stated below are fair and reasonable approximations and should be used to determine the amount of Moroccanoil's damages.

For any breach involving diversion by Defendants or Qualifying Salons, the liquidated damages shall be three (3) times the suggested retail price of each Moroccanoil Product diverted. In the event that Moroccanoil detects diversion of any Moroccanoil Product from any shipment of Moroccanoil Products to Defendants or any Qualifying Salon, Moroccanoil shall provide Defendants with three (3) business days notice. Defendant shall then have three (3) business days to respond to Moroccanoil's notice.

In the event that Defendants or any Qualifying Salon Deal In any counterfeits of Moroccanoil Products, the liquidated damages shall be three (3) times the suggested retail price of a genuine Moroccanoil Product for each counterfeit Moroccanoil Product. Moroccanoil shall provide Defendants three (3) business days notice. Defendants shall then have (3) business days to respond to Moroccanoil's notice.

In the event of a breach for which liquidated damages are not provided, either Party may recover actual damages. All rights and remedies provided in this Agreement are cumulative, and not exclusive of any other rights or remedies provided by law, equity, statute, or in any other agreement between the Parties. A breach of the Salon Contract by any Qualifying Salon shall constitute a breach of this Agreement.

b. Bond to Satisfy Damages

At Defendants' sole cost and expense, Defendants shall obtain a bond in the amount of one million, two hundred fifty thousand Canadian dollars (CAN \$1,250,000) for the benefit of Moroccanoil. The bond shall be obtained from a corporate surety having at least an A++ rating and shall be used to secure Defendants' liability for breach of this Agreement.

No bond shall be suitable to perform this obligation under this Agreement until it has been approved in writing by Moroccanoil. Defendants shall give written notice of the identity of the surety, the surety's rating, the language of the undertaking, and a description of the default provision that is required for the surety to pay Moroccanoil.

7. TERMINATION FOR BREACH

This Agreement may be terminated by either Party in the event of a material breach of this Agreement, provided such breach is not cured within five (5)

business days of receipt of notice of the alleged breach, pursuant to the calculations time set forth in Paragraph 15. The notice of breach must be made in writing and served in accordance with the notice provision in Paragraph 15. The notice shall specify the nature of the breach. Following receipt of the written notice, pursuant to the calculations time set forth in Paragraph 15, the Party alleged to be in breach shall have five (5) business days to cure the breach. If a cure has not been made or completed within the cure period, the Agreement may be terminated immediately by the non-breach party by providing written notice.

8. RELEASED CLAIMS

With the exception of the obligations undertaken pursuant to this Agreement, this is a full and final settlement, release and discharge of all claims, liabilities or obligations that Moroccanoil has against Defendants which were or could have been asserted against the Defendants in the lawsuits identified in Recital A herein. Moroccanoil hereby releases and discharges any and all claims of which it is aware, or could have been aware, against Defendants, their agents, assigns, directors, officers, employees, owners, principals, partners, representatives, shareholders, successors, attorneys and transferees, provided, however, this release shall not apply to any suppliers of counterfeit Moroccanoil Products to Defendants.

With the exception of the obligations undertaken pursuant to this Agreement, this is a full and final settlement, release and discharge of all claims, liabilities or obligations that Defendants, their agents, assigns, directors, officers, employees, owners, principals, partners, representatives, shareholders, successors, attorneys and transferees have against Moroccanoil which were or could have been asserted against Moroccanoil in the lawsuits identified in Recital A herein.

Defendants, their agents, assigns, directors, officers, employees, owners, principals, partners, representatives, shareholders, successors, attorneys and transferees hereby release and discharge any and all claims of which they are aware, or could have been aware, against Moroccanoil, its agents, assigns, directors, employees, owners, principals, partners, representatives, shareholders, successors, attorneys and transferees.

9. NO ADMISSION OF LIABILITY

This Agreement does not constitute an admission by any party for any purpose. It shall not be admissible in any legal proceeding except to enforce its terms, nor shall the terms herein prejudice any party hereto in any other proceeding. This Agreement has no precedential value and is not intended as, nor shall it be construed as, an admission of any fact.

10. DISMISSAL

Within thirty (30) days of execution of the Agreement, Moroccanoil and the Defendants shall stipulate to a Judgment of Dismissal that will dismiss with prejudice each of the New Jersey Actions and the Ontario Action, with a provision that each of the Parties shall bear its own attorneys' fees, costs, and expenses, and that the Court in *Moroccanoil, Inc. v. Tony Conforti, et al.*, pending in the United States District Court, District of New Jersey, as Civil Action No.: 2:11-CV-00136 (WJM-MF) shall retain exclusive jurisdiction for interpretation and/or enforcement of this Agreement.

11. SUCCESSORS AND ASSIGNS; PERSONS BOUND

Except as expressly stated in this Agreement, there are no intended third party beneficiaries of any term of this Agreement.

All terms of this Agreement are binding upon each Party, each Party's affiliates, and each Party's affiliates' present and future subsidiaries, divisions, parents, successors, assignees, licensees, transferees, executors, trustees, receivers, conservators or administrators (all whether voluntary or involuntary), including any entity surviving out of any merger (in any form), acquisition or reorganization, and including all persons or entities receiving any benefits, rights, obligations or liabilities of this Agreement by its terms or by operation of law (all collectively referred to as "transferees"). Each Party shall give actual notice of all of the terms

of this Agreement to each transferee, but all transferees are bound to the terms of this Agreement regardless of whether such actual notice is received.

12. COOPERATION AGAINST THOSE INVOLVED IN DIVERSION OR COUNTERFEITING

Defendants shall report in writing to Moroccanoil any and all information that they and any person or entity owned or controlled by any Defendant learn in any way about counterfeit or diverted Moroccanoil Products or any dealings in counterfeit or diverted Moroccanoil Products by anyone after the Effective Date.

Each Defendant agrees that, upon the reasonable request of Moroccanoil, each Defendant shall produce all documents and information that each Defendant and each person or entity owned or controlled by that Defendant has in its possession, custody, or control concerning the purchase or sale of any counterfeit or diverted products bearing any Moroccanoil Trademarks or Moroccanoil Trade Dress in the manner requested by Moroccanoil, including but not limited to, by interview for use by Moroccanoil against others engaged in suspected diversion or counterfeiting, by giving an affidavit, or by signing testimony at deposition or trial. The obligation to testify at a deposition or trial is limited to depositions or trials occurring in the United States or Canada.

13. DISPUTE RESOLUTION; ATTORNEYS' FEES

Any dispute between Defendants and Moroccanoil arising from or related to the interpretation or enforcement of this Agreement shall be decided by and only

by the District Court in the *Moroccanoil, Inc. v. Tony Conforti, et al.*, pending in the United States District Court, District of New Jersey, as Civil Action No.: 2:11-CV-00136 (WJM-MF) applying New Jersey law. The Parties consent to the exclusive jurisdiction of the District Court in Newark, New Jersey to decide all such matters and agree that the sole and exclusive court to hear and decide such disputes shall be the District Court in Newark, New Jersey. In any action or proceeding arising from or related to this Agreement, the prevailing party shall be entitled to its reasonable attorneys' fees.

14. DEFENDANTS SHALL NOT CHALLENGE MOROCCANOIL'S TRADEMARK RIGHTS

Defendants represent that they shall not challenge any registrations for any trademarks or trade dress existing anywhere in the world for any Moroccanoil Trademark or any Moroccanoil Trade Dress. Defendants represent that they shall not contest, challenge, or oppose any application by Moroccanoil for registration of any trademark or trade dress anywhere in the world, including the Moroccanoil Trademarks and Moroccanoil Trade Dress, nor shall they recommend to anyone that they do so or cause or assist anyone to do so.

15. NOTICES

All notices concerning this Agreement shall be sent by overnight delivery or express service to the following addresses (unless written notice of any updated address is earlier provided to the other Party):

For Defendants:

Ronald J. Campione, Esq.
Bressler, Amery & Ross, P.C.
325 Columbia Tpke.
Florham Park, NJ 07932

For Moroccanoil:

William C. Conkle, Esq.
Conkle, Kremer & Engel, PLC
3130 Wilshire Boulevard, Suite 500
Santa Monica, California 90403-2351

The Parties agree that any such overnight or express service of a notice, demand, service of process, subpoena, ex parte notice, or summons and complaint shall be effective service of process and deemed to have been personally received by the addressee Party two calendar days after the deposit into the overnight delivery or express service.

16. GENERAL PROVISIONS

a. Representations and Warranties re: Execution

Each of the Parties signing this Agreement warrants and represents that it is the sole owner of all the claims and obligations released and has not previously transferred, hypothecated, assigned or conveyed such claims and obligations to any other person. Each Party and each person signing this Agreement on behalf of a Party further represents and warrants: (a) the Party has full authority and the right to enter into this Agreement; (b) the Party has read the Agreement carefully and

understands the contents and legal effect of each of its provisions; (c) the Party consulted with one or more attorneys and accountants of that Party's own choosing in connection with this Agreement; and (d) the Party has executed the Agreement voluntarily and without duress or undue influence on the part of, or on behalf of any person or entity. These representations and warranties shall survive the termination of this Agreement.

b. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall constitute a duplicate original hereof.

c. Entire Agreement

This Agreement is the entire agreement between the Parties, and supersedes any prior negotiations, representations and agreements concerning any or all of the subject matter of this Agreement.

d. No Other Representations

Each Party represents and warrants that no representation or promise not expressly contained in this Agreement has been made and the Parties are not entering into this Agreement on the basis of any promise, representation or statement, express or implied, which is not specifically set forth herein.

e. Confidentiality

No Party, and no entity or person acting on behalf of a Party, shall issue, cause to be issued, or assist in issuing, a press release or otherwise make any

statement, or hold any public or press event, regarding this Agreement, the New Jersey Actions or Ontario Action, the resolution of the New Jersey Actions or Ontario Action, or the allegations made therein other than to say the New Jersey Actions and Ontario Action were settled to the satisfaction of all Parties. This Agreement is confidential, and its terms may not be disclosed by any Party except:

- (i) as required by the terms of this Agreement;
- (ii) with the prior written consent of the other Parties;
- (iii) in response to a subpoena, to comply with a court order, or otherwise to any governmental body having jurisdiction and specifically requiring such disclosure;
- (iv) to the disclosing Party's accountants, insurers, legal counsel, tax advisors and other financial business and legal advisors, who have a legitimate need to know;
- (v) as necessary to interpret or enforce any term of this Agreement.

f. Joint Drafting

Each Party acknowledges that this Agreement in its final form is the result of the combined efforts of the Parties and, should any provision of this Agreement be found to be ambiguous in any way, such ambiguity shall not be resolved by construing such provision in favor of or against any Party hereto but rather by construing the terms of this Agreement fairly and reasonably in accordance with

the purpose of this Agreement. No provision in this Agreement shall be construed against any Party.

g. Further Assistance

Each Party hereto agrees to execute, acknowledge, verify, deliver or furnish any documents at such time and in such form and substance as may be reasonably necessary or convenient to effectuate this Agreement.

h. Validity of Amendments

No amendment or modification to this Agreement shall be binding unless contained in a writing executed by each Party.

i. Non Waiver

No failure to enforce, non-enforcement, consent or forgiveness of any nonperformance or other breach of any term of this Agreement shall be deemed to be a waiver, consent or forgiveness of any future nonperformance of the same or similar term or of any other breach of this Agreement, nor otherwise limit the ability of a Party to strictly enforce any term of this Agreement. No waiver, amendment or modification of any term of this Agreement shall be binding or effective unless contained in a writing executed by each Party.

j. Force Majeure

Nonperformance of any Party will be excused to the extent that performance is rendered impossible by strike, fire, earthquake, flood, governmental acts or orders or restrictions, or where failure to perform is beyond the reasonable control

of the nonperforming Party. Without limiting the foregoing, the Party subject to such inability will use reasonable efforts to minimize the duration of any force majeure event.

Moroccanoil, Inc.,
a California corporation

By: Zohar Paz
Its: Chief Executive Officer

Moroccanoil Israel, Ltd.
an Israeli corporation

Moroccanoil Israel Ltd.
514031053

By: Haim Lampert
Its: Chief Executive Officer

Moroccanoil Canada, Inc.

By: Zohar Paz
Its: Chief Executive Officer

By: Tony Conforti, an individual

Salon Distribution, Inc.
a Canadian corporation

By: Tony Conforti
Its: Chief Executive Officer

EXHIBIT A

MOROCCANOIL TRADEMARKS

| Country/Territory | Trademark | Application/Registration No. |
|--------------------------|----------------------|-------------------------------------|
| Albania | MOROCCANOIL | Reg. 973926 |
| Albania | M MOROCCANOIL Design | Reg. 1165457 |
| Albania | M MOROCCANOIL Design | Reg. 1166518 |
| Antigua and Barbuda | MOROCCANOIL | Reg. 973926 |
| Antigua and Barbuda | M MOROCCANOIL Design | Reg. 1165457 |
| Antigua and Barbuda | M MOROCCANOIL Design | Reg. 1166518 |
| Argentina | MOROCCANOIL | Reg. 2271432 |
| Argentina | M MOROCCANOIL Design | Reg. 2271433 |
| Armenia | M MOROCCANOIL Design | Reg. 1165457 |
| Armenia | M MOROCCANOIL Design | Reg. 1166518 |
| Australia | MOROCCANOIL | App. 1463962 |
| Australia | MOROCCANOIL | App. 1510617 |
| Australia | M MOROCCANOIL Design | Reg. 1221017 |
| Australia | M MOROCCANOIL Design | Reg. 1375954 |
| Azerbaijan | M MOROCCANOIL Design | Reg. 1165457 |
| Azerbaijan | M MOROCCANOIL Design | Reg. 1166518 |
| Bahrain | MOROCCANOIL | Reg. 973926 |
| Bahrain | M MOROCCANOIL Design | Reg. 1165457 |
| Bahrain | M MOROCCANOIL Design | Reg. 1166518 |
| Belarus | MOROCCANOIL | Reg. 973926 |
| Belarus | M MOROCCANOIL Design | Reg. 1165457 |
| Belarus | M MOROCCANOIL Design | Reg. 1166518 |
| Bhutan | MOROCCANOIL | Reg. 973926 |
| Bhutan | M MOROCCANOIL Design | Reg. 1165457 |
| Bhutan | M MOROCCANOIL Design | Reg. 1166518 |
| Bolivia | MOROCCANOIL | Reg. 117974-C |
| Bolivia | M MOROCCANOIL Design | Reg. 117975-C |
| Bolivia | M MOROCCANOIL Design | Reg. 125107-C |
| Bosnia and Herzegovina | M MOROCCANOIL Design | Reg. 1165457 |
| Bosnia and Herzegovina | M MOROCCANOIL Design | Reg. 1166518 |
| Botswana | MOROCCANOIL | Reg. 973926 |
| Botswana | M MOROCCANOIL Design | Reg. 1165457 |
| Botswana | M MOROCCANOIL Design | Reg. 1166518 |
| Brazil | MOROCCANOIL | Reg. 900704659 |
| Brazil | M MOROCCANOIL Design | Reg. 900704675 |
| Brazil | M MOROCCANOIL Design | App. 902556525 |
| Canada | MOROCCANOIL | Reg. TMA734460 |
| Canada | MOROCCANOIL | App. 1504813 |
| Canada | M MOROCCANOIL Design | Reg. TMA831535 |
| Canada | M MOROCCANOIL Design | Reg. TMA831534 |
| Canada | M Design | App. 1505385 |

EXHIBIT A

MOROCCANOIL TRADEMARKS

| Country/Territory | Trademark | Application/Registration No. |
|--------------------|----------------------|-----------------------------------|
| Canada | M MOROCCANOIL Design | Reg. TMA831377 |
| Canada | M MOROCCANOIL Design | Reg. TMA831378 |
| Chile | MOROCCANOIL | Reg. 803349 |
| Chile | MOROCCANOIL | Reg. 803350 |
| Chile | M MOROCCANOIL Design | Reg. 961034 |
| Chile | M MOROCCANOIL Design | Reg. 901648 |
| China | MOROCCANOIL | App. Pending |
| China | MOROCCANOIL | App. 6564243 |
| China | M MOROCCANOIL Design | App. 6564244 |
| Colombia | MOROCCANOIL | Reg. 367186 |
| Colombia | M MOROCCANOIL Design | Reg. 364408 |
| Colombia | M MOROCCANOIL Design | Reg. 410115 |
| Costa Rica | MOROCCANOIL | Reg. 191413 |
| Costa Rica | M MOROCCANOIL Design | Reg. 191411 |
| Costa Rica | M MOROCCANOIL Design | App. 2010-004165 |
| Croatia | M MOROCCANOIL Design | Reg. 1165457 |
| Croatia | M MOROCCANOIL Design | Reg. 1166518 |
| Cuba | MOROCCANOIL | Reg. 973926 |
| Curacao | M MOROCCANOIL Design | Reg. 1165457 |
| Curacao | M MOROCCANOIL Design | Reg. 1166518 |
| Dominican Republic | MOROCCANOIL | Reg. 168991 |
| Dominican Republic | M MOROCCANOIL Design | Reg. 168909 |
| Dominican Republic | M MOROCCANOIL Design | Reg. 182392 |
| Ecuador | MOROCCANOIL | Reg. 5090 |
| Ecuador | M MOROCCANOIL Design | Reg. 5089 |
| Ecuador | M MOROCCANOIL Design | Reg. 4443 |
| Egypt | M MOROCCANOIL Design | Reg. 1165457 |
| Egypt | M MOROCCANOIL Design | Reg. 1166518 |
| El Salvador | MOROCCANOIL | Reg. 237 Libro 113 Folio 491-492 |
| El Salvador | M MOROCCANOIL Design | Reg. 126 Libro 121 Folios 253-254 |
| El Salvador | M MOROCCANOIL Design | Reg. 135367 - 2010 |
| European Union | MOROCCANOIL | Reg. 006492185 |
| European Union | M MOROCCANOIL Design | Reg. 008729519 |
| European Union | M MOROCCANOIL Design | Reg. 009015496 |
| Georgia | MOROCCANOIL | Reg. 973926 |
| Georgia | M MOROCCANOIL Design | Reg. 1165457 |
| Georgia | M MOROCCANOIL Design | Reg. 1166518 |
| Guatemala | MOROCCANOIL | Reg. 160918 Folio 287 Tomo 394 |
| Guatemala | M MOROCCANOIL Design | Reg. 161009 Folio 78 Tomo 395 |
| Guatemala | M MOROCCANOIL Design | App. 201002669 |
| Guatemala | M MOROCCANOIL Design | App. 201301651 |
| Honduras | MOROCCANOIL | Reg. 106413 |
| Honduras | M MOROCCANOIL Design | Reg. 106389 |

EXHIBIT A

MOROCCANOIL TRADEMARKS

| Country/Territory | Trademark | Application/Registration No. |
|-------------------|----------------------|------------------------------|
| Honduras | M MOROCCANOIL Design | Reg. 114475 |
| Hong Kong | MOROCCANOIL | Reg. 301047267 |
| Hong Kong | M MOROCCANOIL Design | Reg. 301047276 |
| Iceland | M MOROCCANOIL Design | Reg. 1165457 |
| Iceland | M MOROCCANOIL Design | Reg. 1166518 |
| India | MOROCCANOIL | Reg. 1649179 |
| India | M MOROCCANOIL Design | App. 1657120 |
| India | M MOROCCANOIL Design | App. 2199407 |
| Iran | MOROCCANOIL | Reg. 973926 |
| Iran | M MOROCCANOIL Design | Reg. 1165457 |
| Iran | M MOROCCANOIL Design | Reg. 1166518 |
| Israel | MOROCCANOIL | App. 239604 |
| Israel | M MOROCCANOIL Design | App. 239605 |
| Israel | M MOROCCANOIL Design | Reg. 205143 |
| Japan | MOROCCANOIL | Reg. 5262681 |
| Japan | M MOROCCANOIL Design | Reg. 5262682 |
| Japan | M MOROCCANOIL Design | Reg. 1165457 |
| Kazakhstan | M MOROCCANOIL Design | Reg. 1165457 |
| Kazakhstan | M MOROCCANOIL Design | Reg. 1166518 |
| Kenya | MOROCCANOIL | Reg. 973926 |
| Kenya | M MOROCCANOIL Design | Reg. 1165457 |
| Kenya | M MOROCCANOIL Design | Reg. 1166518 |
| Kyrgyzstan | MOROCCANOIL | Reg. 973926 |
| Kyrgyzstan | M MOROCCANOIL Design | Reg. 1165457 |
| Kyrgyzstan | M MOROCCANOIL Design | Reg. 1166518 |
| South Korea | MOROCCANOIL | Reg. 4007846510000 |
| South Korea | M MOROCCANOIL Design | Reg. 4007846500000 |
| South Korea | M MOROCCANOIL Design | Reg. 4009423630000 |
| Lebanon | MOROCCANOIL | Reg. 150880 |
| Lebanon | M MOROCCANOIL Design | Reg. 150594 |
| Lebanon | M MOROCCANOIL Design | Reg. 150579 |
| Lesotho | MOROCCANOIL | Reg. 973926 |
| Lesotho | M MOROCCANOIL Design | Reg. 1165457 |
| Lesotho | M MOROCCANOIL Design | Reg. 1166518 |
| Liberia | M MOROCCANOIL Design | Reg. 1165457 |
| Liberia | M MOROCCANOIL Design | Reg. 1166518 |
| Liechtenstein | MOROCCANOIL | Reg. 973926 |
| Liechtenstein | M MOROCCANOIL Design | Reg. 1165457 |
| Liechtenstein | M MOROCCANOIL Design | Reg. 1166518 |
| Macedonia | MOROCCANOIL | Reg. 973926 |
| Macedonia | M MOROCCANOIL Design | Reg. 1165457 |
| Macedonia | M MOROCCANOIL Design | Reg. 1166518 |
| Madagascar | MOROCCANOIL | Reg. 973926 |

EXHIBIT A

MOROCCANOIL TRADEMARKS

| Country/Territory | Trademark | Application/Registration No. |
|--------------------------|----------------------|-------------------------------------|
| Madagascar | M MOROCCANOIL Design | Reg. 1165457 |
| Madagascar | M MOROCCANOIL Design | Reg. 1166518 |
| Mexico | MOROCCANOIL | Reg. 1066512 |
| Mexico | M MOROCCANOIL Design | Reg. 1045923 |
| Mexico | M MOROCCANOIL Design | Reg. 1224726 |
| Moldova | MOROCCANOIL | Reg. 973926 |
| Moldova | M MOROCCANOIL Design | Reg. 1165457 |
| Moldova | M MOROCCANOIL Design | Reg. 1166518 |
| Monaco | MOROCCANOIL | Reg. 973926 |
| Monaco | M MOROCCANOIL Design | Reg. 1165457 |
| Monaco | M MOROCCANOIL Design | Reg. 1166518 |
| Mongolia | MOROCCANOIL | Reg. 973926 |
| Mongolia | M MOROCCANOIL Design | Reg. 1165457 |
| Mongolia | M MOROCCANOIL Design | Reg. 1166518 |
| Montenegro | MOROCCANOIL | Reg. 973926 |
| Montenegro | M MOROCCANOIL Design | Reg. 1165457 |
| Montenegro | M MOROCCANOIL Design | Reg. 1166518 |
| Morocco | MOROCCANOIL | Reg. 973926 |
| Morocco | M MOROCCANOIL Design | Reg. 1165457 |
| Morocco | M MOROCCANOIL Design | Reg. 1166518 |
| Mozambique | MOROCCANOIL | Reg. 973926 |
| Mozambique | M MOROCCANOIL Design | Reg. 1165457 |
| Mozambique | M MOROCCANOIL Design | Reg. 1166518 |
| Namibia | MOROCCANOIL | Reg. 973926 |
| Namibia | M MOROCCANOIL Design | Reg. 1165457 |
| Namibia | M MOROCCANOIL Design | Reg. 1166518 |
| New Zealand | MOROCCANOIL | Reg. 966055 |
| New Zealand | MOROCCANOIL | App. 979221 |
| New Zealand | MOROCCANOIL Design | App. 835152 |
| New Zealand | M MOROCCANOIL Design | Reg. 783085 |
| New Zealand | M MOROCCANOIL Design | Reg. 1165457 |
| Nicaragua | MOROCCANOIL | Reg. 802633 |
| Nicaragua | M MOROCCANOIL Design | Reg. 900524 |
| Nicaragua | M MOROCCANOIL Design | App. 2010-00001051 |
| North Korea | MOROCCANOIL | Reg. 973926 |
| Norway | M MOROCCANOIL Design | App. 201204424 |
| Norway | M MOROCCANOIL Design | App. 201204423 |
| Norway | MOROCCANOIL | App. 201204422 |
| Oman | MOROCCANOIL | Reg. 973926 |
| Panama | MOROCCANOIL | Reg. 204309 |
| Panama | MOROCCAN OIL | Reg. 158076 |
| Panama | M MOROCCANOIL Design | Reg. 204304 |
| Panama | M MOROCCANOIL Design | App. 193772 |

EXHIBIT A

MOROCCANOIL TRADEMARKS

| Country/Territory | Trademark | Application/Registration No. |
|-----------------------|----------------------|------------------------------|
| Paraguay | MOROCCANOIL | App. 744189 |
| Paraguay | M MOROCCANOIL Design | App. 744188 |
| Paraguay | M MOROCCANOIL Design | Reg. 21203 |
| Peru | MOROCCANOIL | Reg. 00142614 |
| Peru | M MOROCCANOIL Design | Reg. 00140313 |
| Peru | M MOROCCANOIL Design | Reg. 00168417 |
| Philippines | MOROCCANOIL | Reg. 42011501211 |
| Philippines | M MOROCCANOIL Design | Reg. 42011501215 |
| Philippines | M MOROCCANOIL Design | Reg. 42011501213 |
| Russian Federation | M MOROCCANOIL Design | Reg. 452217 |
| Russian Federation | M MOROCCANOIL Design | Reg. 452216 |
| Russian Federation | MOROCCANOIL | Reg. 452970 |
| Russian Federation | MOROCCANOIL | Reg. 973926 |
| Russian Federation | Trade Dress | Reg. 452970 |
| Saint Martin | M MOROCCANOIL Design | Reg. 1165457 |
| Saint Martin | M MOROCCANOIL Design | Reg. 1166518 |
| San Marino | MOROCCANOIL | Reg. 973926 |
| San Marino | M MOROCCANOIL Design | Reg. 1165457 |
| San Marino | M MOROCCANOIL Design | Reg. 1166518 |
| Sao Tome and Principe | M MOROCCANOIL Design | Reg. 1165457 |
| Sao Tome and Principe | M MOROCCANOIL Design | Reg. 1166518 |
| Serbia | MOROCCANOIL | Reg. 973926 |
| Serbia | M MOROCCANOIL Design | Reg. 1165457 |
| Serbia | M MOROCCANOIL Design | Reg. 1166518 |
| Sierra Leone | MOROCCANOIL | Reg. 973926 |
| Sierra Leone | M MOROCCANOIL Design | Reg. 1165457 |
| Sierra Leone | M MOROCCANOIL Design | Reg. 1166518 |
| Singapore | MOROCCANOIL | Reg. T0802564C |
| Singapore | M MOROCCANOIL Design | Reg. T0802566Z |
| Singapore | M MOROCCANOIL Design | Reg. 1165457 |
| South Africa | MOROCCANOIL | Reg. 2008/01528 |
| South Africa | MOROCCANOIL | Reg. 2008/01529 |
| South Africa | M MOROCCANOIL Design | App. 2011/21381 |
| South Korea | MOROCCANOIL | Reg. 4007846510000 |
| South Korea | M MOROCCANOIL Design | Reg. 4007846500000 |
| South Korea | M MOROCCANOIL Design | Reg. 4009423630000 |
| Sudan | M MOROCCANOIL Design | Reg. 1165457 |
| Sudan | M MOROCCANOIL Design | Reg. 1166518 |
| Swaziland | MOROCCANOIL | Reg. 973926 |
| Swaziland | M MOROCCANOIL Design | Reg. 1165457 |
| Swaziland | M MOROCCANOIL Design | Reg. 1166518 |
| Switzerland | M MOROCCANOIL Design | Reg. 1165457 |
| Switzerland | M MOROCCANOIL Design | Reg. 1166518 |

EXHIBIT A

MOROCCANOIL TRADEMARKS

| Country/Territory | Trademark | Application/Registration No. |
|--------------------------|----------------------|-------------------------------------|
| Syria | M MOROCCANOIL Design | Reg. 1165457 |
| Syria | M MOROCCANOIL Design | Reg. 1166518 |
| Taiwan | MOROCCANOIL | Reg. 01336555 |
| Taiwan | M MOROCCANOIL Design | Reg. 01336554 |
| Turkey | MOROCCANOIL | Reg. 973926 |
| Turkey | M MOROCCANOIL Design | Reg. 1165457 |
| Turkey | M MOROCCANOIL Design | Reg. 1166518 |
| Turkmenistan | MOROCCANOIL | Reg. 973926 |
| Ukraine | MOROCCANOIL | Reg. 973926 |
| Ukraine | M MOROCCANOIL Design | Reg. 1165457 |
| Ukraine | M MOROCCANOIL Design | Reg. 1166518 |
| United Arab Emirates | MOROCCANOIL | App. 191466 |
| United Arab Emirates | M MOROCCANOIL Design | App. 191467 |
| United Arab Emirates | M MOROCCANOIL Design | App. 191468 |
| United States | MOROCCANOIL | Reg. 3,478,807 |
| United States | M MOROCCANOIL Design | Reg. 3,684,909 |
| United States | M MOROCCANOIL Design | Reg. 3,684,910 |
| United States | Sensory | Reg. 4,057,947 |
| United States | Trade dress | App. 85/684,735 |
| United States | Trade dress | App. 85/684,740 |
| United States | Trade dress | App. 85/684,742 |
| Uruguay | MOROCCANOIL | Reg. 387255 |
| Uruguay | M MOROCCANOIL Design | Reg. 387325 |
| Uruguay | M MOROCCANOIL Design | Reg. 411810 |
| Venezuela | MOROCCANOIL | Reg. P-298948 |
| Venezuela | M MOROCCANOIL Design | Reg. P-303149 |
| Venezuela | M MOROCCANOIL Design | App. 2010-007110 |
| Vietnam | M MOROCCANOIL Design | Reg. 1165457 |
| Vietnam | M MOROCCANOIL Design | Reg. 1166518 |
| Zambia | MOROCCANOIL | Reg. 973926 |
| Zambia | M MOROCCANOIL Design | Reg. 1165457 |
| Zambia | M MOROCCANOIL Design | Reg. 1166518 |

MOROCCANOIL®

PRICE LIST CANADA

| SKU # | DESCRIPTION | SALON PRICE | RETAIL PRICE | MASTER CASE QTY |
|--------------|--------------------------------------------------------|-------------|--------------|-----------------|
| MO25CA | MOROCCANOIL Treatment (Bottle of 25ml/0.85fl oz) | \$8.30 | \$16.60 | 216 |
| MO100CA | MOROCCANOIL Treatment (Bottle of 100ml/3.4fl oz) | \$21.50 | \$43.00 | 60 |
| MO25LTCA | MOROCCANOIL Treatment LIGHT (Bottle of 25ml/0.85fl oz) | \$8.30 | \$16.60 | 216 |
| MO100LTCA | MOROCCANOIL Treatment LIGHT (Bottle of 100ml/3.4fl oz) | \$21.50 | \$43.00 | 60 |
| ITCC300CA | INTENSE CURL CREAM (Bottle of 300ml/10.2fl oz) | \$18.40 | \$36.80 | 30 |
| CCC250CA | CURL DEFINING CREAM (Bottle of 250ml/8.5fl oz) | \$16.80 | \$33.60 | 36 |
| CDM150CA | CURL CONTROL MOUSSE (Bottle of 150ml/5.1fl oz) | \$11.60 | \$23.20 | 42 |
| HYDSTC300CA | HYDRATING STYLING CREAM (Bottle of 300ml/10.2fl oz) | \$18.40 | \$36.80 | 30 |
| FC100CA | FRIZZ CONTROL (Bottle of 100ml/3.4fl oz) | \$16.80 | \$33.60 | 60 |
| MOS100CA | GLIMMER SHINE SPRAY (Bottle of 100ml/3.4fl oz) | \$13.60 | \$27.20 | 60 |
| HSMH330CA | LUMINOUS HAIRSPRAY MEDIUM HOLD (Bottle of 330ml/10oz) | \$11.90 | \$23.80 | 12 |
| HSSH330CA | LUMINOUS HAIRSPRAY STRONG HOLD (Bottle of 330ml/10oz) | \$11.90 | \$23.80 | 12 |
| VM250CA | VOLUMIZING MOUSSE (Bottle of 250ml/8.5oz) | \$14.00 | \$28.00 | 12 |
| ITHYDMK250CA | INTENSE HYDRATING MASK (Jar of 250ml/8.5fl oz) | \$18.40 | \$36.80 | 54 |
| ITHYDMK500CA | INTENSE HYDRATING MASK (Jar of 500ml/16.9fl oz) | \$27.20 | \$54.40 | 24 |
| WLHYDMK250CA | WEIGHTLESS HYDRATING MASK (Jar of 250ml/8.5fl oz) | \$20.50 | \$41.00 | 54 |
| WLHYDMK500CA | WEIGHTLESS HYDRATING MASK (Jar of 500ml/16.9fl oz) | \$33.60 | \$67.20 | 24 |
| RHMK250CA | RESTORATIVE HAIR MASK (Jar of 250ml/8.5fl oz) | \$21.50 | \$43.00 | 54 |
| RHMK500CA | RESTORATIVE HAIR MASK (Jar of 500ml/16.9fl oz) | \$37.20 | \$74.40 | 24 |
| SHAMPCL250CA | CLARIFYING SHAMPOO (Bottle of 250ml/8.5fl oz) | \$12.60 | \$25.20 | 36 |

| | | | | |
|-----------------|--------------------------------------------------------|---------|---------|-----|
| SHAMPEV250CA | EXTRA VOLUME SHAMPOO (Bottle of 250ml/8.5fl oz) | \$12.00 | \$24.00 | 36 |
| SHAMPHYD250CA | HYDRATING SHAMPOO (Bottle of 250ml/8.5fl oz) | \$10.90 | \$21.80 | 36 |
| SHAMPMR250CA | MOISTURE REPAIR SHAMPOO (Bottle of 250ml/8.5fl oz) | \$10.90 | \$21.80 | 36 |
| CONDEV250CA | EXTRA VOLUME CONDITIONER (Bottle of 250ml/8.5fl oz) | \$12.50 | \$25.00 | 36 |
| CONDHYD250CA | HYDRATING CONDITIONER (Bottle of 250ml/8.5fl oz) | \$11.40 | \$22.80 | 36 |
| CONDMR250CA | MOISTURE REPAIR CONDITIONER (Bottle of 250ml/8.5fl oz) | \$11.40 | \$22.80 | 36 |
| CCC75CA | CURL DEFINING CREAM (75ml/2.53fl oz) | \$6.50 | \$13.00 | 70 |
| HYDSTC75CA | HYDRATING STYLING CREAM (75ml/2.53fl oz) | \$6.50 | \$13.00 | 70 |
| ITHYDMK75CA | INTENSE HYDRATING MASK (75ml/2.53fl oz) | \$8.00 | \$16.00 | 70 |
| FC50CA | FRIZZ CONTROL (50ml/1.7fl oz) | \$8.50 | \$17.00 | 80 |
| MOS50CA | GLIMMER SHINE SPRAY(50ml/1.7 fl oz) | \$7.00 | \$14.00 | 80 |
| HSMH75CA | LUMINOUS HAIRSPRAY MEDIUM HOLD (75ml/2.3 oz) | \$4.50 | \$9.00 | 24 |
| HSSH75CA | LUMINOUS HAIRSPRAY STRONG HOLD (75ml/2.3 oz) | \$4.50 | \$9.00 | 24 |
| SHAMPMR70CA | MOISTURE REPAIR SHAMPOO (70ml/2.4 fl oz) | \$4.50 | \$9.00 | 50 |
| CONDMR70CA | MOISTURE REPAIR CONDITIONER (70 ml/2.4 fl oz) | \$4.75 | \$9.50 | 50 |
| MO-SCALPDRY45CA | DRY SCALP TREATMENT (Bottle of 45ml/1.5fl oz) | \$18.90 | \$37.80 | 48 |
| MO-SCALPOIL45CA | OIL SCALP TREATMENT (Bottle of 45ml/1.5fl oz) | \$18.90 | \$37.80 | 48 |
| TP250CA | HEAT STYLING PROTECTION SPRAY (250ml/8.5fl oz) | \$14.00 | \$28.00 | 60 |
| STYBRUSHXLPRO | PADDLE BRUSH XLPRO Box of 6 | \$12.60 | \$25.20 | 120 |
| STYBRUSH25MM | ROUND BRUSH 25mm/ 1" Box of 6 | \$12.60 | \$25.20 | 120 |
| STYBRUSH35MM | ROUND BRUSH 35mm / 1 3/8" Box of 6 | \$12.60 | \$25.20 | 120 |
| STYBRUSH55MM | ROUND BRUSH 55mm/ 2 1/8" Box of 6 | \$14.70 | \$29.40 | 120 |

BACK BAR SKUS

| | | | | |
|-----------------|---------------------------------------------------------------------------------------------|---------|-----|----|
| BBMO200CA | MOROCCANOIL Treatment (Bottle of 200ml/6.8fl oz) Upon purchase of 6 units of 100ml | \$31.50 | N/A | 36 |
| BBMO200LTCA | MOROCCANOIL LIGHT TREATMENT (Bottle of 200ml/6.8fl oz) Upon purchase of 6 units of 100ml | \$31.50 | N/A | 36 |
| BBITCC300CA | INTENSE CURL CREAM (Bottle of 300ml/10.2fl oz) | \$18.40 | N/A | 30 |
| BBCCC250CA | CURL DEFINING CREAM (Bottle of 250ml/8.5fl oz) | \$16.80 | N/A | 36 |
| BBCDM150CA | CURL CONTROL MOUSSE (Bottle of 150ml/5.1fl oz) | \$11.60 | N/A | 42 |
| BBHYDSTC300CA | HYDRATING STYLING CREAM (Bottle of 300ml/10.2fl oz) | \$18.40 | N/A | 30 |
| BBFC100CA | FRIZZ CONTROL (Bottle of 100ml/3.4fl oz) | \$16.80 | N/A | 60 |
| BBMOS100CA | GLIMMER SHINE SPRAY (Bottle of 100ml/3.4fl oz) | \$13.60 | N/A | 60 |
| BBHSMH330CA | LUMINOUS HAIRSPRAY MEDIUM HOLD (Bottle of 330ml/10oz) | \$11.90 | N/A | 12 |
| BBHSSH330CA | LUMINOUS HAIRSPRAY STRONG HOLD (Bottle of 330ml/10oz) | \$11.90 | N/A | 12 |
| BBVM250CA | VOLUMIZING MOUSSE (Bottle of 250ml/8.5oz) | \$14.00 | N/A | 12 |
| BBITHYDMK500CA | INTENSE HYDRATING MASK (Jar of 500ml/16.9fl oz) | \$27.20 | N/A | 24 |
| BBITHYDMK1000CA | INTENSE HYDRATING MASK (Bottle of 1L/33.8fl oz) | \$50.40 | N/A | 12 |
| BBWLHYDMK500CA | WEIGHTLESS HYDRATING MASK (Jar of 500ml/16.9fl oz) | \$33.60 | N/A | 24 |
| BBWLHYDMK1000CA | WEIGHTLESS HYDRATING MASK (Bottle of 1L/33.8fl oz) | \$58.80 | N/A | 12 |
| BBRHMK500CA | RESTORATIVE HAIR MASK (Jar of 500ml/16.9fl oz) | \$37.20 | N/A | 24 |
| BBRHMK1000CA | RESTORATIVE HAIR MASK (Bottle of 1L/33.8fl oz) | \$60.90 | N/A | 12 |
| BBSHAMPCL1000CA | CLARIFYING SHAMPOO (Bottle of 1L/33.8fl oz) | \$33.00 | N/A | 12 |
| BBSHAMPEV1000CA | EXTRA VOLUME SHAMPOO (Bottle of 1L/33.8fl oz) | \$31.40 | N/A | 12 |

| | | | | |
|--------------------------|-----------------------------------------------------------------|---------|-----|----|
| BB SHAMPHYD1000CA | HYDRATING SHAMPOO (Bottle of 1L/33.8fl oz) | \$28.90 | N/A | 12 |
| BB SHAMPMR1000CA | MOISTURE REPAIR SHAMPOO (Bottle of 1L/33.8fl oz) | \$28.90 | N/A | 12 |
| BBCONDEV1000CA | EXTRA VOLUME CONDITIONER (Bottle of 1L/33.8fl oz) | \$32.90 | N/A | 12 |
| BBCONDHYD1000CA | HYDRATING CONDITIONER (Bottle of 1L/33.8fl oz) | \$30.40 | N/A | 12 |
| BBCONDMR1000CA | MOISTURE REPAIR CONDITIONER (Bottle of 1L/33.8fl oz) | \$30.40 | N/A | 12 |
| BBSCALPDRY1510CA | DRY SCALP TREATMENT (Vial of 10ml/0.34fl oz) Box of 15 vials | \$94.50 | N/A | 20 |
| BBSCALPDRY510CA | DRY SCALP TREATMENT (Vial of 10ml/0.34fl oz) Box of 5 vials | \$36.80 | N/A | 60 |
| BBSCALPOIL1510CA | OIL SCALP TREATMENT (Vial of 10ml/0.34fl oz) Box of 15 vials | \$94.50 | N/A | 20 |
| BBSCALPOIL510CA | OIL SCALP TREATMENT (Vial of 10ml/0.34fl oz) Box of 5 vials | \$36.80 | N/A | 60 |

SALON CONTRACT

Moroccanoil, Canada, Inc. and Moroccanoil, Inc. (collectively, "Moroccanoil") produces and distributes hair care and cosmetic products ("Products"). The Products are designed for salon distribution. Moroccanoil wishes to sell Products to the salon identified below ("Salon") for Salon use and resale. Moroccanoil and Salon agree with each other as follows:

1. Salon represents and promises that all Products purchased from Moroccanoil will be used only for: (a) cosmetological services performed at Salon's premises, or (b) resale only to bona fide salon clients on the Salon's premises in such limited amounts as necessary for personal and family use at home. This limited distribution is called "Salon Use and Resale". Salon represents and promises that it will not resell Products to any other business, retailer, salon, cosmetologist or redistributor.
2. Salon is prohibited from selling Products over the Internet or via direct mail or catalog.
3. Salon shall not remove, alter or obliterate any matrix or other code on Products or offer, sell, transfer, or otherwise deliver any Product whose matrix or other code has been removed, altered or obliterated.
4. Except for Moroccanoil Products, Salon shall not carry any products containing or allegedly containing argan oil.
5. Salon shall create contemporaneous electronic records of all transactions of Products and shall maintain all such electronic records for a minimum of five (5) years from the date of any transaction and shall have the records available at each of the Salon's offices. Moroccanoil shall have access on twenty-four (24) hours' notice for itself and any licensed public accountant to the contemporaneously created electronic records of all of the transaction in Products by Salon. Moroccanoil shall have access on twenty-four (24) hours' notice to any of Salon's business locations, including the Salon and any warehouse, to count or otherwise inspect Products.
6. Salon represents that it currently meets, and during the term of the Contract will continue to meet, Moroccanoil's requirements to be a "Salon" as stated below. If Salon changes its business operation and no longer meets Moroccanoil's requirements to be a Salon, the Contract shall automatically terminate upon the change occurring. Salon shall promptly notify Moroccanoil in writing of any change in Salon's ability to satisfy Moroccanoil's requirements to be a Salon or Salon's ability to comply with the Salon Use and Resale restriction on Products.
7. **All Products delivered to Salon are delivered in reliance on Salon's representation that they are solely for Salon Use and Resale. Any other use or resale is prohibited and is considered to be "DIVERSION". For each order that Salon places with Moroccanoil, Salon reaffirms its representation that the Products are being ordered only for Salon Use and Resale. If Salon intends the Products for any purpose other than Salon Use and Resale, Salon must notify Moroccanoil of that purpose in writing. If Salon's intention changes and it fails to inform Moroccanoil of that fact, Salon will have committed fraud. Salon agrees that DIVERSION damages Moroccanoil's contractual relations with its distributors and other salon customers. If Moroccanoil, or any other manufacturer, or distributor have any evidence indicating Salon has diverted any Products, Salon may be terminated for diverting Products and be subject to civil action.**
8. Salon agrees that it can be sued in Los Angeles, California for any breach of this Contract and it consents to the exclusive jurisdiction of the Courts in Los Angeles, California for all suits arising under this Contract. Salon agrees that California law shall apply to any dispute arising out of this Contract in part because California bears a reasonable relation to the Contract and the parties. The amount of damages that Moroccanoil would suffer as a result of DIVERSION or the sale of counterfeit product is extremely difficult to ascertain. Accordingly, Salon agrees that for any conduct related to DIVERSION or counterfeiting, liquidated damages in an amount of money equal to three (3) times the suggested consumer retail price of each diverted or counterfeit product shall be awarded to Moroccanoil. In the event Moroccanoil detects DIVERSION of any

product from any shipment of Moroccanoil Products to Salon, it shall be conclusively presumed that *all* Products in that shipment were also diverted. Salon further agrees that equitable remedies should be granted to remedy any violation(s) of the Contract. In any litigation arising from or related to this Contract, the prevailing party shall recover its reasonable attorneys' fees, whether the claims in the litigation are based in contract, statutory or tort law.

9. Salon shall take appropriate steps to ensure that each of its employees and independent contractors are aware of the requirements of this Contract. Salon waives any defense based upon the assertion or evidence that its employee(s), representative(s), or agent(s) did not know the requirements of this Contract.
10. Either Salon or Moroccanoil may terminate this Contract immediately by giving written notice. Upon termination, (1) Moroccanoil will immediately stop selling Products to Salon; and (2) Moroccanoil shall have the right to repurchase any Products sold to Salon that remain in Salon's inventory. The purchase price for the remaining inventory shall be the lowest price Salon paid for those Products. Salon waives any claim for lost profits arising from the termination of this Contract. This Contract is not assignable by Salon.

Acknowledged and Agreed:

Moroccanoil Canada Salon Name: _____
By: _____ Salon Address: _____
Title: _____ Telephone: _____ Email: _____
Date: _____ Printed Name: _____
Signature: _____
Establishment License Number: _____

MOROCCANOIL DEFINITION OF PROFESSIONAL SALON

A "Salon" is defined as a business entity where state licensed cosmetologists who are employees, or independent contractor cosmetologist(s) or booth renters perform cosmetological services, such as hair cutting, hair styling and hair coloring, at a government-licensed business location that has a commercial street address. A Salon must have shampoo bowls and styling chairs. At least one (1) full-time licensed (to the extent the state/province/territory licenses cosmetologists) professional cosmetologist must be on the premises regularly and customarily, and must be performing services on patrons on the premises while the premises is open for business. A Salon must have an appearance indicating that its principal business is the performance of professional services on hair rather than the making of retail sales, and must derive a substantial percentage of its revenue from the provision of hair care services (cutting, coloring, styling, etc.).

APPROVED CONFORTI SALONS

| | Name of Salon | Business Address |
|------|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| YES* | Toronto Eaton Centre, Nino D'Arena Salon and Spa | 220 Yonge Street P.O. Box 146, Store YG-17, Toronto, Ont, M5B 2H2 (416)977-6818 |
| YES | NRG Cuts and Gear | 201 Cundles Rd. East, East Glen Plaza, Barrie, Ont, L4N 6S7 (705)721-8003 |
| YES* | Natural Solutions Salon and Spa | Toronto Eaton Centre, 220 Yonge Street M5B 2H1 (416)977-4848 |
| YES | Natural Solutions Salon and Spa | Promenade Mall, 1 Promenade Circle, Store B-202, Thornhill, Ont, L4J 4P8 (905)889-3300 |
| YES | NRG Salon and Spa | Pickering Town Centre, 1355 Kingston Rd., Store 170, Pickering, Ont, L1V 1B8 (905)831-7910 |
| YES | Nino D'Arena Salon and Spa | BCE Plac, 181 Bay Street, P.O. Box 739 Store 170, Toronto, Ont M5J 2T3 (416)360-1800 |
| YES | Natural Solutions Salon and Spa | Scotia Plaza, 40 King Street West, #134, Toronto, Ont, M5H 3Y2 (416)368-5338 |
| YES | L'Attitudes Salon and Spa | Pickering Town Centre, 1355 Kingston Road, Store 114, Pickering, Ont, L1V 1B8 (905)420-1440 |
| YES | L'Attitudes Salon and Spa | Erin Mills Town Centre, 5100 Erin Mills Parkway, Store E-231, Mississauga, Ont, L5M 4Z5 (905)569-3550 |
| YES | Volum Studio & Spa Salon and Spa | Pickering Town Centre, 1355 Kingston Road, Pickering, Ont, L1V 1B8 (905)831-0888 |
| YES | Georgian Mall, 509 Bayfield Street L'Attitudes | Store No. J003, Barrie, Ont, L4M 4Z8 |

APPROVED CONFORTI SALONS

| | | |
|------|------------------------------------|----------------------------------------------------------------------------------------------------------|
| | Salon and Spa | (705)739-0999 |
| YES | Nino D'Arena Salon and Spa | ErinMills Town Centre,5100 Erin Mills Parkway, Store B-128 ,Mississauga,Ont,L5M 4Z5 (905)569-3411 |
| YES* | Natural Solutions Salon and Spa | Fairview Mall,1800 Sheppard Avenue East, Store 1047,Toronto,Ont, M2J 5A7 (416)491-4464 |
| YES | Portico Salon | Exchange Tower,2 First Canadian Place, Store #CW8,Toronto,Ont, (416)860-0106 |
| YES* | L'Attitudes Salon and Spa | Toronto Eaton Centre,220 Yonge Street, Store E-15 (3 Below)Toronto,Ont, M5B 2H1 (416)340-9920 |
| YES | Natural Solutions Salon and Spa | Markville Shopping Centre,5000 Highway #7, Unit 0077,Markham,Ont,L3R 4M9 (905)479-2525 |
| YES | L'Attitudes Salon and Spa | Upper Cananda Mall,17600 Yonge Street Unit G5,Newmarket,Ont,L3Y 4Z8 (905)836-5566 |
| YES | Natural Solutions Salon and Spa | Georgian Mall ,509 Bayfield Street, Store F003,Barrie,Ont L4M 4Z8 (705)722-9696 |
| YES | L'Attitudes Salon and Spa | Oshawa Town Centre,419 King Street West Store #2190 ,Oshawa,Ont,L1J 2K5 (905)723-5937 |
| YES | Curio hair + skin Salon and Spa | Upper Canada Mall,17600 Yonge Street, Unit G5,NewMarket,Ont L3Y 4Z1 (905)853-0001 |
| YES | Natural Solutions Salon and Spa | ErinMills Town Centre, 5100 ErinMills Parkway, Store R 122B, Mississauga,Ont,L5M 4Z5 (905)608-0666 |
| YES | L'Attitudes Salon and Spa | Scotia Plaza,40 King Street West, Store 101,Toronto,Ont,M4H 3Y2 (416)366-4303 |

APPROVED CONFORTI SALONS

| | | |
|------|------------------------------------|---------------------------------------------------------------------------------------------------------------|
| YES | L'Attitudes Salon and Spa | Promenade Mall,1 Promenade Circle Thornhill,Ont, L4J 4P8 (905)763-1188 |
| YES | Tonyc Studio | Scarborough Town Centre,300 Borough Drive, Store 293,Scarborought,Ont,M1P 4P5 (416)296-0030 |
| YES | Natural Solutions Salon and Spa | HillCrest Mall,9350 Yonge Street,Unit A10A, Richmondhill,Ont,L4C 5G2 (905)770-7442 |
| YES* | L'Attitudes Salon and Spa | The Pen Centre,Highway 406 and Glendale Ave., Store #50,St. Catherines,Ont, L2T 2K9 (905)688-0101 |
| YES | L'Attitudes Salon and Spa | Markville Shopping Centre,5000 Highway #7 East,Unit #2217B,Markham,Ont,I3R 4M9 (905)947-8851 |
| YES | Natural Solutions Salon and Spa | Oshawa Centre,419 King Street West, #1100,Oshawa,Ont,L1J 2K (905)579-8383 |
| YES | Natural Solutions Salon and Spa | Scarborough Town Centre,300 Borough Dr. Scarborough,Ontario M1P 4P6 Unit 62 (416)279-0444 |
| YES | Tonyc Salon and Spa | 25 The West Mall,Sherway Gardens Unit 1708, M9C 1B8 Mail Box T248 (416)695-1777 |
| YES | NRG Salon and Spa | 9350 Yonge St. RichmondHill,Ontario Unit B23A L4C 5G2 (905)780-1211 |
| YES | NRG Hair Studio | 5100 ErinMills Parkway ErinMills Town Center Mississauga,Ontario Unit R222A L5M 4Z5 (905)608-1480 |

APPROVED CONFORTI SALONS

| | | |
|------|------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| YES* | Natural Solutions Salon and Spa | 221 Glendale Ave. The PenCentre St Catharines, Ontario L2T 2K9 (905)688-9118 |
| YES | Tonyc Salon and Spa | 17600 Yonge St. Upper Canada Mall NewMarket, Ontario Unit EE29 L3Y 4Z1 (905)898-4464 |
| YES | Tonyc Salon and Spa | 77 King St. West Concourse level Unit 52B Toronto Dominion Centre Toronto, Ontario M5W 1P9 (416)943-0909 |
| YES | Tonyc Salon and Spa | 1800 Sheppard Ave. East Willowdale, Ontario Store 2052 M2J 5A7 (416)493-4571 |
| YES* | Natural Solutions Salon and Spa | 435 Stone Road West, Unit L8 Guelph, Ontario N1G 2X6 (519)780-5210 |
| YES* | Natural Solutions Salon and Spa | 2960 Kingsway Dr. Unit E9 Kitchener, Ontario N2C 1X1 (519)894-6191 |
| YES* | Frenzi Hair and Skin | 355 Hespeler Rd Cambridge, Ontario Cambridge Centre N1R 6B3 Unit T334 (519)620-1777 |
| YES | Tonyc Hair Studio | 1 Promenade Circle |

APPROVED CONFORTI SALONS

Promenade Mall
Thornhill, Ontario
Unit B243
(905)771-1117

YES* **Tonyc Studio** **419 King Street West**
Oshawa Centre
Store #15
Oshawa, Ontario L1J 2K5 (905)438-0002

YES* **Tonyc Studio & Spa**
Fairview Park Mall
Unit M6
Kitchener, Ontario
N2C 1X1
(519)748-9600

YES **Volum Studio & Spa**
200 Bay Street,
Lower Concourse Level,
Unit LR4
Toronto, Ontario
M5J 2J1
(416)603-0606

APPROVED CONFORTI SALONS

N1G 2X6
(519)767-3337

| | | |
|------|-------------------|----------------------------------------------------------------------------------------------|
| YES | Curio hair + body | Unit 0101A Thornhill,Ont L4J 4P8 905-731-3600 550 King St. W |
| YES* | Tonyc Studio | Conestoga Mall Unit G9A N2L 5W6 Waterloo,Ont 519-725-6300 |
| YES* | Tonyc Studio | Cambridge Centre 355 Hespeler Rd Cambridge, Ont Unit 314 N1R 6B3 519-740-9009 |

MOROCCANOIL DEFINITION OF PROFESSIONAL SALON

A "Salon" is defined as a business entity where state licensed cosmetologists who are employees, or independent contractor cosmetologist(s) or booth renters perform cosmetological services, such as hair cutting, hair styling and hair coloring, at a government-licensed business location that has a commercial street address. A Salon must have shampoo bowls and styling chairs. At least one (1) full-time licensed (to the extent the state/province/territory licenses cosmetologists) professional cosmetologist must be on the premises regularly and customarily, and must be performing services on patrons on the premises while the premises is open for business. A Salon must have an appearance indicating that its principal business is the performance of professional services on hair rather than the making of retail sales, and must derive a substantial percentage of its revenue from the provision of hair care services (cutting, coloring, styling, etc.).

From: Ronald J Campione <rcampione@bressler.com>
Sent: Tuesday, November 12, 2013 1:19 PM
To: Bill Conkle <bill@conkle.us>
Subject: Signed Addendum
Attach: Scan.pdf

Bill

Here is the signed addendum. Should have the issued bond tomorrow from Marsh.

Ron

Ronald J. Campione, Esq.
Bressler, Amery & Ross, P.C.
325 Columbia Tpke.
Florham Park, NJ 07932
(973)245-0681
(973)514-1660 (fax)

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**ADDENDUM TO SETTLEMENT AGREEMENT
BETWEEN MOROCCANOIL, INC., MOROCCANOIL ISRAEL, LTD.,
MOROCCANOIL CANADA, INC., SALON DISTRIBUTION, INC. AND
TONY CONFORTI**

Moroccanoil, Inc. (“Moroccanoil California”), Moroccanoil Israel, Ltd. (“Moroccanoil Israel”) and Moroccanoil Canada, Inc. (“Moroccanoil Canada”) (collectively “Moroccanoil”), and Tony Conforti (“Conforti”) and Salon Distribution, Inc. (“SDI”) (collectively “Defendants”) are parties to a Settlement Agreement (“Agreement) effective July 15, 2013. Moroccanoil and Defendants may be collectively referred to herein as the “Parties” or individually as a “Party.”

The Parties agree, consistent with subparagraphs 16(g) and 16(h) of the Agreement, that subparagraph 6(b) of the Agreement shall be amended to add the following subparagraph to the existing language:

Beginning on July 15, 2014, and each year thereafter, the amount of the bond securing the Defendants’ purchase obligations shall be annually decreased in accordance with the amount that may be due and owing under subparagraph 6(a). In accordance with subparagraph 6(a), the dollar amount of the potential damages is an amount of money determined by multiplying the dollar amount of Moroccanoil Products that Defendants ordered and paid for by seventy seven and seven-tenths percent (77.7%) and then subtracting that amount from CAN \$1,000,000. A bond to secure Defendants’ performance is described in subparagraph 6(b) and is CAN \$1,250,000, CAN \$250,000 more than the amount of damages described in Section 6(a). If prior to July 15, 2014, Defendants have ordered and paid for Moroccanoil Products, the amount of the potential damages will be reduced and the amount that may be collected from the bond will be reduced. The new and reduced amount of the bond will be CAN \$1,250,000 less the new potential damages. Thus, by way of example, but not by way of limitation, if by July 15, 2014, the Defendants have purchased and paid for CAN \$500,000 of Moroccanoil Products, the calculation of damages under subparagraph 6(a) is reduced by CAN \$500,000 times .777, or CAN \$388,850. The amount secured by the bond according to subparagraph 6(b) is reduced by subtracting CAN \$388,850 from CAN \$1,250,000. That number is CAN \$861,150. CAN \$861,150 will be the amount of the bond required under Section 6(b) until July 15, 2015 when it might be reduced again.

There are no further amendments to the Settlement Agreement that are intended by this Addendum and the parties hereby agree to this Amendment on this _____ day of November, 2013.

Moroccanoil, Inc.

By: _____

Moroccanoil Canada, Inc.

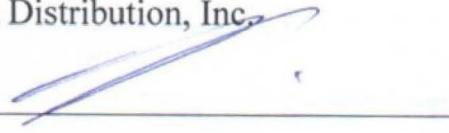
By: _____


Tony Conforti

Moroccanoil Israel, Ltd.

By: _____

Salon Distribution, Inc.

By: 

TAB 2C

**THIS IS EXHIBIT "C"
REFERRED TO IN THE AFFIDAVIT OF
MARIE-EVE BÉRUBÉ-CÔTÉ SWORN
BEFORE ME ON OCTOBER 13, 2021**



A Commissioner for Oaths and Notary Public in
and for the Province of Ontario

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

MOROCCANOIL, INC., a California Corporation,

Plaintiff,
v.

TONY CONFORTI, an individual; SALON DISTRIBUTION, INC., a Canadian Corporation; and DOES 1 through 10 inclusive,

Defendants.

Civ. No. 11-136 (KM)(MAH)

Oral Argument Requested

**BRIEF IN SUPPORT OF PLAINTIFF'S MOTION
TO ENFORCE SETTLEMENT AGREEMENT**

Duane Morris LLP
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Phone: (973) 424-2015
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Conkle, Kremer & Engel, PLC
By: John A. Conkle (Admitted *Pro Hac Vice*)
Mark C. Riedel (Admitted *Pro Hac Vice*)
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Santa Monica, California 90403
Phone: (310) 998-9100
m.riedel@conklegroup.com

Attorneys for Plaintiff Moroccanoil, Inc.

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I. INTRODUCTION

Plaintiff Moroccanoil, Inc. (“Moroccanoil”) seeks to enforce its Settlement Agreement (the “Agreement”) with Defendants Salon Distribution, Inc. (“SDI”) and Tony Conforti (“Conforti”) executed in July 2013. The Court will recall that the parties reached the Agreement to resolve underlying litigation, initiated nearly ten years ago, over SDI’s sale of counterfeit Moroccanoil products. Under the Agreement, Defendants were authorized to purchase and sell \$1.3 million CAD¹ of Moroccanoil products through their chain of 50 salons in Toronto, Canada. The Agreement contains several mechanisms to prevent Defendants from “diverting” those products, meaning selling or transferring Moroccanoil products outside of Moroccanoil’s “salon only” distribution channel. Upon this seemingly amicable resolution of the underlying counterfeiting dispute, the Court retained jurisdiction over the Agreement to enforce its provisions.²

Moroccanoil learned, however, that genuine Moroccanoil products were discovered at Suki Beauty Store (“Suki Store”) in Macau, China, and identified with tracking codes as products sold to Defendants under the Agreement. Accordingly, Moroccanoil filed its 2015 Motion to Enforce Settlement Agreement (the “2015 Motion”). Defendants opposed the 2015 Motion under Rule 56(d), based on a contention that they needed discovery to respond to Moroccanoil’s evidence showing a breach of the Agreement. The Court granted discovery, and the parties have spent the better part of the last five years engaged in such discovery.

¹ Unless otherwise indicated, all monetary amounts referenced herein are in Canadian Dollars.

² We note at the outset that in March 2013, before the Settlement Agreement was executed, and without notice to Moroccanoil or the Court, SDI “amalgamated,” or merged, with Conforti Holdings, Ltd. (“CHL”), another Canadian entity. (Undisputed Material Facts (“UMF”) No. 9.) Moroccanoil is told that, at that time, SDI ceased to exist or became “inactive” under Canadian law. (*Id.*) Despite SDI’s March 2013 amalgamation with CHL, Defendants did not disclose the existence of CHL until September 2019. (UMF No. 10.)

Unsurprisingly, the evidence adduced during discovery fully supports Moroccanoil's request for judgment, and does not raise a triable issue of fact as to Defendants' breach of the Agreement. In fact, Defendants' own expert witnesses testified that (1) Defendants could not account for thousands of products they were authorized to sell under the Agreement, and (2) Defendants failed to create and maintain contemporaneous electronic records ("CERs") of all transactions in Moroccanoil products, as required by the Agreement. The discovery conducted by Defendants over the last five years, which Defendants sought so adamantly in 2015, is remarkable only in its failure to raise a triable issue of material fact.

The simple fact is that Defendants breached the Agreement by selling, or otherwise delivering, Moroccanoil products to an unauthorized retail store, the "Suki Store" in Macau, China. Defendants further breached the Agreement by failing to produce contemporaneous electronic records of all transactions in Moroccanoil products when requested, and by executing the Agreement on behalf of an entity that Moroccanoil is now told did not exist at the time the Agreement was made.³

Moroccanoil is therefore entitled to prompt entry of judgment as a matter of law. *See generally Tiernan v. Devoe*, 923 F. 2d 1024 (3d Cir. 1991) (likening motion to enforce a settlement agreement to a motion for summary judgment, and applying the same standard).⁴ Moroccanoil respectfully requests that the Court enforce the express terms of the Agreement as agreed to by the

³ In September 2019, after the fact discovery cut-off, Defendants disclosed for the first time that SDI merged with CHL in March 2013, and that SDI ceased to exist at the time. (UMF No. 84.) In a flawed effort to cure this deception on Moroccanoil and the Court, Defendants have moved to substitute CHL for SDI. (UMF No. 86.) That motion is briefed and under submission. In this Motion, Moroccanoil offers additional evidence and argument for the denial of the Motion to Substitute, which came to light during the expert depositions and after the briefing on the Motion to Substitute. The failure to disclose CHL is also a separate breach of the Agreement.

⁴ Moroccanoil has filed a Separate Statement of Undisputed Material Facts in Support of this Motion. References to the Statement and the evidentiary support are cited as "UMF No. ____."

parties. Remedies provided in Paragraph 6 of the Agreement for breach include: (1) \$374,279.00 in actual damages for the unfulfilled portion of the product purchase obligation; (2) \$860,000.00 liquidated damages for “Diversion,” namely sale of the products outside of Moroccanoil’s professional salon distribution system; and (3) a permanent injunction prohibiting Defendants from any further dealings in Moroccanoil products. (UMF 23-24.)

II. STATEMENT OF FACTS AND PROCEDURAL HISTORY

Plaintiff Moroccanoil produces and distributes a popular line of hair care products in over 60 countries, including the United States and Canada. (Undisputed Material Facts (“UMF”) No. 1).⁵ Defendants Conforti and SDI own and operate a chain of hair salons in the Greater Toronto Area, as well as a wholesale distributor of professional salon products, from which they supply a wide range of hair care products to Qualifying Salons. (UMF No. 2). In or around 2009, Moroccanoil began receiving reports of counterfeit Moroccanoil Oil Treatment products appearing at various retail locations throughout the United States and Canada. (UMF No. 4-6).

A. THE UNDERLYING LITIGATION AND THE PARTIES’ SETTLEMENT AGREEMENT

After tracing counterfeit Moroccanoil products to SDI and Conforti’s salons, Moroccanoil sued Conforti and SDI in New Jersey in 2011. (UMF No. 8). Defendants vehemently denied any knowledge or liability for the “alleged” counterfeit products. (UMF No. 11). Defendants claimed that they purchased the alleged counterfeit products unwittingly from a series of “jobbers,” but Defendants could not locate even one of these jobbers after the lawsuit was filed. (*Id.*)

For purposes of the Motion, it is undisputed that:

- Defendants SDI and Conforti entered into the Settlement Agreement to resolve the

⁵ Vivid Luxury, CNN Erin Burnett OutFront – Moroccanoil.avi (2012), https://www.youtube.com/watch?v=sxZWmC_4pQQ (last date visited 10/7/2020)

underlying case on July 15, 2013 to avoid liability for selling counterfeit products. (UMF No. 11-26).

- As of the date of the Settlement Agreement, Defendants represented that SDI and Conforti owned and operated a chain of 49 approved beauty salons in the Greater Toronto Area. (UMF No. 2). The salons are listed in Exhibit D to the Agreement. (UMF No. 19). The Agreement required Defendants to buy \$1.29 million of Moroccanoil products over a three year period, and to only use these products in their salons or for direct sale to end use consumers for personal and family use, via the Toronto-area salons listed in Exhibit D.
- The Agreement prohibited Defendants from diverting Moroccanoil products outside of the narrow salon channel of distribution (“Diversion”) for use and/or direct sale to salon customers (“Professional Use”). (UMF No. 13-14).
- Under the terms of the Agreement, Diversion or other material breach entitles Moroccanoil to terminate the Agreement and recover purchase requirement damages, liquidated damages and an injunction. (UMF No. 24-25).
- The Agreement required Defendants to create and maintain CERs of all transactions in Moroccanoil products, and to make those records available upon request. (UMF No. 21).

B. MOROCCANOIL PERFORMED UNDER THE AGREEMENT

In all respects, Moroccanoil complied with and performed its obligations under the Agreement. (UMF No. 36).⁶ To implement the Agreement, Moroccanoil obtained a signed Salon

⁶ In accordance with the Agreement, Moroccanoil and Defendants jointly executed and filed a Dismissal of this Action and the related actions brought by Moroccanoil, Israel in New Jersey and Beyond Beauty in Toronto, Canada. (UMF No. 27.) The Stipulation and Order of Dismissal provides: “Moroccanoil and Defendants stipulate and jointly request that the Court retain jurisdiction to enforce the terms of the parties’ Settlement Agreement; and it is ORDERED THAT the Court shall retain jurisdiction to enforce the terms of the parties’ Settlement Agreement. (ECF No. 104).

Contract from each of the approved and “Qualifying Salons” owned by Defendants. (UMF No. 28). Like the Agreement, the Salon Contract promised that Moroccanoil products would only be used for Professional Use and prohibited Diversion. (*Id.*) Moroccanoil appointed Venus Beauty Supply (“Venus”), its local distributor in Toronto, to supply products under the Agreement to SDI on behalf of Qualifying Salons. (UMF No. 29).

In addition, Defendants provided a performance bond to Moroccanoil for \$1.3 million to secure their performance of the Agreement. (UMF No. 30). The bond was written and executed in the name of Salon Distribution, Inc., an entity that did not exist at the time the bond was offered. (UMF No. 31). Once the bond was secured, SDI placed an initial order on November 6, 2013, for approximately \$94,000 of Moroccanoil products with Venus Beauty Supply (“Venus”), Moroccanoil’s local distributor in Toronto. (UMF No. 32).

Upon receipt of orders from SDI, Venus would create an order number and then invoice and ship Moroccanoil products to SDI. (UMF No. 33). As it would pick, pack and ship the products, Venus would scan and track codes printed on the products using the Moroccanoil tracking system. (*Id.*) Venus associated the tracking codes with the SDI orders. (*Id.*) Between November 2013 and January 2015, Venus invoiced, shipped and sold approximately \$805,000 of Moroccanoil products to SDI under 30 separate orders. (UMF No. 35).

C. MOROCCANOIL’S PRODUCT TRACKING SYSTEM

As a regularly conducted business activity, Moroccanoil maintains a product tracking system. (UMF No. 37). In furtherance of that system, Moroccanoil places tracking codes, including a unique Matrix code, on virtually all of its products and uses those codes to determine where particular products were last observed in its distribution system. (*Id.*).

The tracking codes Moroccanoil prints on its products include [REDACTED]

[REDACTED] (UMF No. 38). [REDACTED]

products using the [REDACTED] codes. (*Id*). Moroccanoil can use [REDACTED] codes to determine where particular products were last observed within its distribution system. (*Id*).

The codes are placed on pallets, master cases, cases and individual units of Moroccanoil products at or near the time when the products are produced. (UMF No. 39). Moroccanoil products are routinely scanned to record the tracking codes as they move through Moroccanoil's distribution network, from the manufacturing facility, to the warehouse, to the distributor and the salon. (*Id*). Moroccanoil distributors, such as Venus, participate in the scanning and data collection. (*Id*).

The records created by Moroccanoil's "TrackBack" software system allow Moroccanoil to determine where a particular product, case or pallet was last observed and recorded within the Moroccanoil distribution system. (UMF No. 39). Moroccanoil relies on the data and results from the TrackBack system to make routine business decisions, including decisions about enforcement of its salon only distribution policies, and termination or other sanction of a salon or distributor. (UMF No. 40).

D. DEFENDANTS BREACHED THE AGREEMENT

About halfway through the three-year term of the Agreement and Defendants' purchase obligation, Moroccanoil learned that Defendants had breached their promises and sold or otherwise transferred a significant quantity of Moroccanoil products to an unauthorized retail store, "Suki Store," in Macau, China. (UMF No. 41).

Between December 2, 2014 and February 7, 2015, Moroccanoil's representatives made four visits to the diverting seller, Suki Store, and on each occasion, purchased or observed Moroccanoil products that were traced to orders sold to SDI. (UMF No. 42). Moroccanoil was assisted in this investigation by its local distributor in Hong Kong, VM Sync, and two of VM

Sync's employees, Zoe Lam and Shirley Woo. Below is a chart of the investigatory visits to Suki Store:

| Suki Store Visit Date | Moroccanoil Representative | Moroccanoil Item Purchased or Imaged | TrackBack System Identifies: | Venus Sold to SDI Re: Order Nos. |
|-----------------------|----------------------------|-----------------------------------------------------------|------------------------------|----------------------------------|
| 12/2/14 | Shirley Woo | Oil Treatment 125 ml | Venus | 418387-2779666 |
| 12/12/14 | Zoe Lam | Frizz Control 100 ml | Venus | 401577-2307046 |
| 1/15/15 | Manami Sakamoto | Oil Treatment 100 ml | Moroccanoil Canada | |
| 1/15/15 | Manami Sakamoto | Restorative Hair Mask 250 ml | Venus | 403209-2331797 |
| 1/15/15 | Manami Sakamoto | Restorative Hair Mask 250 ml Master Box 4344067 (6 units) | Venus | 406809-2445140 |
| 2/7/15 | Arrow Chan | Intense Hydrating Mask 250 ml (6 units) | Venus | 0406809-2445140 |
| 2/7/15 | Arrow Chan | Oil Treatment 100 ml (12 units) | Venus | |

Using its tracking code system, Moroccanoil determined that the products were last sold to SDI under four separate purchase orders with a purchase price of nearly \$170,000. (UMF No. 43). Venus in turn determined that each of the purchase orders were made by SDI, and associated with Venus invoice numbers 723080, 724363, 727130, 734774, 764153 and 764222 (UMF No. 44). Indeed, Moroccanoil traced diverted products to the very first order SDI placed on November 6, 2013, as if Defendants had no intention to ever honor the Agreement. (UMF No. 45).⁷

E. DEFENDANTS FAILED TO CURE THEIR BREACH OF THE SETTLEMENT AGREEMENT

In response to the Macau incident, Moroccanoil requested that Defendants produce records

⁷ This is the date of breach for determining the exchange rate. The Exchange rate on November 6, 2013 was \$.96, one U.S. Dollar was worth \$1.04 Canadian Dollars (UMF No. 97.) See *In re Good Hope Chem. Corp.*, 747 F. 2d 806, 811 (1st Cir. 1984) (where claim arises in U.S. under American law, date of breach should be used to determine exchange rate).

of the transactions which took place through the accused orders, and to otherwise cure their breach. (UMF No. 46.) Defendants did neither, instead insisting without proof that the products from the orders were sold through or used in their own salons. (*Id*).

When Moroccanoil sought an explanation for why its products from these SDI orders were found in Suki Store, as well as an accounting of the products located in Macau, Defendants stonewalled and further breached the Agreement by failing to provide CERs of their transactions as required under the Agreement. (UMF No. 47). Instead, Defendants produced inadequate paper records of their transactions, with enormous gaps in the date range (a separate and independent breach of the Agreement) and omission of many of the Moroccanoil products they purchased, including top-selling Moroccanoil Oil Treatment products. (UMF No. 48).

In response to the blanket denial and refusal to produce records and information, Moroccanoil informed Defendants that they were in material breach and the Agreement would be referred to this Court for enforcement. (UMF No. 49). Subsequent to Moroccanoil's declaration of breach, Defendant produced a smattering of records to Moroccanoil. (UMF No. 50). Those belatedly produced records failed to comply with the Agreement, or to explain, cure or otherwise negate the evidence of breach based on Diversion. (UMF Nos. 51-52). As a result, the full extent of Defendants' sales of Moroccanoil products to unauthorized outlets remains concealed.

In addition, it is now apparent that Defendants further breached the Agreement by failing to disclose the existence of CHL, as a party to the underlying litigation, as a purported party to the Agreement, and as a purported party to the Bond. In effect, Defendants have deprived Moroccanoil of a critical benefit of the Agreement, a certain and collectable judgment against SDI, CHL and the Bond, based on their diversion.

F. MOROCCANOIL'S 2015 MOTION TO ENFORCE IN RESPONSE TO DEFENDANTS' BREACH

In April 2015, Moroccanoil filed its first Motion to Enforce alleging that Defendants SDI

and Conforti breached the Agreement by reselling or otherwise transferring large quantities of Moroccanoil products, either directly or indirectly, to an unauthorized retail store. (UMF No. 54). Conforti and SDI opposed and filed an affirmative Cross-Motion to Enforce Settlement Agreement in August 2015. (UMF No. 55). The Court preliminarily denied the Motions as premature, and assigned Magistrate Judge Hammer to oversee discovery. (UMF No. 56). Thereafter, the parties engaged in written and oral discovery as directed by the Court. (*Id.*).

G. THE PARTIES' DISCOVERY SINCE MOROCCANOIL'S 2015 MOTION TO ENFORCE

Since 2015, Defendants have taken the following depositions:

- Zoe Lam on March 7, 2017 (purchaser of Moroccanoil products at Suki Store);
- Vince Riverso on April 6, 2017 (owner of Venus);
- Chris Buckley on September 22, 2017 (employee/salesman of Venus);
- Easy Cheuk on May 10, 2018 (owner of Suki Store);
- David Cohen (General Counsel) as a Rule 30(b)(6) witness for Moroccanoil on July 17, 2019;
- Gerardo Ludert (Chief Operating Officer) as a Rule 30(b)(6) witness for Moroccanoil on July 17, 2019;
- Manami Sakamoto on July 16, 2019 (Moroccanoil employee and purchaser of products at Suki Store);
- Thomas Neches (expert witness and forensic accountant) on August 13, 2020. (UMF No. 57).

In addition, Moroccanoil has taken the following depositions:

- Tony Conforti as the President of SDI on April 5, 2017;⁸
- Floriana Ottaviani on April 5, 2017 (SDI bookkeeper and daughter of Conforti);
- Arrow Chan on January 23, 2018 (purchaser of Moroccanoil products at Suki Store);
- Sam Marinucci on August 19, 2020 (designated expert accountant -- diversion);
- Paul Mandel of RSM Canada Consulting LP on August 20, 2020 (designated expert accountant on damages);
- Glenn Weadock on August 21, 2020 (designated rebuttal expert on meaning of CERs).

(UMF No. 58).

1. Defendants' Testimony Confirms Their Breach of The Agreement

Conforti has a well-earned reputation [REDACTED] (SSUMF No. 3.) He has been sued three times for selling counterfeit hair products, before the Moroccanoil case⁹, [REDACTED]

¹⁰

(*Id.*) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

⁸ Given that SDI amalgamated with CHL in March 2013, SDI was no longer a functioning entity at the time Conforti was deposed as the Rule 30(b)(6) designee for SDI. Effectively, Moroccanoil has been denied meaningful discovery of both SDI and CHL. A motion to compel discovery regarding CHL is now pending.

⁹ The three brands of counterfeit products carried by Conforti were TIGI, Bumble & Bumble, and Farouk. (UMF No. 3).

¹⁰ The records produced in the underlying case show that Conforti operation supplies products to [REDACTED] (UMF No. 4). [REDACTED]

[REDACTED] (UMF No. 60).

¹¹ Despite the opportunity to do so during his deposition, Conforti failed to mention CHL or that it owned about 14 salons at the time.

the various protections and remedies into the Agreement. (UMF No. 4).

In April 2017, Conforti was again deposed as a Rule 30(b)(6) designee of SDI (a company that no longer existed at the time). Conforti's daughter, Floriana Ottaviani, who serves as SDI's bookkeeper, was also deposed. (UMF No. 61). Both Conforti and Ottaviani testified that the SDI business model had not changed since the prior deposition [REDACTED]

[REDACTED] (UMF No. 62).

Neither Conforti nor Ottaviana explained or disclosed that SDI had merged with CHL, despite an opportunity to correct the record. (UMF No. 63). Conforti testified that he was the President of the non-existent SDI as of April 2017. (*Id*). Furthermore, Ottaviani and Conforti confirmed that SDI had no computerized electronic records or inventory system for their warehouse, and instead relied on paper records to receive a count of products in inventory. (UMF No. 64).

2. Arrow Chan Bought The Diverted Moroccanoil Products from Suki Store and Gave Them To Moroccanoil's Distributor

Another deponent is Arrow Chan, a hair stylist who worked at IDIO Hair Shop in Macau.¹² Chan was a client of VM Sync and Shirley Woo. (UMF No. 65). In January 2015, Woo asked Chan to visit the Suki Store and purchase diverted Moroccanoil products. (UMF No. 66). Chan did so on February 7, 2015. (*Id*). He purchased a box of Moroccanoil Hair Mask, 6 units, and a box of Moroccanoil Oil Treatment, 12 units. (*Id*). He was surprised by the large quantity of Moroccanoil products available for purchase at the Suki Store. (UMF No. 67). Chan sent the products by DHL to Woo at VM Sync. (UMF No. 68). The box of Hair Mask Chan purchased in Suki store was traced to SDI purchases under the Agreement. (UMF No. 69). The box of Oil

¹² Arrow Chan was subpoenaed for deposition in Macau by Moroccanoil under the Hague Convention. He declined to appear voluntarily. After being served with process in Macau, Chan agreed to appear voluntarily for deposition in Hong Kong, via videoconference.

Treatment was traced to Venus, but could not be traced to a specific Venus customer as it was part of a special promotion. (UMF No. 70). The lack of further tracing does not eliminate the possibility that this box of Oil Treatment was sold by Venus to SDI. (*Id*).

3. Easy Cheuk, the Owner of Suki Store, Buys Moroccanoil Products On a “Don’t Ask, Don’t Tell” Basis

The owner of Suki Store in Macau, Easy Cheuk, was also deposed.¹³ Suki Store is not an authorized dealer of Moroccanoil products, it is a beauty supply shop. (UMF No. 71). Cheuk admitted that he lied on his social media account when he stated that he was the exclusive authorized distributor of Moroccanoil products in Macau. (UMF No. 72). He does not operate a salon. (*Id*).

Cheuk testified that he does not purchase Moroccanoil products from VM Sync, the authorized dealer of Moroccanoil products in Macau. (UMF No. 73). Instead, Cheuk buys his Moroccanoil products from individuals he meets on WeChat or who walk in off the street and offer to sell him products. (*Id*). Between 2012 and 2017, he had three or four suppliers of Moroccanoil products: Katy, Monda, Patrick and Kelvin. (UMF No. 74). He does not know the suppliers last names. (*Id*). He did not know where the suppliers obtained the Moroccanoil products. In the industry, it is strictly a “don’t ask, don’t tell” policy. (UMF No. 75). Regarding the “don’t ask, don’t tell” rule of the industry, it is like asking a magician how he does his trick. He calls it a “mysterious business.” (*Id*).

He does not ask his suppliers for records, nor does he keep any records, regarding his Moroccanoil transactions. (UMF No. 76). At one time, Cheuk might have had as many as 200 units of the Moroccanoil Oil Treatment on hand (one of several dozen Moroccanoil products).

¹³ The deposition was requested under the Hague Convention. After being served with process, Chan agreed to have his deposition taken via video conference from Hong Kong.

(UMF No. 77).

As for the boxes shown in the photographs of Moroccanoil products taken at Suki Store, Cheuk claimed that most boxes on the upper lever are empty. (UMF No. 78). There are full liter bottles on top of the boxes on the upper level. The boxes in the front of the store are not empty. (UMF No. 79). Cheuk identified the receipts for purchases for Moroccanoil products made by Zoe Lam. (UMF No. 80).

4. Defendants' Expert Confirmed Glaring Gaps in SDI's Records of Receipt of Moroccanoil Products and Inventory at Salons

Sam Marinucci was retained and designated by SDI as an expert witness. He was hired to "audit" the salons and account for all of the Moroccanoil products received from Venus in purchases under the Settlement Agreement, and which were allegedly used, sold and otherwise consumed by SDI and its salons. (SSUMF No. 81). He started work for SDI in or about May of 2015. (*Id*).¹⁴

Of note, Marinucci testified that Defendants paper record invoices of receipts from Venus were short by about 4,230 units, and that when he confronted Conforti and Ottaviani about the discrepancy, they agreed with his conclusion that 4,000 products were unaccounted for. (UMF No. 82). In addition, his actual physical count of the inventory at the salons was short by some 1300 units, when compared to the SDI alleged salon records. (*Id*).¹⁵

5. Defendants Failed To Disclose SDI's Amalgamation With CHL, Another Canadian Entity, For Over Six Years

In September 2019, after the fact discovery cut-off, Defendants disclosed for the first time that SDI had "merged" with CHL in March 2013, and that SDI ceased to exist at the time. (UMF

¹⁴ Marinucci is akin to a percipient expert witness, or a treating physician.

¹⁵ While Marinucci's percipient witness observations may be admissible, Marinucci cannot opine that he can account for all the products received by SDI from Venus, as alleged in his report.

No. 83). Despite this amalgamation, SDI, not CHL, retained Paul Mandel of RSM Canada Consulting to opine on damages as an expert. (UMF No. 87). [REDACTED]

[REDACTED] (UMF No. 89).

[REDACTED] (Id).

Defendants' other accounting expert, Sam Marinucci, was unaware that CHL, not SDI, owned many of the Salons that he "audited" for purposes of determining if the Salons were the source of diversion. (UMF No. 88). On May 22, 2020, Moroccanoil filed a motion to compel the production of CHL's financial records and tax returns, which Defendants have repeatedly refused to produce. That motion is currently pending before the Court. (ECF No. 91).

Defendants have now moved to substitute CHL for SDI in this litigation. (ECF No. 251). Moroccanoil opposed that motion, which remains pending. As a consequence of Defendants' deception regarding CHL, Moroccanoil now seeks judgment against both SDI and CHL.

III. LEGAL STANDARDS GOVERNING MOTIONS TO ENFORCE SETTLEMENT AGREEMENTS

The parties agreed that any action arising from the Agreement would be resolved under New Jersey law. A settlement agreement is governed by principles of contract law. *J.B. v. W.B.*, 215 N.J. 305, 326 (2013). New Jersey public policy strongly favors settlements. *Jannarone v. W.T. Co.*, 65 N.J. Super. 472 (App. Div. 1961), *cert. denied*, 35 N.J. 61 (1961). New Jersey courts "strain to give effect to the terms of a settlement wherever possible." *Dep't of Pub. Advocate*, 206 N.J. Super. at 528.

Contractual interpretation of a settlement agreement is a "legal matter ordinarily suitable for resolution on summary judgment." *Celanese Ltd. v. Essex Cnty. Improvement Auth.*, 404 N.J. Super. 514, 528 (App. Div. 2009). The touchstone for interpretation is the parties' shared intent in reaching the agreement. *Pacifico v. Pacifico*, 190 N.J. 258, 266 (2007). So long as that intent

is evident from the contract's clear, unambiguous terms, the agreement will be enforced as written.

Karl's Sales & Service Inc. v. Gimbel Bros. Inc., 249 N.J. Super. 487, 493 (App. Div. 1991), *certif. denied*, 127 N.J. 548, 606 (1991).

A settlement agreement is enforceable by motion, as opposed to a new action, whenever (as here) the court expressly retains jurisdiction. *U.S. Claims Inc. v. Yehuda Somolar, PC*, 602 F. Supp. 2d 590 (E.D. Pa. 2009). Further, because motions for the enforcement of settlement agreements resemble motions for summary judgment, the court should employ a similar standard of review. *See Tiernan v. Devoe*, 923 F.2d 1024, 1031-32 (3d Cir. 1991); *see Fed. R. Civ. P. 56(a)*. Accordingly, Plaintiff again models this application after a motion for summary judgment.

In addition, while it retains jurisdiction, the Court has authority to see that it is carried out, and award damages for any breach. *See, e.g., Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 378-82 (1994). The District Court may enter injunctive relief to enforce a settlement agreement when it determines that an opposing party has failed to perform its obligations. *Saudi Basic Inds. Corp. v. Exxon Corp.*, 364 F. 3d 106 (3d Cir. 2004). Here, the inquiry is straightforward because the Agreement includes a specific provision whereby Defendants agreed to be enjoined and/or ordered to make specific performance upon a breach.

IV. MOROCCANOIL'S RENEWED MOTION TO ENFORCE SETTLEMENT AGREEMENT SHOULD BE GRANTED

Moroccanoil's Motion should be granted because Defendants cannot raise a triable issue regarding Defendants' breaches of the Agreement: (1) by their diverting Moroccanoil products, (2) by their failure to create, maintain, and produce CERs of all transactions in Moroccanoil products, and (3) by misrepresenting the role of SDI and concealing the role of CHL.

A. DEFENDANTS CANNOT RAISE A TRIABLE ISSUE OF FACT AS TO THEIR DIVERSION OF MOROCCANOIL PRODUCTS

Defendants have not and cannot raise a triable issue of material fact with respect to

Moroccanoil's claim of diversion. The terms of the Agreement included the purchase by SDI of \$1.29 million of Moroccanoil products and prohibited Diversion of those products. (UMF No. 12.) The terms of the Agreement require that the Moroccanoil products sold to SDI and Conforti be resold only through "Qualifying Salons" or used in the operation of these salons. (UMF No. 12-13.) Defendants breached this promise.

1. Defendants Cannot Rebut Evidence of Their Diversion

In December 2014, Moroccanoil observed a large quantity of products in an unauthorized retail location, the Suki Store in Macau. (UMF No. 41). Moroccanoil representatives purchased samples and obtained tracking codes from the Moroccanoil products located at Suki Beauty. (*Id.*) There can be no dispute that a substantial amount of Moroccanoil's products sold to Defendants were observed at, and even purchased from, an unauthorized retail location in Macau.

Using the tracking code system, Moroccanoil determined that the products observed in Macau at Suki Beauty were sold to Venus under four separate purchase orders (406809, 403209, 418387 and 401577), which totaled nearly \$170,000. (UMF No. 43). Venus in turn determined that each of the purchase orders were made by SDI, and associated with Venus invoice numbers 723080, 724363, 727130, 734774, and 764153. (UMF No. 44).

The tracking codes from a total of 15 products were each traced back to SDI. (UMF No. 95). Photographs from Suki Beauty Supply in Macau show that the store was literally "stacked to the rafters" with Moroccanoil products. Such resale or distribution of the products to an unauthorized retail store is a material breach of the Settlement Agreement.

According to Thomas Neches, a forensic accounting expert, there is a 95% confidence level that at least 50 percent of the Moroccanoil products observed at Suki Store are from SDI. (UMF No. 96). The tracking codes linking the products found at Suki Store to SDI are evidence of diversion, and Defendants have done nothing to rebut this fact in the five years since they asked

to be allowed to conduct further discovery.¹⁶

2. The Discovery Conducted Since 2015 Confirms That Conforti Has Repeatedly Lied To Cover Up Diversion

During his 2017 deposition, Conforti testified that he had personal knowledge of the fact that Defendants did not divert any of the products that were linked by tracking codes to Suki Store. (UMF No. 98). Defendants also testified that they could account for all of their \$804,000 in purchases of Moroccanoil products. (UMF No. 99). While it was clear that Tony Conforti lacked any foundation whatsoever of personal knowledge for his self-serving, blanket denial in his 2015 declaration regarding diverting any products from the four at-issue orders of Moroccanoil products, his testimony has been shown to be manifestly untenable through the discovery conducted since 2015.

Conforti and SDI operate a multi-million dollar wholesale shipping operation, and 50 salons in the Toronto area. Conforti testified at deposition that he purchased about 35,000 pieces of Moroccanoil products during the term of the Agreement. (UMF No. 33). According to his own accountant, Sam Marinucci, it was over 42,000 units). (*Id*). Conforti declared that he was present when each of these products were delivered at SDI, and he was physically present when those products were shipped out to the Qualifying Salons. (UMF No. 100). Conforti declared in 2015 that he saw “100%” of the 35,000 products leave the warehouse and arrive at his salons. (UMF No. 101). This is obviously a blatant lie and a physical impossibility.

It is inconceivable that Conforti has *personal knowledge* about how a sprawling enterprise including 50 salons and a 1000 employees, purchased, transferred, sold, shipped, used and

¹⁶ In support of this Motion, Moroccanoil will deposit the Suki Store products with the Court, and explain how the tracking codes can be accessed. In essence, the products are self-authenticating in the sense that the revealed codes match the sourcing records from the visits to the Suki Store.

inventoried over 42,000 units of Moroccanoil products. Conforti would need to be *omnipresent* to declare to the self-serving facts set forth in his declaration. Conforti's declaration that he did not divert any products from the four orders based on his personal observation of each delivery and shipment was an absurd conclusion, without foundation.

The lack of foundation for these statements in Conforti's declaration has been revealed in Conforti's own deposition testimony. As a preliminary matter, Conforti testified that he did not even read his declaration; it was read to him by his daughter because he does not read English (UMF No. 102). Due to the Agreement, Conforti testified that he knew that he and SDI were not supposed to divert Moroccanoil products. (UMF No. 103). Conforti admitted that he was relying on his business records and his daughter, Ottaviani, to make the sworn statement that nothing was diverted, as opposed to his personal knowledge. (SSUMF No. 104). After declaring under oath that Moroccanoil's Track Back system has the ability to track products to end use consumers, Conforti conceded during his deposition testimony that he does not have any knowledge of that capability. (*Id*). As a result of these perjurious statements, all of the evidence proffered through the declaration of Tony Conforti, and the deposition testimony of Tony Conforti should be discounted or ignored entirely.

B. DEFENDANTS CANNOT RAISE A TRIABLE ISSUE OF FACT AS TO THEIR LACK OF CONTEMPORANEOUS ELECTRONIC RECORDS

In addition to their diversion, Defendants' failure to maintain and produce CERs is a separate and independent breach of the Agreement. (UMF No. 105). It is undisputed that Defendants were required to "create" and "maintain" "contemporaneous electronic records of all transactions of Moroccanoil products" and provide Moroccanoil with "all electronic records of transactions of Moroccanoil Products within five (5) business days of Moroccanoil's request." (UMF No. 106). Defendants also failed to produce any contemporaneous records (with dates) showing transfers of Moroccanoil products from SDI to Qualifying Salons. (UMF No. 107).

None of the discovery conducted by Defendants since 2015 or even Defendants' expert witness testimony raises a triable issue of material fact on this issue, and the evidence bolsters the arguments Moroccanoil made in its First Motion regarding Defendants' breach of the Agreement.

Citing Paragraph 4(f), on January 30, 2015, Moroccanoil requested records from Defendants regarding the four orders suspected in the diversion to Macau. (UMF No. 109). On February 13, 2015, following a one-week extension, Defendants produced a one page, paper summary of their purported purchases, sales, back bar use and remaining inventory of Moroccanoil products. (*Id.*) This one page paper summary contained no dates for any of the supposed transactions in Moroccanoil products. (UMF No. 110). In addition and apparently to distract attention, Defendants produced a 38 page paper report of invoices they obtained from Venus. (*Id.*) On March 12, 2015, Moroccanoil provided Defendants an additional opportunity to produce proper records under the Agreement to explain how the products traced to SDI ended up in Suki Store in Macau, but Defendants failed to provide proper records. (UMF No. 111).

1. Defendants Failed to Comply With The Agreement's Recordkeeping Requirement

The uncontested facts cited in the Conkle Declaration I through February 13, 2015, alone, establish a breach of Paragraphs 4(f) and 4(g) of the Agreement due to Defendants' failure to create, maintain and produce upon request any electronic invoices or shipping records to show contemporaneous transfers from SDI to salons.

(a) Defendants Failed to Use Moroccanoil's Track Back System To Create and Maintain CERs

Defendants assert that they created and maintained proper records by using the Moroccanoil Track Back system. By their own admission, however, Defendants only used the Track Back system for part of the contract period, June 2014 to January 2015 (about eight months out of the fifteen month term of the Agreement). (UMF No. 112). Two of the four diverted orders

were placed before Defendants started using the Track Back system. (*Id.*) In addition, Defendants used the Track Back system on only two select products, Moroccanoil Treatment and Moroccanoil Treatment Light, a fraction of the products sold to them by Moroccanoil. Track Back records for the few products that Defendants entered into the system are therefore hopelessly incomplete and insufficient to constitute CERs of “all” transactions in Moroccanoil products.

In addition, Conforti admitted during his 2017 deposition that he has no knowledge of Moroccanoil’s tracking system capability. (UMF No. 114). In fact, Conforti testified at his deposition that he had no knowledge regarding the requirement under the Agreement to keep CERs showing shipments from SDI to salons, and that he relies on Ottaviani to handle that aspect of his businesses. (*Id.*)

(b) Defendants’ “Dispatches to Salons” Spreadsheet Is Not a CER

Seeking to get their story straight, Defendants put all of their recordkeeping eggs in one “Dispatches to Salons” basket. On March 12 and March 17, 2015, Defendants produced a smattering of records regarding their transactions in Moroccanoil products, which included the now “infamous” spreadsheet called “Dispatches to Salons.” (UMF No. 115). The “Dispatches to Salons” is the principal record produced and relied on by Defendants that purports to show transfers from the SDI warehouse to Conforti owned salons. (*Id.*)

Ottaviani testified that she prepared and updated weekly a “Dispatches to Salons” Excel spreadsheet to purportedly track which products were shipped to Defendants’ salons, and how many pieces were shipped to each salon of each product type of SKU, both for retail use and for backbar use.¹⁷ (UMF No. 115).

However, Defendants concede that the Dispatches to Salons document Defendants rely

¹⁷ Back bar products are used at the individual salon styling stations and at shampoo areas.

upon does not constitute a CER as required by the Agreement. (UMF No. 116-18). First, no dates were recorded on the Dispatches to Salons, (*Id*) and no invoices were created or maintained, in paper or electronic format. (*Id*). To the contrary, the Excel program would *overwrite and erase the previous entry* for the number of *each* product type shipped to each salon as updates were made. (*Id.*) The spreadsheet produced by Defendants does not show any dates of the sales or transfers of products from SDI to Qualifying Salons, and therefore cannot be “contemporaneous” as required under the Agreement.

Moreover, the Dispatches to Salons spreadsheet’s column headings for retail and backbar do not make sense; at a minimum, the data would need to be reorganized in order to make any sense of the data provided in the spreadsheet. (UMF No. 117). In addition, the Dispatches to Salons only includes a portion of Moroccanoil’s products because it excludes Moroccanoil’s top selling Oil Treatment products. (*Id*). Ottaviani’s failed “Dispatches to Salons” spreadsheet was the only mechanism SDI used to track shipments of products to its salons. (*Id.*). The record is not a form of CER.

As for the Milano sales records, these records have massive gaps in their date range of the documents and are likewise, non-compliant with the Agreement, and provide no support for SDI’s positions. (SSUMF No. 119).

2. Defendants’ Expert Conceded The Defendants Lack of Records

Moroccanoil’s forensic accounting expert, Thomas Neches, testified without contradiction that Defendants failed to create, maintain and produce CERs of Moroccanoil products received by SDI and shipped to salons. (UMF No. 123).

Even Defendants’ rebuttal expert, Glenn Weadock, agreed with Neches’ opinion when he testified that he could not contradict Neches about whether CERs were “maintained” as required by the Agreement, because Weadock did not know whether those records were erased or lost.

(UMF No. 124).

During his deposition, Weadock testified that Conforti's statement in his declaration that CERs were maintained through the implementation of the TrackBack system was false. Weadock agreed with Neches' conclusion to this effect. (UMF No. 125). In addition, Weadock recalled reviewing SDI information in preparation for his deposition showing that the TrackBack system only covered one type of Moroccanoil product, not the full range of products carried by SDI. (*Id*).

Neches report states: "SDI did not make any contemporaneous electronic record of what products it received from Moroccanoil via Venus and when it received them." (UMF No. 126). Weadock agreed with this statement, testifying that Defendants "verified the received goods against paper records but did not make an electronic record." (*Id*). Weadock testified that Defendants "made a record for their own internal use, but it was not an electronic record..." (*Id*). Regarding Conforti's assertion that SDI created and maintained CERs, Weadock testified that, "...my recollection is in agreement with your assertion that not all of the products were scanned." (*Id*).

Neches report further states: "Orders to the warehouse from SDI salons were not entered into any electronic database, either contemporaneously or at any later date." (UMF No. 127). Weadock agreed with this statement. (*Id*). While Weadock testified that the Dispatches to Salons was a contemporaneous electronic record, he undermined this statement when he acknowledged that there was no way, when looking at the Dispatches to Salons, to determine when any given products were shipped. (UMF No. 128). After reviewing the Dispatches to Salons document, Weadock stated that document does not have a date and does not show when any particular product was shipped to any particular salon. (*Id*). Weadock could not opine on whether the Dispatches to Salons represented *all* of the Defendants' transactions in Moroccanoil products. (*Id*).

As for back bar product records maintained in Milano, Weadock is aware that there was an

overwriting function that occurred in the Milano accounting system. (UMF No. 129). Weadock explicitly did not opine as to Defendants obligation to maintain records for five years as required by the Settlement Agreement. (*Id*).

C. DEFENDANTS' FAILURE TO DISCLOSE CHL'S EXISTENCE IS AN INDEPENDENT BREACH OF THE AGREEMENT

Conforti and SDI failed to disclose the existence of CHL following the 2013 amalgamation of SDI and CHL. This duplicity is a separate and distinct breach of the Agreement on top of Defendants' diversion of Moroccanoil products and their failure to create, maintain and produce CERs of all transactions in Moroccanoil products.

The Agreement was drafted in 2013 to provide Moroccanoil a speedy and decisive remedy in the event that products sold to Defendants under the Agreement were diverted. In Paragraph 16 of the Agreement, SDI warrants that it has "the full authority and right" to enter into this Agreement, and is the "sole owner of all the claims released." (UMF No. 130). This of course was blatant false, and breach of the Agreement. Defendants filed counterclaims, signed a settlement agreement, and executed a Bond, all in the name of SDI. Each of these acts represent a fraudulent misrepresentation that such an entity existed and could be bound as a legal entity. Defendants made these claims knowing them to be untrue.

This deception was practiced on both Moroccanoil and the Court. SDI even continued to conduct business well into this proceeding, including retaining and designating an expert witness in September of 2019, over six years after the amalgamation of SDI and CHL. Despite numerous opportunities to disclose the existence of CHL, including when the Agreement itself was executed, when the Bond was issued, and when depositions of Defendants were taken in 2017, including a deposition of Conforti as a 30(b)(6) witness for SDI, Defendants concealed the existence of CHL until 2019 when they produced the RSM report.

Conforti attempts to deflect the liability for this fraud by claiming he merely operated SDI

as a d/b/a for CHL, but this fails. The corporate records from the amalgamation state that the surviving entity will operate under the name “Conforti Holdings Ltd”, and Canadian law forbids use of the term “Inc.” or “Incorporated” as part of a d/b/a. (UMF No. 131). Canadian law provides that an amalgamated company “ceases to exist.” (UMF No. 132).¹⁸

More importantly, from an equity and fairness standpoint, Moroccanoil has been deprived of the benefit of its bargain under the Agreement. Moroccanoil expected a speedy and efficient remedy if Defendants breached the Agreement and diverted products. Now it faces the prospect of a judgment against a non-existent Defendant SDI, and a Bond obligation with a phony signature. Due to the last minute disclosure of their misconduct, Defendants deprived Moroccanoil of an opportunity to take discovery of CHL. Each of these matters independently would constitute a material breach of the Agreement; taken together, these constitute a massive, indisputable breach.

Defendants have recently attempted to simply swap CHL as a defendant in this case in place of SDI at the eleventh hour and after the close of fact discovery. But Defendants’ concealment of CHL from Moroccanoil and the Court for over five years has prevented Moroccanoil from receiving a fair opportunity to conduct discovery into CHL’s financial records and its precise relationship with SDI and the salons. To compound the problem, SDI now claims damages of more than [REDACTED], based on CHL’s ownership of salons, even though CHL and the salons were not a party to the Agreement.

V. MOROCCANOIL IS ENTITLED TO THE REMEDIES PROVIDED IN THE SETTLEMENT AGREEMENT

Moroccanoil is entitled to the following remedies under the express terms of the Agreement

¹⁸ When a defendant corporation has merged with another corporation, the case may continue against the original defendant and the judgment will be binding on the successor even if the successor is not named in the lawsuit. *Luxliner P.L. Export, Co. v. RDI/Luxliner, Inc.*, 13 F.3d 69, 71 (3d Cir. 1993) (“*Luxliner*”) (Emphasis added).

as a result of Defendants' breach: Termination of the Agreement, and excuse from further performance; Damages of \$374,279 for unfulfilled purchases; Liquidated Damages of \$860,000 based on Diversion; a permanent injunction against Defendants prohibiting any dealings in Moroccanoil products; and recovery of its attorney's fees.

A. MOROCCANOIL SUFFERED DAMAGES AS A RESULT OF DEFENDANTS' BREACH

The Agreement, set forth here as Exhibit H to the Declaration of Anthony Wilson, then General Counsel Americas of Moroccanoil (ECF No. 107-5), binds Defendants. Based on Defendant's breaches of the Agreement, (1) by diverting products to Macau, China, (2) by failing to create, maintain, and produce upon request CERs of all transactions in Moroccanoil products, and (3) by lying about and concealing the existence of CHL. Defendants breached the Agreement. Moroccanoil is entitled to damages for Defendants' breach of the Agreement.

1. Liquated Damages For Diversion

New Jersey courts enforce liquated damages as between sophisticated parties in a commercial transaction. Liquidated damages provisions in a commercial contract between sophisticated parties are "presumptively reasonable and the party challenging the clause bears the burden of proving its unreasonableness." *Metlife Capital Fin. Corp. v. Wash. Ave. Assocs. L.P.*, 159 N.J. 484 (1988) (*citing Wasserman's Inc. v. Middleton*, 137 N.J. 238, 252 (1994)). The *Metlife* court concluded that "the overall single test of validity is whether the stipulated damage clause is reasonable under the totality of the circumstances..." *Id.* The New Jersey Supreme Court further explained:

[I]n commercial transactions between parties with comparable bargaining power, *stipulated damage provisions can provide a useful and efficient remedy. Sophisticated parties acting under the advice of counsel often negotiate stipulated damages clauses to avoid the cost and uncertainty of litigation. Such parties can be better situated than courts to provide a fair and efficient remedy.* Absent concerns about unconscionability, courts frequently need ask no more than whether the clause is reasonable.

Id. at 504 (emphasis added). In addition, “considerations of judicial economy and freedom of contract favor enforcement of stipulated damages clauses.” *Id.*

Here, Plaintiff and Defendants stipulated in their Agreement that the damages for Diversion would be three times the suggested consumer retail price of the products diverted. The parties, all sophisticated parties knowledgeable in the distribution of hair care products and acting with their counsel, agreed that Diversion would cause irreparable harm and that the actual harm would be “extremely difficult to ascertain.”

The parties further agreed that each of the Qualifying Salons would execute a Salon Contract, which each did before receiving any shipment. (UMF No. 138). In the Salon Contract, each salon agreed that if any part of a shipment was diverted that the entire shipment would be “conclusively presumed” to be diverted. (UMF No. 139). Defendants Tony Conforti and SDI warranted that each of the Qualifying Salons are owned, operated and managed by them. (UMF No. 140). The parties agreed that a breach of the Salon Contract would be a breach of the Settlement Agreement. (UMF No. 141).

As further detailed in the declaration of Mr. Wilson, Moroccanoil has designed its distribution system to prevent product Diversion, and invests a tremendous amount of money and effort to avoid the irreparable harm caused by Diversion. (ECF No. 107-5).

The Moroccanoil products traced to four separate orders placed by Defendants totaling nearly \$170,000 at the agreed price between Moroccanoil and SDI. At three times the suggested consumer salon price, this equates to \$860,000 in liquated damages. (UMF No. 43, 146). Under the circumstances described in the Wilson Declaration, the \$860,000 in liquated damages called for by the Agreement are a “reasonable and fair” approximation of the amount of damages caused by this extraordinary Diversion incident in Macau, China.

2. Actual Damages For Unpurchased Products

Based on Defendants' material breach, Moroccanoil is entitled to terminate the Agreement and to recover damages. Under Paragraph 6(a) of the Agreement, Moroccanoil is entitled to "Purchase Requirement Damages" upon termination of the Agreement for any reason. (UMF No. 133). Purchase Requirement Damages are defined as "One million Canadian dollars (CAN \$1,000,000) minus seventy-seven and seven-tenths percent (77.7%) of the total price of all Moroccanoil products that Defendants ordered and paid for under this Agreement." (*Id*). The Agreement was terminated on or about February 27, 2015. (UMF No. 134). Prior to the termination, SDI had purchased \$805,303.60 worth of Moroccanoil products. \$805,303.60 times 77.7% equals \$625,720.90. One million dollars minus \$625,720.90 equals \$374,279.10. It cannot be disputed that Moroccanoil is entitled to an award of damages in the amount of \$374,279.10 as Purchase Requirement Damages under Paragraph 6 of the Agreement.

The discovery that the parties have conducted since the 2015 Motion to Enforce has not changed the above analysis.

3. Moroccanoil's Attorney's Fees

The Agreement provides that: "In any action or proceeding arising from or related to this Agreement, the prevailing party shall be entitled to its reasonable attorneys' fees." (UMF No. 142). Moroccanoil requests that following the conclusion of these enforcement proceedings it be awarded its reasonable attorneys' fees and costs for these proceedings.

B. MOROCCANOIL IS ENTITLED TO EQUITABLE RELIEF

Defendants breached the Agreement. Defendants admitted that irreparable harm would result from a breach of the anti-Diversion provisions of the Agreement, and that Moroccanoil would be entitled to specific performance and/or a permanent injunction as necessary to remedy the breach.

In determining whether permanent injunctive relief should be granted, courts weigh four factors: (1) the plaintiff has shown actual success on the merits; (2) the threat of irreparable harm to plaintiff if an injunction is not granted; (3) whether granting an injunction will result in greater harm to the defendant than plaintiff, and (4) whether injunctive relief will be in the public interest. *Shields v. Zuccarini*, 254 F. 3d 476, 478 (3rd Cir. 2001).

Where the parties have agreed that a particular breach would cause irreparable injury to the other party, that agreement is generally considered persuasive. *See USA Techs, Inc., v. Tirpak*, 2012 U.S. District Lexis 72318 (E.D. Pa. 2012). While in “some cases the difference between an injunction and specific performance may escape precise definition”, the objective of each remedy here is to protect Moroccanoil from further acts of Diversion. *Saber v. Finance America Credit Corp.*, 843 F.2d 697 (3d Cir. 1988). This is a straightforward remedy expressly provided under the Agreement, which is warranted based on the indisputable facts of this case. In addition, the Court should prohibit Defendants from any further dealings in Moroccanoil products.

The balance of equities sharply tips in favor of Moroccanoil. The injury to Moroccanoil will be great if an injunction does not issue prohibiting further acts of Diversion by Defendants, whereas the harm to Defendants if an injunction issues is essentially nil. The permanent injunction would simply reinforce Defendants’ promise and make it a court enforceable remedy. It would be manifestly unfair to place Moroccanoil at risk of any further acts of diversion by Defendants after having exchanged the consideration for the Agreement. As stated by the Court in *USA Techs, supra*, “the self-inflicted nature of any harm suffered by [defendant] also weighs in favor of granting preliminary relief.”

Injunctive relief is in the public interest here based on the strong public policy in favor of enforcing a valid contract. *Siemens Building Techs, Inc. v. Camach*, 168 F. Supp. 2d 425, 427 (E.D. Pa. 2001) (“as a general matter it is in the public interest to enforce contractual obligations

and to protect legitimate business interests”).

VI. CONCLUSION

Defendants’ failure to abide by the terms of the Settlement Agreement left Moroccanoil with no alternative but to file a Motion to Enforce. As a matter of law, and based upon the indisputable and undisputed facts, the discovery that has been conducted, and basic principles of equity and fairness, Moroccanoil is entitled to be fully and adequately compensated for Defendants’ breach of the Agreement, and to be protected from further acts of diversion by Defendants.

Respectfully submitted,

Dated: November 6, 2020

s/ Brian N. Biglin

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Attorneys for Plaintiff Moroccanoil, Inc.

TAB 2D

**THIS IS EXHIBIT “D”
REFERRED TO IN THE AFFIDAVIT OF
MARIE-EVE BÉRUBÉ-CÔTÉ SWORN
BEFORE ME ON OCTOBER 13, 2021**



A Commissioner for Oaths and Notary Public in
and for the Province of Ontario

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 31

Proof of Claim

(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the proposal of
CONFORTI HOLDINGS LIMITED
of the City of Markham, in the Regional Municipality of York
in the Province of Ontario

All notices or correspondence regarding this claim must be forwarded to the following address:

Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, Ontario - Attention Clifton Prophet

Clifton.Prophet@gowlingwlg.com

In the matter of the proposal of CONFORTI HOLDINGS LIMITED of the City of Markham in the Province of Ontario and the claim of
Moroccanoil, Inc. _____, creditor.

I, Marie-Eve Bérubé-Côté _____ (name of creditor or representative of the creditor), of the city of Montreal _____ in the
province of Quebec _____, do hereby certify:

1. That I am a creditor of the above named debtor (or I am General Counsel, Americas _____ (position/title) of Moroccanoil, Inc. _____, creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 28th day of September 2020, and still is, indebted to the creditor in the sum of
\$ 2,807,478.12 _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any
counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in
support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ 2,807,478.12 _____

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and

(Check appropriate description.)

Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ _____, I do not claim a right to a priority.

(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security,
and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____

(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$ _____
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____.
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____.
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____,
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____,
- G. CLAIM AGAINST DIRECTOR \$ _____

(To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I (am/am not) (or the above-named creditor (is/is not)) related to the debtor within the meaning of section 4 of the Act, and has not (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at Montreal, this 19 day of August, 2021.

Witness

Witness

Phone Number: 416 862 3509
Fax Number: N/A
E-mail Address: Clifton.Prophet@gowlingwl.com

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

SCHEDULE A
PROOF OF CLAIM OF MOROCCANOIL, INC.
DATED AUGUST 19, 2021

1. As of the date of the filing of this Proof of Claim, Moroccanoil, Inc. ("Moroccanoil") is owed \$2,807,478.12 by Conforti Holdings Limited ("CHL").¹

Background

2. Moroccanoil produces and distributes a popular line of hair care products in over 60 countries, including the United States and Canada.

3. In or around 2009, Moroccanoil began receiving reports of counterfeit Moroccanoil Oil Treatment products appearing at various retail locations throughout the United States and Canada.

4. After tracing counterfeit Moroccanoil products to salons owned by Salon Distribution, Inc.² (hereafter included in the definition of CHL), certain third party wholesalers and Tony Conforti ("Conforti"), Moroccanoil sued Salon Distribution, Inc. and Conforti in New Jersey in 2011 (the "2011 Litigation").

The Settlement Agreement

5. On July 15, 2013, a settlement agreement was entered into to resolve the 2011 Litigation (the "Agreement").

6. Conforti falsely signed the Agreement as "Salon Distribution, Inc.", an entity that did not exist at the time (as it had by then amalgamated into CHL), and then warranted that Salon Distribution, Inc. had the right

¹ All dollar amounts referenced herein are in CAD unless otherwise specified.

² Salon Distribution, Inc. is a predecessor by amalgamation to CHL. As a successor by amalgamation to Salon Distribution, Inc., CHL is liable for all of its liabilities, debts and obligations.

and full authority to sign the Agreement. Conforti would conceal the amalgamation of CHL from Moroccanoil for over six years.

7. The Agreement required Salon Distribution, Inc. (now CHL) and Conforti to buy \$1,290,000 of Moroccanoil products over a 3 year period, and to only use these products in their salons or for direct sale to end use consumers for personal and family use, via select Toronto-area salons.³

8. The Agreement prohibited CHL and Conforti from diverting Moroccanoil products outside of the salon channel of distribution (“**Diversion**”), while expressly permitting or authorizing use of Moroccanoil products in Qualifying Salons and sale to salon customers (“**Professional Use**”).

9. Under the terms of the Agreement, Diversion or other material breach entitled Moroccanoil to terminate the Agreement and recover “Purchase Requirement Damages”, liquidated damages and an injunction.

10. The Agreement required CHL and Conforti to create and maintain contemporaneous electronic records of all transactions in Moroccanoil products, and to make those records available upon request.

11. To implement the Agreement, Moroccanoil obtained a signed salon contract from each of the approved and Qualifying Salons owned by CHL and Conforti (the “**Salon Contracts**”). Like the Agreement, the Salon Contracts promised that Moroccanoil products would only be used for Professional Use and prohibited Diversion. Moroccanoil appointed Venus Beauty Supply (“**Venus**”), its local distributor in Toronto, to supply products under the Agreement to CHL on behalf of Qualifying Salons.

³ At the time of the Agreement, CHL and Conforti owned or controlled forty nine such salons (referred to as “**Qualifying Salons**”).

12. Upon receipt of orders from CHL, Venus would create an order number and then invoice and ship Moroccanoil products to CHL.

13. As it would pick, pack and ship the products, Venus would scan and track codes printed on the products using the Moroccanoil tracking system.

14. As a regularly conducted business activity, Moroccanoil maintains a product tracking system. In furtherance of that system, at the relevant time, Moroccanoil placed tracking codes, including a unique Matrix code, on most of its best-selling products for the purpose of providing Moroccanoil with the ability to determine where particular products were last observed in its distribution system.

15. The codes are placed on pallets, master cases, cases and individual units of Moroccanoil products at or near the time when the products are produced. Moroccanoil products are routinely scanned to record the tracking codes as they move through Moroccanoil's distribution network.

16. The records created by Moroccanoil's "TrackBack" software system allow Moroccanoil to determine where a particular product, case or pallet was last observed and recorded within the Moroccanoil distribution system.

Breach of the Settlement Agreement

17. About halfway through the three-year term of the Agreement, Moroccanoil learned that CHL and Conforti had breached the Agreement and sold or otherwise transferred a significant quantity of Moroccanoil products to an unauthorized retail store, "Suki Store," in Macau, China.

18. Between December 2, 2014 and February 7, 2015, Moroccanoil's representatives made four visits to the diverting seller, Suki Store, and on each occasion, purchased or observed Moroccanoil products that

were traced to orders sold to Venus. All of the products purchased contained the unique Matrix code described above.

19. Using its tracking code system, Moroccanoil determined that the products were last sold to Venus under four separate purchase orders.

20. Venus in turn determined that each of the purchase orders were made by CHL, and associated with Venus invoice numbers 723080, 724363, 727130, 734774, 764153 and 764222, with a purchase price of nearly \$170,000. Indeed, Moroccanoil traced diverted products to the very first order CHL placed on November 6, 2013.

21. When Moroccanoil sought an explanation for why its products from these CHL orders were found in the Suki Store, as well as an accounting of the products located in Macau, CHL and Conforti stonewalled and further breached the Agreement by failing to provide contemporaneous electronic records of their transactions as required under the Agreement.

22. Instead, CHL and Conforti produced inadequate paper records of their transactions, with enormous gaps in the date range (a separate and independent breach of the Agreement) and omissions of many of the Moroccanoil products they purchased, including top-selling Moroccanoil Oil Treatment products.

23. By failing to create, maintain and produce upon request any electronic invoices or shipping records to show contemporaneous transfers from CHL to salons, CHL further breached the Agreement.

24. The evidence regarding CHL's Diversion and other breaches of the Agreement are more fully summarized in the Brief in Support of Plaintiff's Motion to Enforce Settlement Agreement Filed by Moroccanoil in the New Jersey Proceedings and dated as of November 6, 2020 which is attached hereto on the Sync Site (as defined below).

Status of New Jersey Proceedings

25. In April 2015, Moroccanoil filed its first Motion to Enforce with the United States District Court District of New Jersey (the “**NJ Court**”) alleging that CHL and Conforti breached the Agreement by reselling or otherwise transferring large quantities of Moroccanoil products, either directly or indirectly, to an unauthorized retail store (the “**New Jersey Proceedings**”).

26. Conforti and CHL opposed and filed an affirmative Cross-Motion to Enforce Settlement Agreement in August 2015 (the “**CHL Motion**”). The NJ Court preliminarily denied the motions as premature, and assigned Magistrate Judge Hammer to oversee discovery. Thereafter, the parties engaged in written and oral discovery as directed by the NJ Court.

27. On November 6, 2020, Moroccanoil filed its second Motion to Enforce with the NJ Court (the “**Current Motion to Enforce**”). As of the date of hereof, the Current Motion to Enforce has not yet been heard. That being said the parties have made substantial headway in the proceedings and have completed discovery (save for a deposition of CHL).

28. On August 11, 2021 Moroccanoil requested that the NJ Court stay the determination of the merits of the parties’ respective claims pending the adjudication of its Proof of Claim in these proceedings (the “**Stay Request**”).

29. On the same date, the NJ Court granted the Stay Request and stayed the New Jersey Proceedings pending resolution of CHL’s insolvency proceedings.

Calculation of Amount of Claim

30. Moroccanoil is entitled to the following amounts under the express terms of the Agreement: (A) "Purchase Requirement Damages" of \$374,279 for unfulfilled purchases; (B) liquidated damages of \$860,000 for Diversion; (C) reimbursement of legal fees in the amount \$1,237,465.00; and, (D) applicable interest in the amount of \$336,013.12.

A. Termination Damages

31. The Agreement was terminated on or about February 27, 2015 (the "**Termination Date**").

32. Under Paragraph 6(a) of the Agreement, Moroccanoil is entitled to "Purchase Requirement Damages" upon termination of the Agreement for any reason.

33. "Purchase Requirement Damages" are defined under the Agreement as \$1,000,000 minus 77.7% of the total price of all Moroccanoil products that were ordered and paid for under the Agreement.

34. Prior to the termination, CHL had purchased \$805,303.60 worth of Moroccanoil products. \$805,303.60 multiplied by 77.7% equals \$625,720.90.

35. \$1,000,000 minus \$625,720.90 equals \$374,279.10.

B. Liquidated Damages

36. With respect to liquidated damages, the parties stipulated in the Agreement that the damages for Diversion would be the suggested consumer retail price of the products diverted multiplied by 3. The parties, all sophisticated knowledgeable in the distribution of hair care products and acting with their counsel, agreed that Diversion would cause irreparable harm and that the actual harm would be "extremely difficult to ascertain."

37. The Moroccanoil products sold in the Suki Store traced to four separate orders placed by CHL and Conforti total nearly \$170,000 at the agreed price between Moroccanoil and CHL under the Agreement.

38. When the suggested consumer salon price is multiplied by three (3) in accordance with the terms of the Agreement, this equates to \$860,000 in liquated damages.

C. *Legal Fees*

39. The Agreement provides that: "In any action or proceeding arising from or related to this Agreement, the prevailing party shall be entitled to its reasonable attorneys' fees."

40. To date, Moroccanoil has incurred legal fees in the amount of \$1,237,465.00.⁴

D. *Interest*

41. Interest on all amounts owing as damages under the Agreement accrues at the stated rate plus 2% for amounts over \$15,000, in accordance with New Jersey law. Interest due and owing on the Termination Damages and the Liquidated Damages and on the attorneys fees totals the sum of \$336,013.12, calculated as follows:

| Category | Amount of Interest |
|----------------------------|---------------------------|
| Contract Damages | \$82,182.66 |
| Liquidated Damages | \$188,976.16 |
| CKE Attorney Fees | \$52,911.04 |
| Duane Morris Attorney Fees | \$11,943.26 |

⁴ All legal fees were billed in U.S. dollars and have been converted to Canadian dollars for the purposes of this Proof of Claim at the Bank of Canada Rate as of the date of the filing of the NOI.

The CHL Motion

42. As part of the New Jersey Proceedings, CHL has brought the CHL Motion, seeking damages from Moroccanoil in the amount of \$4,430,000 for economic loss (the “**Economic Loss Claim**”). Moroccanoil understands that the Economic Loss Claim is comprised of \$375,095 for alleged lost profits until the end of term of the Agreement (the “**Alleged End of Term Lost Profits**”) and \$4,054,905 for alleged lost profits after the term of the Agreement (the “**Alleged Post Term Lost Profits**”).

43. The CHL Motion is based entirely on the allegation that Moroccanoil was not entitled to terminate the Agreement on the Termination Date. The evidence in the New Jersey Proceedings to date is clear, Moroccanoil was entitled to terminate the Agreement on the Termination Date as a result of, among other things, the Diversion described above. Accordingly, the Economic Loss Claim is doomed to fail and CHL is not entitled to set-off all or part of the Economic Loss Claim against the amounts asserted in this Proof of Claim by Moroccanoil.

44. Alternatively, Moroccanoil submits that even if it was not entitled to terminate the Agreement (which as noted above, is not the case) its liability under the Economic Loss Claim is limited to lost profits, if any prior to the end of the prescribed term of the Agreement, which has been estimated by Moroccanoil’s expert witness at approximately \$21,520, after mitigation.

45. CHL’s claim for the Alleged Post Term Lost Profits, is based entirely on the fundamentally flawed assumption that the parties would continue to conduct business after the Agreement had been fully performed, notwithstanding the prior litigation and acrimony between them, and are not recoverable in any circumstances.

Evidence, Briefs and Other Litigation Documents

46. In connection with the New Jersey Proceedings, Moroccanoil incorporates certain evidence, briefs and other documents filed and or obtained as part of the New Jersey Proceedings (collectively, the “**New Jersey Litigation Documents**”)⁵, which are adopted and relied upon for the purpose of this Proof of Claim in support of the amounts claimed herein.⁶ These New Jersey Litigation Documents, other than those that have been marked for “attorney’s eyes only” by the parties and are currently under seal (demarcated below with a *) (the “**Sealed Documents**”)⁷, can be access by the Proposal Trustee at a sync secure link that will be provided to the Proposal Trustee’s counsel (the “**Sync Site**”). An index for the New Jersey Litigation Documents is set out below:

I. Briefs

| Date | Dkt | Docket Text |
|-------------|------------|--------------------------------------------------------------------------------------|
| 2015-04-28 | 107 | MO Motion to Enforce Settlement Agreement |
| 2015-04-28 | 107-1 | MO Brief ISO Motion to Enforce Settlement Agreement |
| 2015-04-28 | 107-2 | MO Statement of Undisputed Material Facts ISO Motion to Enforce Settlement Agreement |
| 2015-08-03 | 118 | Notice of Cross Motion for Settlement by Conforti, Salon Distribution, Inc. |
| 2015-08-03 | 118-1 | Ds Brief in Opp to MO Mtn to Enforce Settlement Agreement |
| 2015-08-03 | 118-2 | Defendants' response to Moroccanoil's statement of undisputed facts, |
| 2015-08-03 | 118-3 | Ds Counter-Stmt of Material Facts |
| 2015-09-01 | 122 | MO Reply ISO Motion to enforce Settlement Agreement |
| 2015-09-01 | 122-1 | MO Response to Ds Counter Stmt of Material Facts |
| 2020-11-06 | 268* | Ds Notice of Motion for Enforcement of the terms of Settlement Agreement [Sealed] |
| 2020-11-06 | 268-1* | Ds Memo ISO Motion for Enforcement [Sealed] |
| 2020-11-06 | 268-2* | Ds Stmt of Undisputed Facts ISO Mtn for Enforcement [Sealed] |
| 2020-11-09 | 274 | Ds Mtn for Enforcement |

⁵ The New Jersey Litigation Documents include certain documents filed on behalf of CHL in the New Jersey Proceedings (the “**CHL Litigation Documents**”). These documents have been included on the Sync Site for the Proposal Trustee’s reference. The inclusion of the CHL Litigation Documents is in no way intended to serve as an agreement, acknowledgement or admission by Moroccanoil of any arguments or evidence raised in the CHL Litigation Documents, which are explicitly denied.

⁶ I have been informed by Mark Riedel at Conkle, Kremer & Engel, PLC, U.S. counsel to Moroccanoil, that any New Jersey Litigation Documents that were prepared prior to my employment with Moroccanoil were filed in the New Jersey Proceedings.

⁷ The Sealed Documents can be produced on agreement of the parties or if the Ontario Superior Court of Justice [Commercial List] so orders subject to such confidentiality and sealing provisions as it shall direct.

| | | |
|------------|-------|-------------------------------------------------------------------------|
| 2020-11-09 | 274-2 | Ds Memo ISO Ds Mtn for Enforcement |
| 2020-11-09 | 274-3 | Ds Stmt of Undisputed Facts ISO Mtn for Enforcement |
| 2020-11-09 | 275 | MO Brief ISO Motion to Enforce Settlement |
| 2020-11-09 | 276 | MO Statement of Undisputed Material Facts ISO Mtn to Enforce Settlement |

II. Declarations

| Date | Dkt | Docket Text |
|------------|--------|-----------------------------------------------------------------------|
| 2015-04-28 | 107-4 | Decl of Shira Vinik ISO Motion to Enforce Settlement Agreement |
| 2015-04-28 | 107-5 | Decl of Anthony Wilson ISO Motion to Enforce Settlement Agreement |
| 2015-04-28 | 107-6 | Decl of Vince Riverso ISO Motion to Enforce Settlement Agreement |
| 2015-04-28 | 107-7 | Decl of Zoe Lam ISO Motion to Enforce Settlement Agreement |
| 2015-04-28 | 107-8 | Decl of Manami Sakamoto ISO Motion to Enforce Settlement Agreement |
| 2015-04-28 | 107-9 | Decl of John Conkle Part 1 ISO Motion to Enforce Settlement Agreement |
| 2015-04-28 | 107-10 | Decl of John Conkle Part 2 ISO Motion to Enforce Settlement Agreement |
| 2015-09-01 | 122-2 | MO Ludert Decl ISO Reply re Motion to Enforce Settlement |
| 2020-11-09 | 277 | Second Conkle Decl ISO Motion to Enforce Settlement |

III. Orders

| (i) | Date | Dkt | Docket Text |
|------------|------|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2016-03-30 | | 123 | Memorandum Opinion-Order denying MO's MSJ |
| 2016-03-30 | | 124 | Order denying Moroccanoil, Inc. 107 Motion for summary judgment to enforce a settlement; Denying Tony Conforti and Salon Distribution, Inc. 118 Motion to enforce Settlement, etc. Signed by Judge Kevin McNulty |
| 2020-11-13 | | 279 | Order terminating 268 Motion for Settlement; terminating 269 Motion for Settlement; terminating 274 Motion for Settlement |

IV. Deposition Transcripts

| Deposition of: | Date Taken |
|-------------------------------|------------|
| Chan, Arrow | 2018-01-23 |
| Cheuk, Easy | 2018-05-10 |
| Cohen, David | 2019-07-17 |
| Conforti, Antonio volume 3* | 2017-04-05 |
| Lam, Zoe | 2017-03-07 |
| Ottaviani, Floriana volume 2* | 2017-04-05 |
| Riverso, Vince volume 3 | 2017-04-06 |
| Sakamoto, Manami | 2019-07-16 |

V. Key Documents

| Exhibit/Decl | Dkt | Description |
|-----------------------|--------------|----------------------------------------------------------------------------------------------------------------------------|
| Ex. A/Vinik | 107-4 | Tracking Reports |
| Ex. B/Vinik | 107-4 | Venus Beauty Supply Invoices |
| Ex. A/Wilson | 107-5 | Sample Distribution Agreement |
| Ex. B/Wilson | 107-5 | Sample Salon Contract |
| Ex. C/Wilson | 107-5 | Salon Contract |
| Ex. D/Wilson | 107-5 | List of Salons Meeting Requirements |
| Ex. E/Wilson | 107-5 | Salon Definition |
| Ex. F/Wilson | 107-5 | Photos of Products MO Received from Ms. Williams |
| Ex. G/Wilson | 107-5 | Corona Decl with Exhibits 206-213 (Beyond Beauty Business Records) |
| Ex. H/Wilson | 107-5 | Settlement Agreement |
| Ex. I/Wilson | 107-5 | Spreadsheet calculating liquidated damages at three times the suggested consumer salon price of the four diverted orders. |
| Ex. A/Riverso | 107-6 | Nov. 2014 Venus Beauty Supplies Invoice |
| Ex. B/Riverso | 107-6 | Nov. 2014 Venus Beauty Supplies Invoice |
| Ex. C/Riverso | 107-6 | Dec. 2013 Venus Beauty Supplies Invoice |
| Ex. D/Riverso | 107-6 | Feb 2014 Venus Beauty Supplies Invoice |
| Ex. E/Riverso | 107-6 | August 2014 Venus Beauty Supplies Invoice |
| Ex. F/Riverso | 107-6 | Internal accounting about all purchases of Moroccanoil products made by SDI from Venus since November 2013 |
| Ex. G/Riverso | 107-6 | Accounting report which shows the total number of units purchased by SDI from Venus between November 2013 and January 2015 |
| Ex. A/Lam | 107-7 | Photograph of Suki Store Facebook Page |
| Ex. B/Lam | 107-7 | Photograph of Suki Store Wechat Page |
| Ex. C/Lam | 107-7 | Photograph taken by Lam at Suki Store on Dec. 12, 2014 |
| Ex. D/Lam | 107-7 | Photograph taken by Lam at Suki Store on Dec. 12, 2014 |
| Ex. E/Lam | 107-7 | Photograph taken by Lam at Suki Store on Dec. 12, 2014 |
| Ex. F/Lam | 107-7 | Photograph taken by Sakamoto at Suki Store on Jan. 15, 2015 |
| Ex. G/Lam | 107-7 | Photograph taken by Sakamoto at Suki Store on Jan. 15, 2015 |
| Ex. H/Lam | 107-7 | Photograph taken by Sakamoto at Suki Store on Jan. 15, 2015 |
| Ex. I/Lam | 107-7 | Photograph taken by Sakamoto at Suki Store on Jan. 15, 2015 |
| Ex. J/Lam | 107-7 | Invoice of purchase by Mr. Arrow at Suki Store on Feb. 7, 2015 |
| Ex. A/Sakamoto | 107-8 | Photograph taken by Sakamoto at Suki Store on Jan. 15, 2015 |
| Ex. B/Sakamoto | 107-8 | Photograph taken by Sakamoto at Suki Store on Jan. 15, 2015 |
| Ex. C/Sakamoto | 107-8 | Photograph taken by Sakamoto at Suki Store on Jan. 15, 2015 |
| Ex. D/Sakamoto | 107-8 | Photograph taken by Sakamoto at Suki Store on Jan. 15, 2015 |
| Ex. E/Sakamoto | 107-8 | Photograph of MO Treatment Oil purchase by Sakamoto on Jan. 15, 2015 |
| Ex. F/Sakamoto | 107-8 | Photograph of MO Treatment Oil purchase by Sakamoto on Jan. 15, 2015 |
| Ex. G/Sakamoto | 107-8 | Photograph of case code from a case of Moroccanoil Hydrating Mask, 250 ml |

| Exhibit/Decl | Dkt | Description |
|-------------------------------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ex. H/Sakamoto | 107-8 | Photograph of a Moroccanoil Restorative Hair Mask product |
| Ex. I/Sakamoto | 107-8 | Reports generated by MO TrackBack system |
| Ex. A/Conkle | 107-9 | Jan. 30, 2015 CKE Ltr to Campione |
| Ex. B/Conkle | 107-9 | Feb. 2, 2015 Campione Ltr to CKE |
| Ex. C/Conkle | 107-9 | Feb. 4, 2015 CKE Ltr to Campione re extension |
| Ex. D/Conkle | 107-9 | Feb. 13, 2015 Ltr from Campione in response to Notice Letter |
| Ex. E/Conkle | 107-9 | Feb. 27, 2015 CKE Ltr to Stabbert |
| Ex. F/Conkle (continued) | 107-10 | Records produced by Mr. Stabbert on behalf of SDI |
| Ex. G/Conkle | 107-10 | Email chain between Mr. Stabbert and Mr. Riedel regarding the production of documents by Defendants |
| Ex. H/Conkle | 277-1 | Flowchart prepared by our firm which accurately reflects the invoices of "Moroccanoil" labeled products [FILED UNDER SEAL] |
| Ex. I/Conkle | 277-1 | Deposition Excerpts of Antonio Conforti taken on June 21 and 22, 2012, in the underlying case |
| Ex. J/Conkle | 277-1 | Corporate records regarding the March 2013 amalgamation of SDI and CHL produced by Defendants |
| Ex. K/Conkle | 277-1 | True and correct copy of Ontario's Provincial Business Corporations Act, R.S.O. 1990, c. B.16, Section 179 |
| Ex. L/Conkle | 277-1 | Excerpt from https://www.ontario.ca/page/registering-your-business-name |
| Ex. M/Conkle | 277-1 | Copy of a bond issued by Atlantic Specialty Insurance Company on July 15, 2013 in the name of SDI [FILED UNDER SEAL] |
| Ex. N/Conkle | 277-1 | Excerpts of testimony from the deposition of Antonio Conforti taken on April 5, 2017 |
| Ex. O/Conkle | 277-1 | Excerpts of testimony from the deposition of Floriana Ottaviani taken on April 5, 2017 |
| Ex. P/Conkle | 277-1 | Excerpts of testimony from the deposition of Vince Riverso taken on April 6, 2017 [FILED UNDER SEAL] |
| Ex. Q/Conkle | 277-1 | Excerpts of testimony from the deposition of Chris Buckley taken on September 22, 2017 [FILED UNDER SEAL] |
| Ex. R/Conkle | 277-1 | Excerpts of testimony from the deposition of Easy Cheuk |
| Ex. S/Conkle | 277-1 | Excerpts of testimony from the deposition of Arrow Chan taken on July 23, 2018 |
| Ex. T/Conkle | 277-1 | Excerpts of testimony from the deposition of Minami Sakamoto taken on July 16, 2019 |
| Ex. U/Conkle | 277-1 | Excerpts of testimony from the deposition of Gerardo Ludert taken on July 17, 2019 as a Rule 30(b)(6) witness for Moroccanoil. [FILED UNDER SEAL] |
| Ex. V/Conkle | 277-1 | Excerpts of testimony from the deposition of Zoe Lam taken on March 7, 2017 |
| Ex. W/Conkle | 277-1 | Expert report submitted by Thomas Neches on September 30, 2019 |
| Ex. X/Conkle | 277-1 | Defendants' expert retention letters regarding: Paul Mandel of RSM Canada Consulting; Sam Marinucci of Marinucci & Company, Chartered Accountants; and Glenn Weadock of Independent software, Inc. |

| Exhibit/Decl | Dkt | Description |
|--------------|-------|-------------------------------------------------------------------------------------|
| Ex. Y/Conkle | 277-1 | Excerpts of testimony from the deposition of Sam Marinucci taken August 19, 2020 |
| Ex. Z/Conkle | 277-1 | Excerpts of testimony from the deposition of Glenn Weadock taken on August 21, 2020 |

VI. Expert Reports

| Expert Report | Date |
|----------------------|------------|
| Neches Expert Report | 2019-09-30 |

TAB 2E

**THIS IS EXHIBIT “E”
REFERRED TO IN THE AFFIDAVIT OF
MARIE-EVE BÉRUBÉ-CÔTÉ SWORN
BEFORE ME ON OCTOBER 13, 2021**



A Commissioner for Oaths and Notary Public in
and for the Province of Ontario

District of: Ontario
Division No. 09 - Toronto
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
CONFORTI HOLDINGS LIMITED
of the City of Markham, in the Regional Municipality of York
in the Province of Ontario

Take notice that:

1. I, CONFORTI HOLDINGS LIMITED, an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Crowe Soberman Inc., LIT of 2 St. Clair Ave East, Suite 1100, Toronto, ON, M4T 2T5, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 28th day of September 2020.



CONFORTI HOLDINGS LIMITED
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of: Ontario
 Division No. 09 - Toronto
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 CONFORTI HOLDINGS LIMITED
 of the City of Markham, in the Regional Municipality of York
 in the Province of Ontario

| List of Creditors with claims of \$250 or more. | | | |
|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|------------------------------------|--------------|
| Creditor | Address | Account# | Claim Amount |
| Alectra Utilities (formerly Enersource Hydro) | 2185 Derry Rd W Mississauga ON L5N 7A6 | | 1,086.10 |
| All In One | 227 Bunting Road, Unit C ST. CATHERINES ON L2M 3Y2 | | 318.17 |
| Bell Canada F-88 - Business Insolvency Department | 1 Carrefour Alexandre-Graham-Bell, Aile E3 Verdun QC H3E 3B3 | | 4,394.15 |
| Brookfield Properties Canada Management LP | PO Box 3920, Commerce Court Postal Station, Toronto ON M5L 1K1 | Brookfield Place store location | 64,299.00 |
| Canadian Linen & Uniform Service - Etobicoke, ON | 24 Atomic Avenue Etobicoke ON M8Z 5L2 | | 288.54 |
| Canadian Springs | PO BOX 4514, STN A TORONTO ON M5W 4L7 | | 252.66 |
| Classique Nails Beauty Supply | 3615 Weston Road, UNIT 3 TORONTO ON M9L 1V8 | | 20,650.66 |
| Cosmic Computer | 20 Royal Shamrock Court, STOUFFVILLE ON L4A 0C9 | | 552.57 |
| CRA - Tax - Ontario | Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9 | 126597194RP0001 | 29,000.00 |
| Cushman & Wakefield Asset Services ULC | 5100 Erinmills Parkway, Mississauga ON L5M 4Z5 | Erin Mill Town Centre location | 345,507.00 |
| Cushman & Wakefield Asset Services ULC | Admin Office 1355 Kingston Road, Pickering ON L1V 1B8 | Pickering location | 188,045.00 |
| Cushman & Wakefield Asset Services ULC | 221 Glendale Ave, St. Catharines ON L2T 2K9 | Pen Centre location | 155,736.00 |
| Darling Insurance | 144 Queen St, Unit 4, P.O.BOX 1392, Lakefield ON K0L 2H0 | | 525.96 |

District of: Ontario
 Division No. 09 - Toronto
 Court No.
 Estate No.

- FORM 33 -

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 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 CONFORTI HOLDINGS LIMITED
 of the City of Markham, in the Regional Municipality of York
 in the Province of Ontario

List of Creditors with claims of \$250 or more.

| Creditor | Address | Account# | Claim Amount |
|----------------------------------|--------------------------------------------------------------------------------------------------------|-------------------------|--------------|
| Dermalogica Canada | 70 University Ave, Suite 300 TORONTO ON M5J 2M4 | | 3,875.91 |
| Edge Mechanical | 100 Sanford Road, UNIT 48 STOUFFVILLE ON L4A 7X5 | | 429.40 |
| Ellectra | | | 664.26 |
| Energy + Inc. | PO BOX 1060 CAMBRIDGE ON N1R 5X6 | | 900.02 |
| Ericco | | | 471.89 |
| Good Linen Rental | 145 Claireport Crest, ETOBICOKE ON M9W 6R6 | | 46,859.15 |
| Hillcrest Mall Management Office | 9350 Yonge St, Suite205 Richmond Hill ON L4C 5G2 | Hillcrest Mall location | 131,480.00 |
| Hunter | | | 727,591.60 |
| Ivanhoe Cambridge Inc. | Administration Office 419 King Street West, Oshawa ON L1J 2K5 | Oshawa Centre location | 392,042.00 |
| Ivanhoe Cambridge Inc. | 550 King Street North, Waterloo ON N2L 5W6 | Conestoga Mall location | 137,297.00 |
| Ize Body Art | 99-384 Yonge St, TORONTO ON M6B 1S8 | | 455.51 |
| Joe's Mechanical | 80 Baywood Crt, THORNHILL ON L3T 5W3 | | 678.00 |
| KS SP Limited Partnership | Scotia Plaza Property Mngmt Office, 40 King Street West, P1 Level, PO Box 101 Toronto ON M5H 3Y2 | Scotia Plaza location | 46,362.00 |
| Master Signs | 1A-25 McIntyre Pl, KITCHENER ON N2R 1H1 | | 326.57 |
| MesaLabs | 500 Avenue Lepine, DORVAL QC H9P 2V6 | | 270.07 |

District of: Ontario
 Division No. 09 - Toronto
 Court No.
 Estate No.

- FORM 33 -

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In the matter of the proposal of
CONFORTI HOLDINGS LIMITED
 of the City of Markham, in the Regional Municipality of York
 in the Province of Ontario

List of Creditors with claims of \$250 or more.

| Creditor | Address | Account# | Claim Amount |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-------------------------------|--------------|
| MIL ITF Bramalea City Centre c/o Morguard Investement Limited | Attention: Bramalea City Centre Admin Office 25 Peel Centre Dr, UNIT 395B Brampton ON L6T 3R5 | Bramalea city centre location | 43,892.00 |
| Ministry of Finance - ON PST, EHT & Other Taxes Mrs. Asta Alberry | Ministry of Revenue 33 King Street West 6th Floor Oshawa ON L1H 8H5 | 126597194TE0004 | 75,000.00 |
| Morguard REIT c/o Morguard Investement Limited | Attention: Cambridge Centre Admin Office 355 Hespeler Road, Cambridge ON N1R 6B3 | Cambridge centre location | 86,785.00 |
| Newmarket Hydro | 590 Steven Court Newmarket ON L3Y 6Z2 | | 1,204.08 |
| Nutak Holdings Ltd. | 74 Wellington Street East, Aurora ON L4G 1H8 | | 11,337.45 |
| Ontrea Inc | 220 Yonge Street PO Box 511, Suite 110, Toronto ON M5B 2H1 | Eaton Centre location | 562,643.00 |
| Ontrea Inc | Administration Office 5000 Highway 7, Markham ON L3R 4M9 | Markville Mall location | 229,134.00 |
| Ontrea Inc. | 25 The West Mall PO Box 101, ETOBICOKE ON M9C 1B8 | Sherway Gardens location | 323,616.00 |
| Ontrea Inc. | Administration Office 2960 Kingsway Dr, Kitchener ON N2C 1X1 | Fairview park location | 224,928.00 |
| OPGI Magement LP o/a Oxford ITF Square One | Mangement Office 100 City Centre Drive, Mississauga ON L5B 2C9 | Square One location | 164,893.00 |
| Oshawa PUC Networks Inc. Suzanne Neal | 100 Simcoe Street South Oshawa ON L1H 7M7 | | 1,094.68 |
| Oxford Properties Group | Box 256, 17600 Yonge St Newmarket ON L3Y 4Z1 | Up[per Canada Mall location | 182,602.00 |
| Phytoderm | 68 Stinson St, ST-LAURENT QC H4N 2E7 | | 15,976.37 |

District of: Ontario
 Division No. 09 - Toronto
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
CONFORTI HOLDINGS LIMITED
 of the City of Markham, in the Regional Municipality of York
 in the Province of Ontario

List of Creditors with claims of \$250 or more.

| Creditor | Address | Account# | Claim Amount |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------|--------------|
| Precision Property Management Inc. | 22 Goodmark Place, Unit 22 Toronto ON M9W 6R2 | | 1,163.90 |
| Primaris Management Inc. | 435 Stone Road West, Guelph ON N1G 2X6 | Stone road location | 151,249.00 |
| Promenade Limited Partnership | Admin Office, 1 Promenade Circle Thornhill ON L4J 4P8 | Promenade Mall location | 234,517.00 |
| RBC Royal Bank c/o BankruptcyHighway.com Razel Bowen | PO Box 57100 Etobicoke ON M8Y 3Y2 | 06512-1009687 | 2,340,000.00 |
| Rio-Can Georgian Mall Susanne Gill | 509 Bayfield St Barrie ON L4M 4Z8 | Georgian Mall location | 219,850.00 |
| S & K Beauty Supplies | 1710 East Kemper Rd, Cincinnati, Ohio 45246 USA | | 27,493.51 |
| SafeGuard Security | 1520 Lesperance Road Windsor ON N8N 1Y1 | | 317.01 |
| Scarborough Town Centre Holdings Inc. | 300 Borough Dr, Suite 230 Scarborough ON M1P 4P5 | Scabborough town centre location | 407,658.00 |
| Select Plumbing & Heating Inc. | PO BOX 10011 RPO Watline, MISSISSAUGA ON L4Z 4G5 | | 1,104.58 |
| Spavaro Inc. | 5496 Gorvan Dr, MISSISSAUGA ON L4W 3E8 | | 251.88 |
| Tex Euro Industrial Sales | 530 Keele St, UNIT 307 TORONTO ON M6N 3C9 | | 7,152.44 |
| The Cadillac Fairview Corporation Limited | Toronto-Dominion Centre, 66 Wellington St West, Suite3800, PO BOX 2, Toronto ON M2J 5A7 | TD centre location | 105,163.00 |
| The Cadillac Fairview Corporation Limited | 1800 Sheppard Ave, East, SUITE 330, PO BOX 53 Toronto ON M2J 5A7 | T0002405/Fairview mall location | 404,962.00 |
| The Printing House Ltd. Marynna | 1403 Bathurst Street Toronto ON M5R 3H8 | | 5,263.67 |

District of: Ontario
Division No. 09 - Toronto
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
CONFORTI HOLDINGS LIMITED
of the City of Markham, in the Regional Municipality of York
in the Province of Ontario

List of Creditors with claims of \$250 or more.

| Creditor | Address | Account# | Claim Amount |
|--------------------------------------------------------------|------------------------------------------------------------|----------|---------------------|
| V-P Conveyancing | 19 Hoddle Cres, KITCHENER ON N2N 2N2 | | 898.35 |
| Waterlogic Canada | 87 Sharer Road, Woodbridge ON L4L 8Z3 | | 14,374.37 |
| Waterloo North Hydro Inc. - Credit Services Jim Forler | PO Box 640 526 Country Squire Rd Waterloo ON N2J 4A3 | | 419.19 |
| Total | | | 8,145,302.67 |



CONFORTI HOLDINGS LIMITED
Insolvent Person

TAB 2F

**THIS IS EXHIBIT “F”
REFERRED TO IN THE AFFIDAVIT OF
MARIE-EVE BÉRUBÉ-CÔTÉ SWORN
BEFORE ME ON OCTOBER 13, 2021**


A Commissioner for Oaths and Notary Public in
and for the Province of Ontario

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

Original

Amended

-- Form 78 --

Statement of Affairs (Business Proposal) made by an entity
(Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the matter of the proposal of
CONFORTI HOLDINGS LIMITED
of the City of Markham, in the Regional Municipality of York
in the Province of Ontario

To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 28th day of September 2020. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES
(as stated and estimated by the officer)

| | |
|-----------------------------------------------------------------------------------------------------------|--------------|
| 1. Unsecured creditors as per list "A" | 5,717,994.25 |
| Balance of secured claims as per list "B" | 1,291,000.00 |
| Total unsecured creditors | 7,008,994.25 |
| 2. Secured creditors as per list "B" | 2,140,333.68 |
| 3. Preferred creditors as per list "C" | 0.00 |
| 4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for | 0.00 |
| Total liabilities..... | 9,149,327.93 |
| Surplus | NIL |

ASSETS
(as stated and estimated by the officer)

| | |
|--------------------------------------------------------------------|--------------|
| 1. Inventory | 149,000.00 |
| 2. Trade fixtures, etc. | 55,000.00 |
| 3. Accounts receivable and other receivables, as per list "E" | |
| Good | 0.00 |
| Doubtful | 0.00 |
| Bad | 0.00 |
| Estimated to produce. | 0.00 |
| 4. Bills of exchange, promissory note, etc., as per list "F" | 0.00 |
| 5. Deposits in financial institutions | 0.00 |
| 6. Cash | 0.00 |
| 7. Livestock. | 0.00 |
| 8. Machinery, equipment and plant. | 0.00 |
| 9. Real property or immovable as per list "G" | 2,558,089.00 |
| 10. Furniture | 5,000.00 |
| 11. RRSPs, RRIFs, life insurance, etc. | 0.00 |
| 12. Securities (shares, bonds, debentures, etc.) | 0.00 |
| 13. Interests under wills | 0.00 |
| 14. Vehicles | 0.00 |
| 15. Other property, as per list "H" | 0.00 |

If debtor is a corporation, add:

| | |
|------------------------------------|--------------|
| Amount of subscribed capital | 0.00 |
| Amount paid on capital | 0.00 |
| Balance subscribed and unpaid..... | 0.00 |
| Estimated to produce | 0.00 |
| Total assets | 2,767,089.00 |
| Deficiency | 6,382,238.93 |

I, Antonio Conforti, of the City of Markham in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 12th day of March 2021 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
before me at the City of Toronto in the Province of Ontario, on this 12th day of March 2021

A. Frances Doria, Commissioner of Oaths
For the Province of Ontario
Crowe Soberman Inc., HT

Expires May 4, 2021

Alfonsina Frances Doria, a Commissioner, etc.,
Province of Ontario, for Crowe Soberman Inc.,
and its affiliates.
Expires May 4, 2021.

 Antonio Conforti

Antonio Conforti

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2675583
 Estate No. 31-2675583

FORM 78 - Continued

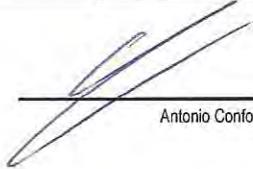
List "A"
Unsecured Creditors

CONFORTI HOLDINGS LIMITED

| No. | Name of creditor | Address | Unsecured claim | Balance of claim | Total claim |
|-----|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-----------------|------------------|--------------|
| 1 | Alectra Utilities (formerly Enersource Hydro) | 55 John St North Hamilton ON L8R 3M8 | 1,086.10 | 0.00 | 1,086.10 |
| 2 | All In One | 227 Bunting Road, Unit C ST. CATHERINES ON L2M 3Y2 | 318.17 | 0.00 | 318.17 |
| 3 | Beauty Experts Inc. General Security Agreement | 7755 Warden Ave., Unit 2 Markham ON L3R 0N3 | 0.00 | 1,291,000.00 | 1,291,000.00 |
| 4 | Bell Canada F-88 - Business Attn: Insolvency Department | 1 Carrefour Alexandre-Graham-Bell, Aile E3 Verdun QC H3E 3B3 | 4,394.15 | 0.00 | 4,394.15 |
| 5 | Brookfield Properties Canada Management LP Brookfield Place store location | PO Box 3920, Commerce Court Postal Station, Toronto ON M5L 1K1 | 64,299.00 | 0.00 | 64,299.00 |
| 6 | Canadian Linen & Uniform Service - Etobicoke, ON | 24 Atomic Avenue Etobicoke ON M8Z 5L2 | 288.54 | 0.00 | 288.54 |
| 7 | Canadian Springs | PO BOX 4514, STN A TORONTO ON M5W 4L7 | 252.66 | 0.00 | 252.66 |
| 8 | Carmelino Galessiere LLP Attn: Linda Galessiere | Linda Galessiere 6 Adelaide St. East, Suite 220, Toronto ON M5C 1H6 | 0.00 | 0.00 | 0.00 |
| 9 | Classique Nails Beauty Supply | 3615 Weston Road, UNIT 3 TORONTO ON M9L 1V8 | 20,650.66 | 0.00 | 20,650.66 |
| 10 | Cosmic Computer | 20 Royal Shamrock Court, STOUFFVILLE ON L4A 0C9 | 552.57 | 0.00 | 552.57 |
| 11 | Cushman & Wakefield Assess Services ULC Erin Mills Town Centre location | 5100 Erin Mills Parkway, Mississauga ON L5M 4Z5 | 345,507.00 | 0.00 | 345,507.00 |
| 12 | Cushman & Wakefield Asset Services ULC Pen Centre location | 221 Glendale Ave, St. Catharines ON L2T 2K9 | 155,736.00 | 0.00 | 155,736.00 |
| 13 | Cushman & Wakefield Asset Services ULC Pickering location | Admin Office 1355 Kingston Road, Pickering ON L1V 1B8 | 188,045.00 | 0.00 | 188,045.00 |
| 14 | Darling Insurance | 144 Queen St, Unit 4, P.O.BOX 1392, Lakefield ON K0L 2H0 | 525.96 | 0.00 | 525.96 |
| 15 | Dermalogica Canada | 70 University Ave, Suite 300 TORONTO ON M5J 2M4 | 3,875.91 | 0.00 | 3,875.91 |
| 16 | Edge Mechanical | 100 Sanford Road, UNIT 4B STOUFFVILLE ON L4A 7X5 | 429.40 | 0.00 | 429.40 |
| 17 | Ellectra | xxxxxxxx Toronto ON | 664.26 | 0.00 | 664.26 |
| 18 | Energy + Inc. | PO BOX 1060 CAMBRIDGE ON N1R 5X6 | 900.02 | 0.00 | 900.02 |
| 19 | Ericco | xxxxxx Toronto ON | 471.89 | 0.00 | 471.89 |
| 20 | Gardiner Roberts LLP Attn: Michael Citak | Bay Adelaide Centre-East Tower, 22 Adelaide St W, Suite 3600 Toronto ON M5H 4E3 | 0.00 | 0.00 | 0.00 |
| 21 | Good Linen Rental | 145 Claireport Crest, ETOBIKOKE ON M9W 6R6 | 46,859.15 | 0.00 | 46,859.15 |
| 22 | Hillcrest Mall Management Office Hillcrest Mall location | 9350 Yonge St, Suite205 Richmond Hill ON L4C 5G2 | 131,480.00 | 0.00 | 131,480.00 |
| 23 | Hunter Amenities International Limited. Attn: Louis Vasconcelos | 1205 Corporate Drive, Burlington ON L7L 5V5 | 727,591.60 | 0.00 | 727,591.60 |

12-Mar-2021

Date


Antonio Conforti

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2675583
 Estate No. 31-2675583

FORM 78 -- Continued

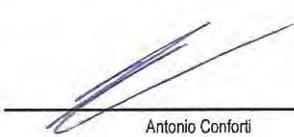
List "A"
Unsecured Creditors

CONFORTI HOLDINGS LIMITED

| No. | Name of creditor | Address | Unsecured claim | Balance of claim | Total claim |
|-----|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-----------------|------------------|-------------|
| 24 | ITB International Inc. | 1233 Merriville HWY RR2 WELLAND ON L3B 5N5 | 119.80 | 0.00 | 119.80 |
| 25 | Ivanhoe Cambridge Inc. Conestoga Mall location | 550 King Street North, Waterloo ON N2L 5W6 | 137,297.00 | 0.00 | 137,297.00 |
| 26 | Ivanhoe Cambridge Inc. Oshawa Centre location | Administration Office 419 King Street West, Oshawa ON L1J 2K5 | 392,042.00 | 0.00 | 392,042.00 |
| 27 | Ize Body Art | 99-384 Yonge St, TORONTO ON M6B 1S8 | 455.51 | 0.00 | 455.51 |
| 28 | Joe's Mechanical | 80 Baywood Cr, THORNHILL ON L3T 5W3 | 678.00 | 0.00 | 678.00 |
| 29 | KS SP Limited Partnership Scotia Plaza location | Scotia Plaza Property Mgmt Office, 40 King Street West, P1 Level, PO Box 101 Toronto ON M5H 3Y2 | 46,362.00 | 0.00 | 46,362.00 |
| 30 | Master Signs | 1A-25 Mcintyre Pl, KITCHENER ON N2R 1H1 | 326.57 | 0.00 | 326.57 |
| 31 | MesaLabs | 500 Avenue Lepine, DORVAL QC H9P 2V6 | 270.07 | 0.00 | 270.07 |
| 32 | MIL ITF Bramalea City Centre c/o Morguard Investment Limited Bramalea City Centre location | Attention: Bramalea City Centre Admin Office 25 Peel Centre Dr, UNIT 395B Brampton ON L6T 3R5 | 43,892.00 | 0.00 | 43,892.00 |
| 33 | Miller Thomson LLP - Toronto Attn: Kevin D. Sherkin | Kevin D. Sherkin 40 King St. W., Suite 5800 Toronto ON M5H 4A9 | 0.00 | 0.00 | 0.00 |
| 34 | Miller Thomson LLP - Vaughan Attn: Bobby H. Sachdeva | Bobby H. Sachdeva 100 New Park Place, Suite 700 Vaughan ON L4K 0H9 | 0.00 | 0.00 | 0.00 |
| 35 | Morguard REIT c/o Morguard Investment Limited Cambridge Centre location | Attention: Cambridge Centre Admin Office 355 Hespeler Road, Cambridge ON N1R 6B3 | 86,785.00 | 0.00 | 86,785.00 |
| 36 | Natalil Products | 1181 FINCH AVE WEST #8 TORONTO ON M3J 2V8 | 90.85 | 0.00 | 90.85 |
| 37 | Newmarket Hydro | 590 Steven Court Newmarket ON L3Y 6Z2 | 1,204.08 | 0.00 | 1,204.08 |
| 38 | Nice, Jody Attn: Jason Schmidt SC2000005750000 | 26 Ontario St, Port Hope ON L1A 2T6 | 16,000.00 | 0.00 | 16,000.00 |
| 39 | Nutak Holdings Ltd. | 74 Wellington Street East, Aurora ON L4G 1H8 | 11,337.45 | 0.00 | 11,337.45 |
| 40 | Ontrea Inc. Eaton Centre location | 220 Yonge Street PO Box 511, Suite 110, Toronto ON M5B 2H1 | 562,643.00 | 0.00 | 562,643.00 |
| 41 | Ontrea Inc. Fairview Park location | Administration Office 2960 Kingsway Dr, Kitchener ON N2C 1X1 | 224,928.00 | 0.00 | 224,928.00 |
| 42 | Ontrea Inc. Markville Mall location | Administration Office 5000 Highway 7, Markham ON L3R 4M9 | 229,134.00 | 0.00 | 229,134.00 |
| 43 | Ontrea Inc. Sherway Gardens location | 25 The West Mall PO Box 101, ETOBICOKE ON M9C 1B8 | 323,616.00 | 0.00 | 323,616.00 |

12-Mar-2021

Date


Antonio Conforti

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2675583
 Estate No. 31-2675583

FORM 78 – Continued

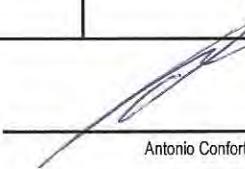
List "A"
Unsecured Creditors

CONFORTI HOLDINGS LIMITED

| No. | Name of creditor | Address | Unsecured claim | Balance of claim | Total claim |
|-----|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------|------------------|-------------|
| 44 | OPGI Magement LP o/a Oxford ITF Square One Square One location | Mangement Office 100 City Centre Drive, Mississauga ON L5B 2C9 | 164,893.00 | 0.00 | 164,893.00 |
| 45 | Oshawa PUC Networks Inc. Attn: Suzanne Neal | 100 Simcoe Street South Oshawa ON L1H 7M7 | 1,094.68 | 0.00 | 1,094.68 |
| 46 | Oshawa PUC Networks Inc. Attn: Suzanne Neal 00051023-02 | 100 Simcoe Street South Oshawa ON L1H 7M7 | 0.00 | 0.00 | 0.00 |
| 47 | Oshawa PUC Networks Inc. Attn: Suzanne Neal 00051818-03 | 100 Simcoe Street South Oshawa ON L1H 7M7 | 0.00 | 0.00 | 0.00 |
| 48 | Oshawa PUC Networks Inc. Attn: Suzanne Neal 00051907-09 | 100 Simcoe Street South Oshawa ON L1H 7M7 | 0.00 | 0.00 | 0.00 |
| 49 | Oxford Properties Group Upper Canada Mall location | Box 256, 17600 Yonge St Newmarket ON L3Y 4Z1 | 182,602.00 | 0.00 | 182,602.00 |
| 50 | Phytoderm | 68 Stinson St, ST-LAURENT QC H4N 2E7 | 15,976.37 | 0.00 | 15,976.37 |
| 51 | Precision Property Management & Maintenance Inc. Attn: Enza Figueira Invoice 046 | 346 Wendoron Crescent Mississaua ON L5R 3H3 | 1,163.90 | 0.00 | 1,163.90 |
| 52 | Premium Fire Protection | 18 Huntington Cres, COURTICE ON L1E 3C7 | 212.14 | 0.00 | 212.14 |
| 53 | Primaris Magagement Inc. Stone Road location | 435 Stone Road West, Guelph ON N1G 2X6 | 151,249.00 | 0.00 | 151,249.00 |
| 54 | Promenade Limited Partnership Promenade Mall location | Admin Office, 1 Promenade Circle Thornhill ON L4J 4P8 | 234,517.00 | 0.00 | 234,517.00 |
| 55 | Rio-Can Georgian Mall Attn: Susanne Gill Georgian Mall location | 509 Bayfield St Barrie ON L4M 4Z8 | 219,850.00 | 0.00 | 219,850.00 |
| 56 | S & K Beauty Supplies Attn: Rafat Sanam | 615 Ave Josaphat-Demers Laval QC H7X3R3 | 27,493.51 | 0.00 | 27,493.51 |
| 57 | SafeGuard Security | 1520 Lesperance Road Windsor ON N8N 1Y1 | 317.01 | 0.00 | 317.01 |
| 58 | Scarborough Town Centre Holdings Inc. Scabroough Town Centre location | 300 Borough Dr, Suite 230 Scarborough ON M1P 4P5 | 407,658.00 | 0.00 | 407,658.00 |
| 59 | Select Plumbing & Heating Inc. | PO BOX 10011 RPO Watline, MISSISSAUGA ON L4Z 4G5 | 1,104.58 | 0.00 | 1,104.58 |
| 60 | Spavaro Inc. | 5496 Corvan Dr, MISSISSAUGA ON L4W 3E8 | 251.88 | 0.00 | 251.88 |
| 61 | TD Canada Trust C/O FCT Default Solutions 1025-400842 | PO Box 2514, Station B London ON N6A 4G9 | 0.00 | 0.00 | 0.00 |
| 62 | Tex Euro Industrial Sales | 530 Keele St, UNIT 307 TORONTO ON M6N 3C9 | 7,152.44 | 0.00 | 7,152.44 |
| 63 | The Cadillac Fairview Corporation Limited Attn: Ellen Williamson T0002302/T0002405/T0002000/T0002 | 20 Queen St W, 5th floor Toronto ON M5H 3R3 | 0.00 | 0.00 | 0.00 |
| 64 | The Cadillac Fairview Corporation Limited TD Centre location | Toronto-Dominion Centre, 66 Wellington St West, Suite3800, PO BOX 2, Toronto ON M2J 5A7 | 105,163.00 | 0.00 | 105,163.00 |

12-Mar-2021

Date


Antonio Conforti

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2675583
 Estate No. 31-2675583

FORM 78 - Continued

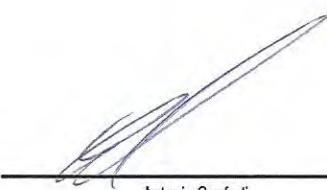
List "A"
Unsecured Creditors

CONFORTI HOLDINGS LIMITED

| No. | Name of creditor | Address | Unsecured claim | Balance of claim | Total claim |
|-----|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------|------------------|--------------|
| 65 | The Cadillac Fairview Corporation Limited T0002405/Fairview Mall location | 1800 Sheppard Ave, East, SUITE 330, PO BOX 53 Toronto ON M2J 5A7 | 404,962.00 | 0.00 | 404,962.00 |
| 66 | The Printing House Ltd. Attn: Marynna 602644 | 1403 Bathurst Street Toronto ON M5R 3H8 | 5,263.67 | 0.00 | 5,263.67 |
| 67 | Torys LLP Attn: Mr. David Bish | 79 Wellington St. W, 30th Floor, Box 270, TD South Tower Toronto ON M5K 1N2 | 0.00 | 0.00 | 0.00 |
| 68 | Venus Beauty Supplies | 7400 Pacific Circles, MISSISSAUGA ON L5T 2A4 | 235.03 | 0.00 | 235.03 |
| 69 | V-P Conveyancing | 19 Hoddle Cres, KITCHENER ON N2N 2N2 | 898.35 | 0.00 | 898.35 |
| 70 | Wahl Canada Inc. | 165 Riviera Dr Markham ON L3R 5J6 | 33.76 | 0.00 | 33.76 |
| 71 | Waterlogic Canada | 87 Sharer Road, Woodbridge ON L4L 8Z3 | 14,374.37 | 0.00 | 14,374.37 |
| 72 | Waterloo North Hydro Inc. - Credit Services Attn: Jim Forler 490707-3000818 | PO Box 640 526 Country Squire Rd Waterloo ON N2J 4A3 | 419.19 | 0.00 | 419.19 |
| | | | Total: | 5,717,994.25 | 1,291,000.00 |
| | | | | | 7,008,994.25 |

12-Mar-2021

Date


Antonio Conforti

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2675583
 Estate No. 31-2675583

FORM 78 -- Continued

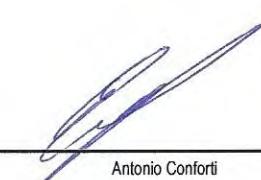
List "B"
Secured Creditors

CONFORTI HOLDINGS LIMITED

| No. | Name of creditor | Address | Amount of claim | Particulars of security | When given | Estimated value of security | Estimated surplus from security | Balance of claim |
|--------|---------------------------------------------------|-----------------------------------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------|---------------------------------|------------------|
| 1 | Beauty Experts Inc. General Security Agreement | 7755 Warden Ave., Unit 2 Markham ON L3R 0N3 | 1,500,000.00 | Business Assets - Stock In Trade - Salon Inventory and Hand Sanitizers Business Assets - Trade Fixtures - Trade Fixtures (Approximately \$1,500 per salon) Furniture - Office Furniture & Computer Equipment | | 149,000.00 55,000.00 5,000.00 | | 1,291,000.00 |
| 2 | Conforti, Antonio Mortgage Holder | 7755 Warden Avenue, Unit 2 Markham ON L3N 0N3 | 1,931,333.68 | Real Property or Immovable - Building - Markham - 7755 Warden Avenue, Unit 2 | | 1,931,333.68 | 626,755.32 | |
| Total: | | | 3,431,333.68 | | | 2,140,333.68 | 626,755.32 | 1,291,000.00 |

12-Mar-2021

Date



Antonio Conforti

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 78 – Continued

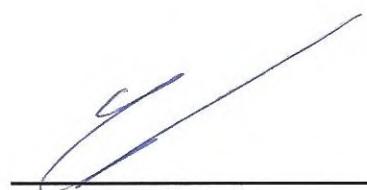
List "C"
Preferred Creditors for Wages, Rent, etc.

CONFORTI HOLDINGS LIMITED

| No. | Name of creditor | Address and occupation | Nature of claim | Period during which claim accrued | Amount of claim | Amount payable in full | Difference ranking for dividend |
|-----|------------------|------------------------|-----------------|-----------------------------------|-----------------|------------------------|---------------------------------|
| | | | | Total: | 0.00 | 0.00 | 0.00 |

12-Mar-2021

Date



Antonio Conforti

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 78 -- Continued

List "D"
Contingent or Other Liabilities

CONFORTI HOLDINGS LIMITED

| No. | Name of creditor or claimant | Address and occupation | Amount of liability or claim | Amount expected to rank for dividend | Date when liability incurred | Nature of liability |
|-----|------------------------------|------------------------|------------------------------|--------------------------------------|------------------------------|---------------------|
| | | | Total: 0.00 | 0.00 | | |

12-Mar-2021

Date


Antonio Conforti

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 78 -- Continued

List "E"
Debts Due to the Debtor

CONFORTI HOLDINGS LIMITED

| No. | Name of debtor | Address and occupation | Nature of debt | Amount of debt (good, doubtful, bad) | Folio of ledgers or other book where particulars to be found | When contracted | Estimated to produce | Particulars of any securities held for debt |
|-----|----------------|------------------------|----------------|--------------------------------------------|--------------------------------------------------------------------|--------------------|-------------------------|---------------------------------------------------|
| | | | Total: | 0.00 0.00 0.00 | | | 0.00 | |

12-Mar-2021

Date


Antonio Conforti

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 78 -- Continued

List "F"

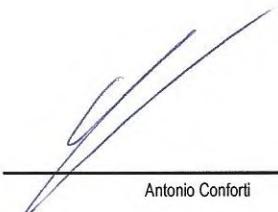
Bills of Exchange, Promissory Notes, Lien Notes, Chattel
Mortgages, etc., Available as Assets

CONFORTI HOLDINGS LIMITED

| No. | Name of all promissory, acceptors, endorsers, mortgagors, and guarantors | Address | Occupation | Amount of bill or note, etc. | Date when due | Estimated to produce | Particulars of any property held as security for payment of bill or note, etc. |
|-----|--------------------------------------------------------------------------|---------|------------|------------------------------|---------------|----------------------|--------------------------------------------------------------------------------|
| | | | | Total: 0.00 | | 0.00 | |

12-Mar-2021

Date


Antonio Conforti

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 78 -- Continued

List "G"
Real Property or Immovables Owned by Debtor

CONFORTI HOLDINGS LIMITED

| Description of property | Nature of debtor interest | In whose name does title stand | Total value | Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount) | Equity or surplus |
|---------------------------------------------------------------------------------------------|---------------------------|--------------------------------|--------------|---------------------------------------------------------------------------------------|-------------------|
| Building - Markham - 7755 Warden Avenue, Unit 2 - 7755 Warden Ave, Unit 2, Markham, Ontario | 100% | Conforti Holdings Limited | 2,558,089.00 | Conforti, Antonio 7755 Warden Avenue, Unit 2 Markham ON L3N 0N3 1,931,333.68 | 626,755.32 |
| | | Total: | 2,558,089.00 | | 626,755.32 |

12-Mar-2021

Date



Antonio Conforti

District of: Ontario
Division No. 09 - Toronto
Court No. 31-2675583
Estate No. 31-2675583

FORM 78 -- Concluded

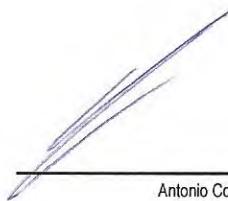
List "H"
Property

CONFORTI HOLDINGS LIMITED
FULL STATEMENT OF PROPERTY

| Nature of property | Location | Details of property | Original cost | Estimated to produce |
|------------------------------------------|------------------------|--------------------------------------------------|---------------|----------------------|
| (a) Stock-in-trade | Possession of bankrupt | Salon Inventory and Hand Sanitizers | 0.00 | 149,000.00 |
| (b) Trade fixtures, etc. | Possession of bankrupt | Trade Fixtures (Approximately \$1,500 per salon) | 0.00 | 55,000.00 |
| (c) Cash in financial institutions | | | 0.00 | 0.00 |
| (d) Cash on hand | | | 0.00 | 0.00 |
| (e) Livestock | | | 0.00 | 0.00 |
| (f) Machinery, equipment and plant | | | 0.00 | 0.00 |
| (g) Furniture | | Office Furniture & Computer Equipment | 0.00 | 5,000.00 |
| (h) Life insurance policies, RRSPs, etc. | | | 0.00 | 0.00 |
| (i) Securities | | | 0.00 | 0.00 |
| (j) Interests under wills, etc. | | | 0.00 | 0.00 |
| (k) Vehicles | | | 0.00 | 0.00 |
| (l) Taxes | | | 0.00 | 0.00 |
| (m) Other | | | 0.00 | 0.00 |
| Total: | | | | 209,000.00 |

12-Mar-2021

Date


Antonio Conforti

Conforti Holdings Limited
Cash flow Projections

For the Week Beginning:

| | 08-Mar | 15-Mar | 22-Mar | 29-Mar | 05-Apr | 12-Apr | 19-Apr | 26-Apr | 03-May | 10-May | 17-May | 24-May | 31-May | TOTAL |
|--------------------------------------|------------------|----------------|----------------|------------------|----------------|-----------------|----------------|------------------|----------------|-----------------|----------------|----------------|------------------|------------------|
| Cash-in | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Salons Revenue | 271,874 | 306,249 | 400,664 | 440,730 | 440,730 | 440,730 | 440,730 | 440,730 | 460,763 | 460,763 | 460,763 | 460,763 | 480,796 | 5,506,284 |
| CEWS (Note 1) | 12,751 | | | | 125,000 | | | | 150,000 | | | | 175,000 | 462,751 |
| CERS (Note 1) | | 76,156 | | | 100,000 | | | | 100,000 | | | | 100,000 | 376,156 |
| Total Cash-in | 284,625 | 382,405 | 400,664 | 440,730 | 665,730 | 440,730 | 440,730 | 440,730 | 710,763 | 460,763 | 460,763 | 460,763 | 755,796 | 6,345,191 |
| Cash-out | | | | | | | | | | | | | | |
| Rent | | | | 360,750 | | | | | 337,876 | | | | | |
| Payroll | 141,375 | 159,249 | 208,345 | 229,180 | 229,180 | 229,180 | 229,180 | 229,180 | 239,597 | 239,597 | 239,597 | 239,597 | 348,682 | 1,047,308 |
| Head Office Payroll | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 | 97,500 |
| CRA Source Deductions | 33,930 | 38,220 | 50,003 | 55,003 | 55,003 | 55,003 | 55,003 | 55,003 | 57,503 | 57,503 | 57,503 | 57,503 | 60,003 | 687,184 |
| Accounts payable (salons) | 26,000 | 26,000 | 26,000 | 26,000 | 26,000 | 26,000 | 26,000 | 26,000 | 26,000 | 26,000 | 26,000 | 26,000 | 26,000 | 338,000 |
| Accounts payable (Corp) | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 136,500 |
| Supplies | 57,094 | 64,312 | 84,139 | 92,553 | 92,553 | 92,553 | 92,553 | 92,553 | 96,760 | 96,760 | 96,760 | 96,760 | 100,967 | 1,156,320 |
| Management Fee | | | 56,500 | | | | | 56,500 | | | | | 56,500 | |
| Mortgage Interest | | | 7,500 | | | | 7,500 | | | | | | 7,500 | |
| Professional Fees | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 130,000 |
| EHT | | 15,000 | | | 20,000 | | | | 20,000 | | | | 7,500 | 22,500 |
| Merchant Fees & Bank Charges | 5,437 | 6,125 | 8,013 | 8,815 | 8,815 | 8,815 | 8,815 | 8,815 | 9,215 | 9,215 | 9,215 | 9,215 | 9,616 | 110,126 |
| Total Cash-out | 291,836 | 336,907 | 404,500 | 864,300 | 439,550 | 459,550 | 439,550 | 841,427 | 457,076 | 477,076 | 457,076 | 457,076 | 887,282 | 6,813,205 |
| Net Cash inflow (outflow) | (7,210) | 45,498 | (3,837) | (423,570) | 226,179 | (18,821) | 1,179 | (400,697) | 253,688 | (16,312) | 3,688 | 3,688 | (131,486) | (468,014) |
| Opening cash balance (Note 2) | (772,493) | - | 45,498 | 41,661 | - | 226,179 | 207,359 | 208,538 | - | 253,688 | 237,375 | 241,063 | 244,750 | (772,493) |
| Net Cash (above) | (7,210) | 45,498 | (3,837) | (423,570) | 226,179 | (18,821) | 1,179 | (400,697) | 253,688 | (16,312) | 3,688 | 3,688 | (131,486) | (468,014) |
| Closing cash before DIP | (779,703) | 45,498 | 41,661 | (381,909) | 226,179 | 207,359 | 208,538 | (192,159) | 253,688 | 237,375 | 241,063 | 244,750 | 113,264 | (1,240,506) |
| DIP loan (Note 3) | 779,703 | | | 381,909 | | | | 192,159 | | | | | (113,264) | 1,240,506 |
| Closing cash | - | 45,498 | 41,661 | - | 226,179 | 207,359 | 208,538 | - | 253,688 | 237,375 | 241,063 | 244,750 | - | - |

Notes:

1. Canada Emergency Rent Subsidy (CERS) & Canada Wage Subsidy (CERS) receipts are based on management's best estimates.

2. Opening cash balance consists of the following: **\$**

| | |
|--------------------------------------|-----------|
| Actual bank balance on March 8, 2021 | 1,568,872 |
| Outstanding cheques | (407,365) |
| Cash balance after outstanding items | 1,161,507 |

Remove: Hypothecate/Security to Tony Conforti*** **1,934,000** ***We have reflected this amount as already paid out to Tony Conforti, for repayment of the funds he advanced to take out RBC.

Opening cash balance **(772,493)**

3 Mr. Conforti has agreed to fund any potential ongoing deficit by way of a DIP Financing loan.

CERTIFICATION

THE PURPOSE of this Statement of Projected Cash flow is to provide creditors with sufficient information to make an informed decision regarding the Proposal, and to fully disclose to the Trustee and the Official Receiver, the state of Conforti Holdings Limited's financial affairs. This Statement of Projected Cash flow is prepared pursuant to the requirements of sections 50.4(2)(a) and 50(6)(a) of the Bankruptcy and Insolvency Act and solely for that purpose.

Dated this 12th day of March, 2021.


Per: Antonio Conforti - authorized representative

CROWE SOBERAN INC.
Licensed Insolvency Trustee
Acting in re: proposal of Conforti Holdings Limited

Per: Maris Rizari, CA, CPA, LIT, CIRP

TAB 2G

**THIS IS EXHIBIT “G”
REFERRED TO IN THE AFFIDAVIT OF
MARIE-EVE BÉRUBÉ-CÔTÉ SWORN
BEFORE ME ON OCTOBER 13, 2021**



A Commissioner for Oaths and Notary Public in
and for the Province of Ontario

District: Ontario
Division No. 09-Toronto
Court No.: 31-2675583
Estate No. 31-2675583

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

THE HONOURABLE MADAM
JUSTICE CONWAY

TUESDAY, THE 25TH
DAY OF MAY, 2021

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED**



ORDER

(Approval of Stalking Horse Sales Process and Stalking Horse APA)

THIS MOTION, made by Conforti Holdings Limited ("Conforti") for an order approving the stalking horse sales process substantially in the form attached as Schedule "A" hereto (the "**Stalking Horse Sales Process**") and (ii) approving the Stalking Horse APA (defined below), was heard this day by videoconference due to the COVID-19 pandemic.

ON READING the Affidavit of Antonio Conforti, sworn May 7, 2021, the Report of Crowe Soberman Inc., in its capacity as Proposal Trustee of Conforti (the “**Proposal Trustee**”), dated May 14, 2021 (the “**Fourth Report**”), and on hearing the submissions of counsel for the Proposal Trustee, counsel for Conforti, and counsel for those other

parties appearing as indicated by the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service, filed,

DEFINED TERMS

1. **THIS COURT ORDERS** that all capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Stalking Horse APA, and the Stalking Horse Sales Process.

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

STALKING HORSE SALES PROCESS

3. **THIS COURT ORDERS** that the Stalking Horse Sales Process (subject to any amendments thereto that may be made in accordance therewith and as may be agreed to by the Proposal Trustee) is hereby approved.

4. **THIS COURT ORDERS** that the Proposal Trustee and its advisors are hereby authorized and directed to carry out the Stalking Horse Sales Process and to take such steps and execute such documentation as may be necessary or incidental to the Stalking Horse Sales Process, subject to the terms of the Stalking Horse Sales Process and prior approval of this Court being obtained before completion of any transactions under the Stalking Horse Sales Process.

5. **THIS COURT ORDERS** that the Proposal Trustee and Conforti, and their respective assistants, affiliates, partners, directors, employees, advisors, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing their duties under the Stalking Horse Sales Process, except to the extent of such losses, claims, damages, or liabilities arising or resulting from the gross negligence or wilful misconduct of the Proposal Trustee or Conforti, as applicable, as determined by this Court.

STALKING HORSE APA

6. **THIS COURT ORDERS** that the execution, delivery, entry into, compliance with, and performance by Conforti of the Stalking Horse Asset Purchase Agreement, dated as of May 5, 2021 (the “**Stalking Horse APA**”) between Conforti, as Vendor, and Cicaplus Ltd., as Stalking Horse Bidder, substantially in the form attached as Appendix “H” to the Fourth Report is hereby ratified, authorized and approved, provided, however, that nothing herein approves the sale or the vesting of the Purchased Assets to the Stalking Horse Bidder pursuant to the Stalking Horse APA, and that the approval of the sale and vesting of such assets shall be considered by this Court on a subsequent motion to this Court following completion of the sale process pursuant to the terms of the Stalking Horse Sales Process if the Stalking Horse Bidder is the Successful Bidder.

7. **THIS COURT ORDERS** that the Stalking Horse APA is hereby approved and accepted solely for the purposes of being the Stalking Horse Bid under the Stalking Horse Sales Process and subject to the further Order of the Court referred to in paragraph 6 above.

APPROVAL OF REPORT

8. **THIS COURT ORDERS** that the Fourth Report, together with the conduct and activities of the Proposal Trustee as set out therein, be and are hereby approved.

SEALING ORDER

9. **THIS COURT ORDERS** that Confidential Appendix "1" to the Fourth Report be and is hereby sealed from the public court file subject to further order of the Court.

GENERAL

10. **THIS COURT ORDERS** that the Proposal Trustee or Conforti may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their power and duties under this Order or under the Stalking Horse Sales Process

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this order and to assist the Proposal Trustee, Conforti and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to Conforti and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist Conforti and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing.

Connolly.

SCHEDULE “A”

STALKING HORSE SALES PROCESS

Schedule “A”

STALKING HORSE SALES PROCESS

Bidding Procedures

On September 28, 2020, Conforti Holdings Limited (the “**Vendor**”) filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.3, as amended and Crowe Soberman Inc. was appointed proposal trustee (the “**Proposal Trustee**”).

Set forth below are the bidding procedures (the “**Bidding Procedures**”) to be employed with respect to the solicitation of any sale of the property municipally known as 7755 Warden Avenue, unit 2, level 1, Markham, Ontario L3R 0N3 (the “**Purchased Assets**”) pursuant to a Court approved sale process in the Vendor’s proposal proceedings.

On May 25, 2021, the Court issued an order (the “**Sale Process Order**”), among other things, (i) authorizing the Proposal Trustee to commence a sale process (the “**Sale Process**”) to market and sell the Purchased Assets in accordance with these Bidding Procedures, and (ii) approving the asset purchase agreement dated May 5, 2021 (the “**Stalking Horse APA**”) between the Vendor and Cicaplus Ltd. (the “**Stalking Horse Bidder**”) as a “stalking horse” bid in the Sales Process (the “**Stalking Horse Bid**”).

Subject to Court availability and the terms hereof, within ten (10) business days following the selection of the Successful Bidder (as defined herein), the Vendor shall bring a motion seeking the granting of an order by the Court (the “**Approval and Vesting Order**”) authorizing the Vendor to proceed with the sale of the Purchased Assets to the Qualified Bidder (as defined herein) making the highest or otherwise best bid (the “**Successful Bid**”) pursuant to these Bidding Procedures (the “**Successful Bidder**”).

Opportunity

1. The Sale Process is intended to solicit offers for the Purchased Assets that are superior to the Stalking Horse Bid. The Proposal Trustee will be responsible for conducting the Sale Process and an auction (the “**Auction**”), if applicable.
2. Any sale of the Purchased Assets will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Proposal Trustee, the Vendor, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Vendor in and to the Purchased Assets to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders.
3. Except as otherwise provided in the Stalking Horse APA or another Successful Bidder’s ultimate definitive purchase agreement, and subject to any permitted encumbrances therein, all of the Vendor’s right, title and interest in and to the Purchased Assets shall be sold free and clear of all liens and encumbrances pursuant to the Approval and Vesting Order.

Solicitation of Interest: Notice of Sale Process

4. As soon as is reasonably practicable and, in any event, by no later than June 1, 2021:
 - (a) the Proposal Trustee will cause the Purchased Assets to be listed for sale on the Multiple Listing Service with a real estate broker;
 - (b) the Proposal Trustee will prepare a list of potential bidders, including: (i) parties that have approached the Vendor or the Proposal Trustee indicating an interest in the Purchased Assets; and (ii) strategic and financial parties who the Proposal Trustee believes may be interested in purchasing the Purchased Assets (the "**Known Potential Bidders**");
 - (c) the Proposal Trustee shall advertise for sale the Purchased Assets in **The National Post (National Edition)**;
 - (d) the Proposal Trustee will prepare a summary (the "**Teaser**") describing the Purchased Assets, outlining the Sale Process and inviting recipients of the Teaser to express their interest pursuant to the Sale Process; and (ii) a non-disclosure agreement in form and substance satisfactory to the Proposal Trustee ("**NDA**").
5. The Proposal Trustee will send the Teaser to all Known Potential Bidders by no later than June 4, 2021 and to any other party who requests a copy of the Teaser, or who is identified to the Proposal Trustee as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Due Diligence

6. Any party who wishes to participate in the Sale Process (a "**Prospective Purchaser**") must provide the Proposal Trustee with an executed NDA and written confirmation of the identity of the Prospective Purchaser, and the contact information for such Prospective Purchaser.
7. The Proposal Trustee shall make available to those Prospective Purchasers who have signed an NDA and provided the requisite written confirmation and contact information access to a data room containing information reasonably required by Prospective Purchasers to consider submitting an offer for the Purchased Assets and facilitate the conduct of due diligence by the Prospective Purchasers, unless the Proposal Trustee determines such person is unlikely, based on the availability of financing, experience and other considerations, to be able to consummate a sale pursuant to the Sale Process. The Stalking Horse Bidder may have access to the data room.
8. Prospective Purchasers must rely solely on their own independent review, investigation and/or inspection of all information and of the Purchased Assets in connection with their participation in the Sale Process and any transaction they enter into with the Vendor.

Qualified Bids

9. Any offers to purchase the Purchased Assets must be submitted in writing to and received by the Proposal Trustee at Crowe Soberman Inc., 2 St. Clair Ave. East, Suite 1100 Toronto, ON M4T 2T5, Attention: Hans Rizarri, or by email at

hans.rizarri@crowesoberman.com, by 5:00 p.m. (Toronto time) on July 9, 2021 (the “**Bid Deadline**”)

10. The Proposal Trustee in its sole discretion shall determine whether any offers are “**Qualified Bids**”. A Qualified Bid shall mean an offer to purchase the Purchased Assets that is substantially the same or better than the Stalking Horse APA, provided that no offer shall qualify as a Qualified Bid unless it meets, among other things, the following minimum criteria:
 - (a) the offer is submitted on or before the Bid Deadline by a Prospective Purchaser;
 - (b) the Prospective Purchaser and the representatives thereof who are authorized to appear and act on its behalf must be sufficiently identified and written evidence of the offeror’s chief officer or other appropriate senior executive’s approval of the contemplated transaction must be submitted with the offer;
 - (c) the offer must be submitted in writing and include a blackline of the offer to the Stalking Horse APA, reflecting the Prospective Purchaser’s proposed changes and a written commitment to close on the terms and conditions set forth therein;
 - (d) the offer must be accompanied by a deposit in the form of certified cheque payable to the Proposal Trustee which is equal to at least 10% of the aggregate purchase price payable under the offer (“**Bid Deposit**”) which shall be held in trust by the Proposal Trustee’s solicitors and disbursed only as follows: (i) if the Prospective Purchaser becomes the Successful Bidder, its Bid Deposit will be applied without interest on Closing to the purchase price payable by it under its bid on the closing thereof; and (ii) if the Prospective Purchaser is not the Successful Bidder, then its Bid Deposit shall be returned without interest to it forthwith following the determination by the Proposal Trustee that its offer was not selected as the Successful Bid;
 - (e) the offer must be open for acceptance by the Vendor until five (5) Business Days after the Auction (as hereinafter defined) or later;
 - (f) the offer must be on terms no less favourable and no more burdensome or conditional than the Stalking Horse APA, in the opinion of the Proposal Trustee, and shall not contain any provisions for a break fee or expense reimbursement;
 - (g) the offer must contemplate purchase of the Purchased Assets on an “as is, where is” basis;
 - (h) the offer must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the offeror’s obligation to complete the transaction that are not otherwise contained in the Stalking Horse APA;
 - (i) the offer must contain written evidence of a commitment for financing or other evidence of the ability to consummate the sale with appropriate contact information for such financing sources;
 - (j) the offer must contain a target closing date that, in the opinion of the Proposal Trustee, is likely to be achieved;

- (k) the offer must be for a price equal to or greater than the sum of the Purchase Price, and **\$150,000**;
- (l) unless the written consent of a secured creditor of the Vendor had been obtained for the assumption of the debt owing to such secured creditor and has been provided to the Proposal Trustee, the price of an offer must be comprised solely of cash payable at closing.

11. The Proposal Trustee may waive compliance with any one or more of these requirements and deem such non-compliant bid to be a Qualified Bid.
12. Following the Bid Deadline, the Proposal Trustee will assess the Qualified Bids. If no Qualified Bids are received or, in the opinion of the Proposal Trustee, no bids constitute Qualified Bids, the Proposal Trustee may determine that an Auction is not required and may select the Stalking Horse Bidder as the Successful Bidder and proceed to bring a motion for an Approval and Vesting Order in respect of the transaction contemplated by the Stalking Horse APA.
13. If one or more Qualified Bids are received, each bidder who submitted a Qualified Bid will be deemed a **“Qualified Bidder”**. The Proposal Trustee shall invite all Qualified Bidders to attend the Auction.
14. Notwithstanding these bid requirements, the Stalking Horse APA is deemed to be a Qualified Bid and the Stalking Horse Bidder shall be deemed to be a Qualified Bidder.

Auction

15. If the Proposal Trustee receives one or more Qualified Bids by the Bid Deadline, the Proposal Trustee shall extend invitations by phone, fax and/or email by 10:00 a.m. (Toronto time) on the third (3rd) Business Day after the Bid Deadline to all bidders who submitted Qualified Bids and to the Stalking Horse Bidder to attend an auction (the **“Auction”**). The Auction shall be held at 10:00 a.m. on the fifth (5th) Business Day after the Bid Deadline (or such other date and time as the Proposal Trustee may in its sole discretion designate) at the offices of the Proposal Trustee or virtually by videoconference facility established by the Proposal Trustee.
16. The Proposal Trustee shall conduct the Auction. At the Auction, the bidding shall begin initially with the highest Qualified Bid and subsequently continue in multiples of \$100,000, or such other amount as the Proposal Trustee determines to facilitate the Auction (the **“Incremental Amount”**). Additional consideration in excess of the amount set forth in the highest Qualified Bid must be comprised only of cash consideration. The format and procedure for the Auction shall be determined by the Proposal Trustee in its sole discretion.

Successful Bid

17. In its sole discretion and based, *inter alia*, on the conduct of the Auction, the total financial and contractual terms of the Qualified Bids and various factors relevant to the speed and certainty of completing the sale of the Purchased Assets, the Proposal Trustee shall determine and accept the highest and/or best bid with respect to the Purchased Assets (the **“Successful Bid”**), subject to Court approval. The presentation of the Successful Bid to the Court for approval does not obligate the Vendor to close the transaction contemplated by such Successful Bid unless and until the Court approves

the Successful Bid. The Vendor will be deemed to have accepted a bid only when the bid has been approved by the Court at the hearing of the motion for the Approval and Vesting Order.

18. Subject to Court availability, the Proposal Trustee shall make a motion to the Court to obtain approval of the Successful Bid and the Approval and Vesting Order as expeditiously as possible after the Auction, but in no event longer than ten (10) Business Days following the Auction.
19. The deposits submitted with all Qualified Bids (except the Successful Bid), shall be held in escrow by the Proposal Trustee until five (5) Business Days after the date of the completion of the Auction and returned to those Prospective Purchasers thereafter. If the Successful Bid terminates pursuant to its terms or fails to close because of the Vendor's breach or failure to perform under the terms of the Successful Bid, the Proposal Trustee shall return the deposit submitted with such bid to the bidder that submitted the Successful Bid (the "**Successful Bidder**") forthwith. If the Successful Bidder fails to complete the approved sale because of its breach or failure to perform under the terms of the Successful Bid, the Proposal Trustee shall not have any obligation to return the deposit submitted with the Successful Bid and such deposit shall be retained by the Proposal Trustee as liquidated damages and the Purchaser shall be entitled to submit a new bid for the Purchased Assets, which the Proposal Trustee shall be at liberty to but not obligated to, accept on terms to be agreed upon between the Parties.
20. Subject to the Sale Process Order, the Proposal Trustee shall have the right to adopt such other rules for the Sale Process, that, in its sole discretion, will better promote the goals of the Sale Process.

Miscellaneous

21. The Sale Process and these Bidding Procedures are solely for the benefit of the Proposal Trustee and the Vendor and nothing contained in the Sale Process Order or these Bidding Procedures shall create any rights in any other person (including, without limitation, any bidder in the Sale Process and any rights as third party beneficiaries or otherwise) other than the rights expressly granted to a Successful Bidder under the Sale Process Order. The bid protections incorporated in these Bidding Procedures are solely for the benefit of the Stalking Horse Bidder.
22. Except as otherwise provided in an order of the Court, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Sale Process Order, the Sale Process and the Bidding Procedures

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED**

District: Ontario
Division No. 09-Toronto
Court No. 31-2675583
Estate No. 31-2675583

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

Proceeding commenced at Toronto

SALE PROCESS APPROVAL ORDER

MILLER THOMSON LLP

Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, ON Canada M5H 3S1

Bobby Sachdeva LSO #: 34454C
Tel: 905.532.6670
bsachdeva@millerthomson.com

Erin Craddock LSO #: 622828J
Tel: 416.595.8631
ecraddock@millerthomson.com

Lawyers for Conforti Holdings Inc.

TAB 2H

**THIS IS EXHIBIT "H"
REFERRED TO IN THE AFFIDAVIT OF
MARIE-EVE BÉRUBÉ-CÔTÉ SWORN
BEFORE ME ON OCTOBER 13, 2021**



A Commissioner for Oaths and Notary Public in
and for the Province of Ontario

STALKING HORSE ASSET PURCHASE AGREEMENT

This Agreement is made as of the 5th day of May, 2021

BETWEEN:

CONFORTI HOLDINGS LIMITED

(The “**Vendor**”)

-and-

CICAPLUS LTD.

(the “**Purchaser**”)

RECITALS

A. On September 28, 2020, the Vendor filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, (the “**BIA**”) and appointed Crowe Soberman Inc. as proposal trustee (the “**Proposal Trustee**”);

B. In connection with the Vendor’s proposal proceedings, the Vendor will seek the approval of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for a “stalking horse” sale process as set out herein (the “**Sale Process**”) whereby this Agreement will serve as the stalking horse bid for the Purchased Assets (as defined herein).

C. In the event that this Agreement is selected as the Successful Bid (as defined herein) in the Sale Process, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, all of the Vendor’s rights, title and interest in and to the Purchased Assets on the terms and subject to the conditions set forth in this Agreement.

In consideration of the mutual covenants and agreements set forth in this Agreement and the sum of Two Dollars (\$2.00) paid by the Vendor and the Purchaser to the other and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereby agree and declare as follows:

SECTION 1– INTERPRETATION

1.1 Definitions

The terms defined herein shall have the following meanings, unless the context expressly or by necessary implication otherwise requires:

(1) **Agreement** means this agreement including any recitals and schedules to this agreement, as amended, supplemented or restated from time to time in accordance with the terms hereof; provided that this agreement shall constitute an offer, as set out in Section 2.1, until accepted by the Vendor;

(2) **Applicable Law** means, in respect of any Person, property, transaction or event, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order, in each case, having the force of law, that applies in whole or in part to such Person, property, transaction or event;

(3) **Approval and Vesting Order** means an Order of the Court, substantially in the form attached as Schedule "B" hereto, providing for, among other things, the vesting in and to the Purchaser of all of the right, title and interest, if any, of the Vendor in and to the Purchased Assets, free and clear of all liens, charges and encumbrances, except Permitted Encumbrances;

(4) **Auction** has the meaning set out in the Bidding Procedures;

(5) **BIA** has the meaning set forth in Recital A;

(6) **Bid Deadline** has the meaning set out in the Bidding Procedures;

(7) **Bid Deposit** has the meaning set out in the Bidding Procedures;

(8) **Bidding Procedures** means the bidding procedures, substantially in the form attached hereto as Schedule "D", with milestone dates therein to be settled on or before the date of the Sale Process Order;

(9) **Business Day** means any day of the year, other than a Saturday, Sunday, or any day on which Canadian chartered banks are closed in Toronto, Ontario, Canada;

(10) **Court** has the meaning set forth in Recital B;

(11) **Closing** means the completion of the Transaction;

(12) **Closing Date** means the date that is ten (10) Business Day following the date on which the Approval and Vesting Order is granted or such later or earlier date as agreed to by the Parties;

(13) **Deposit** has the meaning set forth in Section 2.2(a);

(14) **Encumbrances** means all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging or creating a security interest in the Purchased Assets or any part thereof or interest therein, and any agreements, leases, options, easements, rights-of-way, restrictions, executions or other encumbrances, including notices or other registrations in respect of any of the foregoing, affecting title to the Purchased Assets or any part thereof or interest therein.;

(15) **ETA** means the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended;

(16) **Governmental Authority** means any Canadian federal, provincial, state, municipal or local, or other government, governmental, regulatory, or administrative authority, agency or commission or any court, tribunal or judicial or arbitral body, or any comparable body to the foregoing in the United States of America, having jurisdiction over the Purchased Assets;

(17) **GST/HST** means taxes, interest, penalties, and fines imposed under Part IX of the ETA;

(18) **Income Tax Act** means *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.);

- (19) **Incremental Amount** has the meaning set out in the Bidding Procedures;
- (20) **Known Potential Bidders** has the meaning set out in the Bidding Procedures;
- (21) **NDA** has the meaning set out in the Bidding Procedures;
- (22) **Party** means the Purchaser and the Vendor;
- (23) **Permitted Encumbrances** means those Encumbrances set forth in Schedule "E";
- (24) **Person** means a natural person, partnership, limited liability partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Authority, and pronouns have a similarly extended meaning;
- (25) **Proposal Trustee** has the meaning set forth in Recital A;
- (26) **Proposal Trustee's Certificate** means the certificate of the Proposal Trustee contemplated by the Approval and Vesting Order as attached hereto as Schedule "C", certifying that the Proposal Trustee has received written confirmation in form and substance satisfactory to the Proposal Trustee from the Parties that all conditions of Closing have been satisfied or waived by the applicable Parties;
- (27) **Prospective Purchaser** has the meaning set forth in the Bidding Procedures;
- (28) **Purchased Assets** means 7755 Warden Avenue, unit 2, level 1, Markham, Ontario L3R 0N3;
- (29) **Purchase Price** has the meaning set forth in Section 2.2;
- (30) **Qualified Bidder** has the meaning set forth in the Bidding Procedures;
- (31) **Qualified Bids** has the meaning set forth in the Bidding Procedures;
- (32) **Representative** means, in respect of a Party, each director, officer, employee, agent, affiliate, manager, lender, solicitor, accountant, professional advisor, consultant, contractor and other representative of such Party or such Party's affiliates;
- (33) **Sale Process** has the meaning set forth in Recital B;
- (34) **Sale Process Order** means the order of the Court to be sought approving (i) the Sale Process, and (ii) this Agreement for purposes of acting as stalking horse bidder;
- (35) **Secured Debt** has the meaning set out in Section 2.2(b);
- (36) **Successful Bid** has the meaning set out in the Bidding Procedures;
- (37) **Successful Bidder** has the meaning set out in the Bidding Procedures;
- (38) **Stalking Horse APA** has the meaning set out in the Bidding Procedures;
- (39) **Stalking Horse Bid** has the meaning set out in Section 4.1(2);
- (40) **Stalking Horse Bidder** has the meaning set out in the Bidding Procedures;

(41) **Teaser** has the meaning set out in the Bidding Procedures;

(42) **Time of Closing or Closing Time** means 2:00 p.m. Toronto time on the Closing Date or as otherwise determined by mutual agreement of the Parties in writing;

(43) **Transaction** means the transaction of purchase and sale contemplated by this Agreement; and

(44) **Transfer Taxes** means all present and future transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Purchased Assets, including sales taxes but excluding any taxes imposed or payable under the Income Tax Act and any other applicable income tax legislation.

1.2 Headings and References

The division of this Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement,” “hereof,” “hereunder” and similar expressions refer to this Agreement and not to any particular section, subsection, or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to “Sections” are to sections, subsections, and further subdivisions of sections of this Agreement.

1.3 Extended Meanings

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including without limitation.”

1.4 Statutory References

Each reference to an enactment is deemed to be a reference to that enactment, and to the regulations made under that enactment, as amended, or re-enacted from time to time.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to \$, are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Schedules

The following are the Schedules to this Agreement:

Schedule “A” – Draft Sale Process Order

Schedule “B” – Draft Approval and Vesting Order

Schedule “C” – Proposal Trustee’s Certificate

Schedule “D” – Bidding Procedures

Schedule “E” – Permitted Encumbrances

SECTION 2– OFFER

2.1 Offer

Subject to satisfaction of the conditions set out in Sections 5.1, 5.2 and 5.3 hereof, this Agreement, once executed by the Purchaser, shall constitute a valid and binding offer to purchase by the Purchaser.

2.2 Purchase Price

The consideration payable by the Purchaser to the Vendor for the Purchased Assets (the “**Purchase Price**”) shall be the sum of \$3,531,350.00, comprised of:

- (a) \$100,000.00 deposit to be paid to the Proposal Trustee upon acceptance of this Agreement by the Vendor (the “**Deposit**”); and
- (b) assumption of:
 - (i) the \$1,931,350.00 owing to Antonio Conforti pursuant to the Assignment of Debt and Security Agreement, dated with effect as of October 15, 2020, between the Vendor, Royal Bank of Canada, and Antonio Conforti; and
 - (ii) the \$1,500,000.00 owing to Beauty Experts Inc. pursuant to the General Security Agreement, dated March 2, 2010, between the Vendor and Beauty Experts Inc.

(together, the “**Secured Debt**”).

2.3 Deposit

Subject to Section 2.4 below, the Vendor’s obligation to repay the Deposit shall arise if the Purchaser is not the Successful Bidder, unless the Deposit is forfeited in accordance with this Agreement. For greater certainty, no further notice or demand shall be required to be delivered by the Purchaser to the Vendor to trigger the Vendor’s repayment obligations under this Section 2.3.

2.4 Failure to Close

If the Purchaser is the Successful Bidder and the Transaction does not close as a result of a breach of this Agreement by the Purchaser, the Purchaser shall be deemed to have immediately forfeited the Deposit.

2.5 Payment of Purchase Price

Provided that all conditions precedent to Closing have been satisfied or waived in accordance with Article 5, the Purchase Price shall be paid and satisfied on Closing by the Purchaser’s assumption of the Secured Debt, and the waiver, release and discharge of the security provided by the Vendor in connection with the Secured Debt.

2.6 Legal Fees and Costs

The Purchaser shall pay its own legal costs and fees payable in connection with the Transaction, if any.

2.7 Transfer Taxes

The Parties agree that:

- (a) the Purchase Price is exclusive of all Transfer Taxes and the Purchaser shall be liable for and shall pay any and all applicable Transfer Taxes pertaining to the Purchaser's acquisition of the Purchased Assets; and
- (b) the Purchaser shall pay any applicable Transfer Taxes on the Purchaser's acquisition of the Purchased Assets in addition to the Purchase Price, either to the Proposal Trustee on behalf of the Vendor, or directly to the appropriate Governmental Authority, as required by Applicable Law.

SECTION 3– REPRESENTATIONS AND WARRANTIES

3.1 Vendor's Representations

The Vendor represents and warrants to the Purchaser that:

- (a) the Vendor is not aware of any action or proceeding pending or threatened against it which may affect its right to convey any of the Purchased Assets or in any way restrain or prohibit the completion of the Transaction;
- (b) the Vendor is not, and at the time of Closing will not be, a non-resident of Canada within the meaning of that term as used in the *Income Tax Act* (Canada);
- (c) subject to the approval of the Court, the Vendor has right, power and authority to market any or all of the Purchased Assets for sale and to sell, convey, transfer, lease or assign the Purchased Assets in accordance with and subject to the terms and conditions of this Agreement;
- (d) the Vendor is a corporation incorporated and validly existing under the Provincial laws of Ontario and has not been discontinued or dissolved under such law. Vendor has the corporate power and capacity to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Vendor. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by the Vendor, and (assuming due authorization, execution, and delivery by Purchaser), this Agreement and the documents to be delivered hereunder constitute legal, valid, and binding obligations of the Vendor, enforceable against the Vendor in accordance with their respective terms;

- (e) the Vendor is registered under Part IX of the ETA and the Vendor's HST number is 126597194 RT0001; and
- (f) Spousal consent is not necessary to this transaction under the provisions of the *Family Law Act*, R.S.O. 1990, c. F.3, as amended.

3.2 Purchaser's Representations

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation existing under the laws of the Province of Ontario, and has full corporate power and authority to enter into and carry out this Agreement and the Transaction;
- (b) the entering into of this Agreement and all other documents contemplated hereunder to which the Purchaser is a party and the consummation of the Transaction have been duly authorized by all requisite corporate action;
- (c) other than the Approval and Vesting Order, no consent, approval, waiver or authorization is required to be obtained by the Purchaser from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by the Purchaser of this Agreement and the consummation of the transactions contemplated hereby.
- (d) this Agreement and all other documents contemplated hereunder to which the Purchaser is a party have been or will be, as at the Closing Time, duly and validly executed and delivered by the Purchaser and constitute or will, as at the Closing Time, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof;
- (e) the Purchaser has entered into this Agreement and will be completing the Transaction on its own account, not as an agent;
- (f) on, or prior to, the Closing Date, the Purchaser shall be registered under Part IX of the ETA and the Purchaser shall provide the Vendor with its HST number; and
- (g) the Purchaser has not committed an act of bankruptcy, is not insolvent, has not proposed a compromise or arrangement to its creditors generally, has not had any application for a bankruptcy order filed against it, has not taken any proceeding and no proceeding has been taken to have a receiver appointed over any of its assets, has not had an encumbrancer take possession of any of its property and has not had any execution or distress become enforceable or levied against any of its property.

3.3 "As is, Where is"

- (1) The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an "as is, where is" basis as the Purchased Assets shall exist on the Closing Date and no adjustments shall be made for any changes in the condition of the Purchased Assets, unless otherwise agreed to herein. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets, as it deemed appropriate

and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, Encumbrances, description, fitness for any particular use or purpose, merchantability, condition, assignability, value or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell same. Without limiting the generality of the foregoing: no representation or warranty is made with respect to the accuracy or completeness of any information provided by the Vendor and its Representatives to the Purchaser in connection with this Transaction.

- (2) The Purchaser shall have reasonable access to the Purchased Assets on reasonable notice to the Vendor for the purposes of conducting inspections prior to the Closing Date.
- (3) The Vendor agrees to provide any authorization required to allow the Purchaser's solicitor to perform searches for the purposes of conducting reviews prior to the Closing Date.

3.4 Limitations

With the exception of the Vendor's representations and warranties in Section 3.1 and the Purchaser's representations and warranties in Section 3.2, none of the Vendor or the Purchaser, or their respective Representatives make, have made, or shall be deemed to have made any other representation or warranty, express or implied, at law or in equity in respect of the Vendor, the Purchaser or the Purchased Assets or the sale and purchase of the Purchased Assets pursuant to this Agreement.

SECTION 4– SALE PROCESS

4.1 Bidding Procedures

- (1) The Vendor and the Purchaser acknowledge that this Agreement and the Transaction contemplated hereby are subject to Court approval.
- (2) The Vendor and the Purchaser acknowledge and agree that the Vendor shall apply to the Court by no later than May 25, 2021 or such other date as may be mutually agreed upon, for the Sale Process Order, inter alia, recognizing this Agreement and, in particular, the Purchase Price, as a baseline or “stalking horse bid” (the “**Stalking Horse Bid**”) and approving the Bidding Procedures in accordance with the terms of this Agreement.
- (3) The Parties will use commercially reasonable efforts to have the Sale Process Order issued. The Purchaser acknowledges that the Bidding Procedures are in contemplation of determining whether a superior bid can be obtained for the Purchased Assets.

4.2 Court-Specified Time Periods

Where any of the time periods specified in Schedule “D” hereof are subject to be established by Court order, and in the event that the Court establishes a date different than the date set out in this Agreement, then the corresponding date established by such provisions of this Agreement shall be deemed to be amended to accord with the Court established date.

SECTION 5– CONDITIONS TO CLOSING

5.1 Conditions Precedent in Favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendor at or before the Closing Date shall have been complied with or performed in all material respects;
- (b) the Vendor shall have delivered or caused to be delivered to the Purchaser each of the items listed in Section 6.2; and
- (c) all representations and warranties of the Vendor contained in this Agreement shall be true in all material respects as of the Closing Date with the same effect as though made on and as of that date.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 5.1 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in Section 5.1 is not satisfied or performed on or prior to the Closing Date, the Purchaser may elect on written notice to the Vendor to terminate this Agreement.

5.2 Conditions Precedent in favour of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Purchaser contained in this Agreement shall be true as of the Time of Closing with the same effect as though made as of that time and the Purchaser shall deliver to the Vendor a certificate signed by a representative of the Purchaser to that effect (provided that acceptance of such evidence and the completion of the Transaction contemplated hereunder shall not be a waiver of such representations and warranties);
- (b) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date; and
- (c) the Purchaser shall have delivered or caused to be delivered to the Vendor each of the items listed in Section 6.3.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition in this Section 5.2 may be waived by the Vendor in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing. If any condition set out in Section 5.2 is not satisfied or performed on or prior to the Closing Date, the Vendor may elect on written notice to the Purchaser to terminate this Agreement.

5.3 Conditions Precedent in favour of both the Purchaser and the Vendor

- (1) Neither party shall be obligated to complete the transactions contemplated by this Agreement unless the following conditions have been fulfilled:
 - (a) the Sale Process Order shall have been granted on terms satisfactory to the Purchaser and Vendor, each acting reasonably, and the Purchaser shall have been selected as the Successful Bidder;
 - (b) the Approval and Vesting Order shall have been obtained and shall not have been stayed, varied or vacated;
 - (c) no order shall have been issued by a Governmental Authority which restrains or prohibits the completion of the Transaction; and
 - (d) no motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

The Parties acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser. If the conditions set out in this Section 5.3 are not satisfactorily performed or mutually waived on or before the Closing Date, any Party shall have the option to terminate this Agreement upon written notice to the other Party.

- (2) The Purchaser acknowledges and agrees that the Sale Process is in contemplation of determining whether one or more qualified bids can be obtained for the Purchased Assets.
- (3) The Vendor covenants that it will use commercially reasonable efforts to fulfil or cause to be fulfilled the conditions contained in Section 5.1 and Section 5.3 hereof and the Purchaser covenants to use commercially reasonable efforts to fulfil or cause to be fulfilled the conditions contained in Sections 5.2 and 5.3 hereof prior to the times specified therefor.

SECTION 6– CLOSING

6.1 Closing

Subject to the conditions set out in this Agreement, the completion of the Transaction shall take place at the Closing Time at the offices of Scalzi Professional Corporation, solicitors for the Purchaser, at the Time of Closing or at such other location(s) as are agreed upon by the Parties and the Parties shall exercise commercially reasonable efforts to cause Closing to occur at the Closing Time.

6.2 Vendor's Deliveries on Closing

At or before the Closing Time, upon fulfilment by the Purchaser of all the conditions herein in favour of the Vendor which have not been waived in writing by the Vendor, the Vendor shall deliver the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a copy of the issued and entered Approval and Vesting Order;

- (b) a copy of the Proposal Trustee's Certificate;
- (c) all documents and instruments, executed by the Vendor as may be necessary or desirable to convey and transfer title to any of the Purchased Assets to the Purchaser; and
- (d) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement and convey title to the Purchased Assets to the Purchaser.

6.3 Purchaser's Deliveries on Closing

At or before the Closing Time, upon fulfilment by the Vendor of all the conditions herein in favour of the Purchaser which have not been waived by the Purchaser, the Purchaser shall execute and deliver the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:

- (a) agreements reflecting the assumption of the Secured Debt by the Purchaser contemplated by Section 2.5;
- (b) waiver, release and discharge of the security contemplated in respect of the Vendor by Section 2.5;
- (c) payment of Transfer Taxes required by Applicable Law to be collected by any Vendor;
- (d) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all respects the covenants to be performed by it prior to the Closing Time;
- (e) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

6.4 Risk

Until completion of this Agreement on the Closing Date, the Purchased Assets shall be and remain at the risk of the Vendor, except as otherwise provided in this Section 6.4. In the event of any damage to the Purchased Assets on or before the Closing Date, the Purchaser may elect (i) to require the Vendor to repair the Purchased Assets to the same state and condition as it was in at the time this Agreement was entered into in which event the Purchaser will complete the Transaction without an abatement in the Purchase Price; or (ii) to reduce the Purchase Price by an amount equal to the cost required to complete the repair as estimated by an independent qualified architect or engineer retained by the Vendor in which event the Purchaser will complete the Transaction and accept the price reduction equal to such cost; or (iii) if such damage is in excess of \$50,000, to terminate this Agreement and neither party shall have any further rights or obligations under this Agreement.

6.5 Possession of Purchased Assets

On Closing, the Purchaser shall take possession of the Purchased Assets wherever situate at Closing. The Purchaser acknowledges that the Vendor has no obligation to deliver

physical possession of the Purchased Assets to the Purchaser. In no event shall the Purchased Assets be sold, assigned, transferred or set over to the Purchaser until the conditions set out in the Approval and Vesting Order have been satisfied or waived by the Purchaser or Vendor, as applicable, and the Purchaser has satisfied all delivery requirements outlined in Section 6.3.

6.6 Tender

Any tender of documents or money hereunder may be made upon the Vendor or the Purchaser or their respective solicitors on the Closing Date.

6.7 Adjustments

Any rents, mortgage interest, realty taxes including local improvement rates and unmetered public or private utility charges and unmetered cost of fuel, as applicable, shall be apportioned and allowed to Closing Date, the Closing Date itself to be apportioned to the Purchaser.

6.8 Property Assessment

The Purchaser and the Vendor hereby acknowledge that the Province of Ontario has implemented current value assessment and properties may be re-assessed on an annual basis. The Purchaser and Vendor agree that no claim will be made against the Purchaser or Vendor, or any brokerage, broker or salesperson, for any changes in property tax as a result of a re-assessment of the Purchased Assets, save and except any property taxes that accrued prior to completion of the Transaction.

6.9 Dispute Resolution

If any dispute arises with respect to any matter related to the Transaction or the interpretation or enforcement of this Agreement such dispute will be determined by the Court, or by such other Person or in such other manner as the Court may direct or as mutually agreed upon by the Vendor and the Purchaser.

6.10 Termination

- (1) This Agreement may be terminated at any time prior to the Closing Time by mutual written agreement of the Vendor and the Purchaser and on consent of the Proposal Trustee.
- (2) This Agreement may be terminated at any time prior to the Closing Time upon the occurrence of any of the following:
 - (a) a condition precedent has not been satisfied or waived pursuant to and in accordance with Section 5 and a Party entitled to terminate this Agreement as a result thereof has delivered written notice of termination pursuant to Section 5 (provided that the terminating Party has not failed to satisfy a closing condition under this Agreement); or
 - (b) Closing shall not have occurred on or prior to the Closing Time and the Purchaser shall have delivered written notice of termination to the other Parties terminating this Agreement as a result thereof (provided that the terminating Party has not failed to satisfy a closing condition under this Agreement).

6.11 Effects of Termination and Closing

- (1) If this Agreement is terminated pursuant to Section 6.10, all further obligations of the parties under or pursuant to this Agreement shall terminate without further liability of any Party to the other except for the provisions of this Section 6.11, each of which will survive termination.
- (2) If the Transaction is not completed by the Closing Time solely as a result of the Vendor's failure to perform any of their obligations under this Agreement, then the Deposit shall become due and payable to the Purchaser in accordance with the terms of this Agreement.
- (3) Under no circumstance shall either of the Parties, or their Representatives be liable for any special, punitive, exemplary, consequential or indirect damages (including loss of profits) that may be alleged to result, in connection with, arising out of, or relating to this Agreement or the transactions contemplated herein

SECTION 7– GENERAL

7.1 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery (in which case it shall be left with a responsible officer of the recipient) or by electronic communication addressed to the recipients as follows:

in the case of the Purchaser:

CicaPlus Ltd.
Attention: Floriana Ottaviani
Email: floriana@yourspacesalons.ca

with a copy to:

Scalzi Professional Corporation
868A Eglinton Avenue West
Toronto, Ontario
M6C 2B6

Attention: Carmine Scalzi
Email: cscalzi@scalzilaw.com

in the case of the Vendor:

Conforti Holdings Limited
Attention: Floriana Ottaviani
Email: floriana@yourspacesalons.ca

with copies to:

Crowe Soberman Inc.
Licensed Insolvency Trustee
2 St. Clair Avenue East, Suite 1100
Toronto, ON M4T 2T5

Attention: Hans Rizarri
Email: hans.rizarri@crowesoberman.com

And

Goldman Sloan Nash & Haber LLP
Suite 1600, 480 University Avenue
Toronto, ON M5G 1V2

Attention: Brendan Bissell
Email: bissell@gsnh.com

And

Miller Thomson LLP
Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto, Ontario M5H 3S1

Attention : Kevin Sherkin & Bobby Sachdeva
Email: ksherkin@millerthomson.com
Email: bsachdeva@millerthomson.com

or to such other address, individual or electronic communication number as may be designated by notice given by either Party to the other. Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

7.2 Time of Essence

Time shall, in all respects, be of the essence hereof provided that the time for doing or completing any matter provided herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser.

7.3 Survival

The representations and warranties of the Parties contained in this Agreement shall merge on Closing and the covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

7.4 Expenses

Except as otherwise expressly provided herein, all costs and expenses (including the fees and disbursements of legal counsel, investment advisers and auditors) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such expenses, subject to any rights either Party may have to have any such fees included in any security held by that Party against the assets of the Vendor.

7.5 Third Party Beneficiaries

Each Party hereto intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties hereto and their successors and permitted assigns, and no person, other than the Parties hereto and their successors and their permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

7.6 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

7.7 Entire Agreement

This Agreement constitutes the only agreement between the Parties with respect to the subject matter hereof and supersedes any and all prior negotiations, provisions, covenants, agreements, understandings and representations on that subject, all of which have become merged and finally integrated into this Agreement.

7.8 Amendments

This Agreement may only be amended, modified or supplemented by a written agreement signed by the Parties.

7.9 Waiver

No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall such waiver constitute a waiver or continuing waiver unless otherwise expressly provided in writing duly executed by the Party to be bound thereby.

7.10 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

7.11 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

7.12 Planning Act

This Agreement shall be effective to create an interest in the Purchased Assets only if the Vendor complies with the subdivision control provisions of the *Planning Act*, R.S.O. 1990, c. P. 13, as amended, by completion and the Vendor covenants to proceed diligently at its expense to obtain any necessary consent by completion.

7.13 Benefit of Agreement

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

7.14 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision's validity or enforceability in any other jurisdiction.

7.15 Counterparts

This Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original and all of which taken together constitute one and the same instrument. Transmission by email of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

7.16 Assignment and Enurement

This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, without the prior written consent of the Vendor or the Proposal Trustee, provided that such assignee is a related party of the Purchaser and (i) the Purchaser shall provide prior notice of such assignment to the Vendor prior to the grant of the Approval and Vesting Order, and (ii) such assignee shall agree to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder.

7.17 Proposal Trustee's Certificate

The Parties acknowledge and agree that the Proposal Trustee shall be entitled to deliver to the Purchaser, and file with the Court, the executed Proposal Trustee's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Proposal Trustee shall have no liability to the Parties in connection therewith. The Parties further acknowledge and agree that (i) upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived, the Proposal

Trustee may deliver the executed Proposal Trustee's Certificate to the Purchaser's counsel in escrow, with the sole condition of its release from escrow being the Proposal Trustee's written confirmation that all such funds have been received, the Proposal Trustee's Certificate will be released from escrow to the Purchaser, and the Closing shall be deemed to have occurred.

[signature page follows]

IN WITNESS WHEREOF the Vendor and the Purchaser have executed this Agreement as of the day and year first above written

Purchaser:

CICAPLUS LTD.

By: 

Name: ANTONIO CONFORTI

Title: PRESIDENT

I have authority to bind the corporation

Vendor:

CONFORTI HOLDINGS LIMITED

By: 

Name: ANTONIO CONFORTI

Title: PRESIDENT

I have authority to bind the corporation

Schedule B

**BID FORM AND
AMENDMENT TO STALKING HORSE ASSET PURCHASE AGREEMENT**

BETWEEN:

CONFORTI HOLDINGS LIMITED

(The "Vendor")

-and-

Cicaplus Ltd

(the "Purchaser")

RECITALS

A. On September 28, 2020, the Vendor filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, (the "BIA") and appointed Crowe Soberman Inc. as proposal trustee (the "Proposal Trustee");

B. In connection with the Vendor's proposal proceedings, the Vendor obtained the approval of the Ontario Superior Court of Justice (Commercial List) (the "Court") for a "stalking horse" sale process as set out in the Order dated May 25, 2021 (the "Sale Process Order") whereby the Agreement between the Vendor and Cicaplus Ltd. dated as of May 5, 2021 serves as the stalking horse bid for the Purchased Assets (as defined herein).

C. The Purchaser submitted an offer (the "Purchaser's Offer") to be considered by the Proposal Trustee as a "Qualified Bid" within the meaning of the Sale Process Order.

D. An auction within the meaning of the Sale Process Order is necessary, at which the Purchaser has attended and wishes to submit the following bid as an amendment to the Purchaser's Offer.

SECTION 1– BID AND AMENDMENT TO THE PURCHASER'S OFFER

1.1 Definitions

The defined terms used in this Bid Form and Amendment to Stalking Horse Asset Purchase Agreement have the meaning given in the Purchaser's Offer unless otherwise indicated.

1.2 Bid and Amendment to the Purchaser's Offer

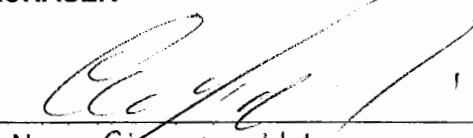
The Purchaser's Offer is hereby amended as follows:

- (a) the Purchase Price set out in section 2.2 shall be 6,200,000;
- (b) the Purchaser's Offer, as amended, shall be open for acceptance by the Proposal Trustee and the Vendor until 5:00 pm EDT on Thursday July 22, 2021; and
- (c) there are no other amendments to the Purchaser's Offer other than as expressly set out herein.

IN WITNESS WHEREOF the Purchaser has executed this Bid Form and Amendment to its Offer to Purchase on July 15, 2021:

Purchaser:

PURCHASER

By: 

Name: Cicaplus Ltd

Title: Antonio Conforti

I have the authority to bind the corporation

ACCEPTED by the Proposal Trustee this 15th day of July, 2021:

Trustee

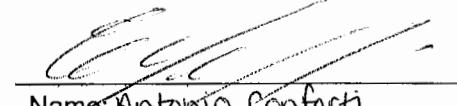
CROWE SOBERMAN INC. solely as proposal trustee of Conforti Holdings Limited – an insolvent person, and not in its personal capacity.

Per: 

ACCEPTED by the Vendor this _____ day of July 15, 2021:

Vendor:

CONFORTI HOLDINGS LIMITED

By: 

Name: Antonio Conforti

Title:

I have the authority to bind the corporation

TAB 2I

**THIS IS EXHIBIT “T”
REFERRED TO IN THE AFFIDAVIT OF
MARIE-EVE BÉRUBÉ-CÔTÉ SWORN
BEFORE ME ON OCTOBER 13, 2021**



A Commissioner for Oaths and Notary Public in
and for the Province of Ontario

July 16, 2021

SENT BY E-MAIL: bissell@gsnh.com

Clifton Prophet
Direct 416 862 3509
Direct Fax 416 863 3509
clifton.prophetr@gowlingwlg.com

Goldman Sloan Nash & Haber LLP
480 University Avenue, Suite 1600
Toronto, ON M5G 1V2

Attention: Brendan Bissell

Dear Brendan:

Re: Conforti Holdings Limited

I am writing further to our recent discussions with respect to this matter.

As advised, we are Canadian counsel to Moroccanoil, Inc. Moroccanoil is a creditor of Conforti Holdings Limited ("CHL"). It has claims against CHL and Antonio Conforti in the amount of \$2,184,000.00 (plus accruing interest and costs) for breach of a settlement agreement dated July 15, 2013 (the "Settlement") among Moroccanoil, Salon Distribution Inc. (now continued as CHL) and Antonio Conforti. The Settlement addresses claims against Salon Distribution Inc. and Antonio Conforti for the sale of counterfeit products infringing Moroccanoil's intellectual property rights. We note parenthetically that Moroccanoil and the Conforti defendants have been engaged in litigation in the Courts of New Jersey since 2011. The breaches of the Settlement arise from prohibited diversion of Moroccanoil products and other defaults by the Conforti defendants that were discovered by Moroccanoil in the winter of 2014 – 2015. Moroccanoil brought a motion in the New Jersey litigation to enforce the settlement in April of 2015. Since that date the parties have continued to litigate.

In the New Jersey litigation the Conforti defendants have been guilty of repeated non-disclosure to Moroccanoil and the New Jersey Court of significant events with regard to the Conforti defendants. First, the Conforti defendants failed to disclose the March 2013 amalgamation of Salon Distribution Inc. with CHL. More significantly, the Conforti defendants failed to disclose CHL's insolvency proceedings to Moroccanoil and the New Jersey Court until last month, almost 9 months after they were commenced. As a result of this non-disclosure, Moroccanoil has been deprived of notice and the opportunity to respond to or vote on steps taken in CHL's insolvency, contrary to its rights under the BIA and to its detriment.

In the context of the forgoing, Moroccanoil has a number of preliminary requests from the Proposal Trustee, while reserving its rights to seek further information. Firstly, Moroccanoil requires a detailed report from the Proposal Trustee with respect to the proposal meeting held on April 1, 2021, including the value of claims voting for and against the holding proposal. Although I have reviewed the Fourth Report of the Proposal Trustee, I cannot find any details of the outcome of the vote in the public materials.

Moroccanoil also requires further information concerning the credit bid process being undertaken. Based on our review of the public materials, the debtor and the Proposal Trustee seemed to be stating that Antonio Conforti or entities controlled by him acquired the debt and security of Royal Bank of Canada ("RBC") through satisfaction of guarantee obligations owed by Antonio Conforti with respect to the indebtedness of CHL. Without commenting on other aspects of this transaction, on behalf of Moroccanoil we require an explanation for the following comments in the Third Report of the Proposal Trustee:

"22. As noted in the Second Report, the Proposal Trustee notes that the Cash Flow Projections reflect the ongoing bank balance minus \$2,000,000. This amount represents \$2,000,000 in cash being hypothecated out of the company's bank to Mr. Conforti in order to secure repayment of the amount that he advanced to take out RBC prior to the NOI filing."

Based on the foregoing language, it appears that Antonio Conforti has purported to enter into arrangements to use corporate assets to backstop the payment he made to RBC on account of his personal guarantee obligations. Needless to say, this would be a preference and improper.

Our client also has concerns with respect to the use of security claimed to be held by Beauty Experts Inc. against CHL in relation to the credit bid process or, indeed, in relation to claims to assets or proceeds of assets owned by CHL. We note the references to this alleged security in the Proposal Trustee's Fourth Report. Based on our limited information to date, the trustee's view that this security is valid and enforceable seems to be premised on a bare statement of account included as part of Appendix J to the Fourth Report. On its face, this document looks as though it was prepared on a non-arms length basis as between CHL and Beauty Experts Inc., both companies that we understand to be controlled by Antonio Conforti. Without limiting the questions that our client has, has the Proposal Trustee made any independent inquiries concerning the services allegedly provided or their value? Has the Proposal Trustee conducted any independent inquiries into the financial circumstances of CHL at the time that these related party obligations are said to have been incurred? On these points we note that counsel for Moroccanoil in the New Jersey action has advised that it has received and reviewed extensive financial records of CHL, including an expert report of CHL's accountant, alleging \$4 million in damages on behalf of CHL; nowhere in the financial statements is there a reference to Beauty Experts or a debt owed by CHL to Beauty Experts for \$1.5 million for unpaid management fees.

Finally, in connection with any approval of a transaction for the Warden Avenue property which may be sought by the debtors, Moroccanoil specifically requests that full notice of these proceedings be provided and that it be consulted with respect to the return date for any motion.

Yours very truly,

Gowling WLG (Canada) LLP



Clifton P Prophet

/adc

cc: Bobby Sachdeva, counsel to Conforti Holdings Limited (bsachdeva@millerthomson.com)

ACTIVE_CA\ 46745999\1

TAB 2J

**THIS IS EXHIBIT “J”
REFERRED TO IN THE AFFIDAVIT OF
MARIE-EVE BÉRUBÉ-CÔTÉ SWORN
BEFORE ME ON OCTOBER 13, 2021**



A Commissioner for Oaths and Notary Public in
and for the Province of Ontario

dedicated to your success

R. BRENDAN BISSELL
Direct Dial 416-597-6489
Email bissell@gsnh.com
Our File No.: 100597.0003

August 12, 2021

DELIVERED BY EMAIL

Clifton Prophet
Gowling WLG (Canada) LLP
1 First Canadian Place
100 King St. W., Suite 1600
Toronto, ON M5X 1G5

Dear Mr. Prophet:

RE: Proposal of Conforti Holdings Ltd. (the “Company”)

Thank you for your letter of July 16, -2021. You and I discussed some aspects of it by phone, but this will be a written reply on the questions your letter raised. To be clear, however, a lack of commentary on portions of your letter to which this does not reply is not an acceptance or comment in any way.

Your letter asked for a report on the meeting of creditors held on April 1, 2021. A copy of the minutes of that meeting is attached.

Your letter asked for an explanation about para. 22 of the Third Report of the Proposal Trustee, in which \$2,000,000 was being “hypothesized” to secure amounts advanced by Tony Conforti to repay indebtedness owing to RBC. As I explained when we spoke, the Proposal Trustee had already taken the position in the Second Report that the “hypothesized” amounts should be regarded as cash in the hands of the Company for cash flow purposes. The cash flow projections at Appendix D of the Second Report and Appendix D of the Third Report both have lines towards the bottom which showed the “Proposal Trustee’s analysis re actual cash on hand”. The result of that analysis was that the Company did not have to draw on DIP borrowing facilities and the Company has not done so.

Your letter also noted concerns regarding the debt secured in favour of Beauty Experts Inc. (“BEI”) and noted that financial statements disclosed by the Company in the American litigation involving your client did not show any amounts owing by the Company in favour of BEI. The Proposal Trustee has reviewed this further with the Company and has been advised that compensation for Mr. Conforti’s services was actually paid in cash and in much larger amounts up to 2017 than the \$50,000 per month claimed by BEI in the credit bid. The Company advises that salary for Mr. Conforti was in fact lowered and deferred on a secured basis at that time in order to accommodate cash flow needs in connection with strategic expansion efforts by the Company. A schedule of the compensation paid on account of Mr. Conforti’s services that was

provided by the Company is attached. The Proposal Trustee accordingly remains of the view that the portion of the credit bid in the offer to purchase by Cicaplus Ltd. is valid as against the estate of the Company.

Your letter lastly asked for notice of any approval for the sale of the Warden Ave. property. As noted when you and I previously spoke, the Proposal Trustee's motion in that regard is returnable on August 23, 2021, which is a date that you have confirmed is available. Our client's motion materials will follow very shortly.

Yours truly,

GOLDMAN SLOAN NASH & HABER LLP

Per:



R. Brendan Bissell

RBB:kj

Encls.

c.c. Bobby Sachdeva
 Hans Rizarri
 Joel Turgeon

**In the matter of the proposal of
CONFORTI HOLDINGS LIMITED
of the City of Markham, in the Regional Municipality of York
in the Province of Ontario**

MINUTES OF FIRST MEETING OF CREDITORS

MINUTES OF THE FIRST MEETING OF CREDITORS to consider the Proposal of Conforti Holdings Limited, held via telephone conference: Tel: 1-437-703-4645, Access Code 924 688 156#, under the Chair of Hans Rizarri, LIT, CIRP, on April 1, 2021 at 2:00 o'clock in the afternoon. Linda Stern acted as secretary.

| 1. <u>Present were:</u> | <u>Representing</u> |
|-------------------------------------------------------|-------------------------------------------------------------|
| Hans Rizarri | Trustee |
| Linda Stern | Trustee |
| Antonio Conforti | Debtor Company |
| R. Brendan Bissell, Goldman Sloan Nash & Haber LLP | Trustee |
| Bobby Sachdeva, Miller Thomson LLP | Debtor Company |
| Jason Schmidt, Schmidt Law Legal Services | Jodie Nice, Creditor |
| Michael Citak, Gardner Roberts LLP | Observer, representing Oxford Properties Group, Creditor |

2. The Chairperson advised the following were available for review and would be sent to creditors who request to review.:

- a.
 - (i) Notice of Intention to Make a Proposal
 - (ii) Proposal dated March 12, 2021
 - (iii) Statement of Affairs
 - (iv) Assessment Certificate
 - (v) Certificate of Filing a Proposal
 - (vi) The Estate Filing Form

- (vii) The affidavit of mailing of the Notice of the First Meeting of Creditors
- (viii) Trustee's Report on the Proposal
- (ix) The Cash Flow Projection of the Debtor
- (x) Trustee's Report on the Cash Flow Projection
- (xi) Proofs of claim filed to the date of this meeting

The Chairman declared that, as there was at least one creditor present in person or by proxy, there was a quorum, and that the meeting having been properly called, was competent to carry on business under section 106(1) of the ***Bankruptcy and Insolvency Act*** ("BIA").

3. The meeting was then called to order at 2:00 p.m.
4. The Chairperson outlined his authority to Chair the meeting under section 51(3) of the BIA:

"The official receiver or his nominee shall be the chairman at the first meeting of creditors and shall decide any questions or disputes arising at the meeting and from any such decision any creditor may appeal to the Court".

5. The Trustee then proceeded to explain the Agenda as follows:
 - a. Receive and consider the Trustee's report;
 - b. Review the Debtor's financial circumstances;
 - c. Discuss various matters with respect to the Proposal (question period);
 - d. Vote on the Proposal or adjourn for further investigation;
 - e. Appoint inspectors;
 - f. Give such directions to the Trustee and make such other motions as the creditors may see fit.

Trustee's Report

6. Trustee advised that its Report that was mailed out to the creditors on March 17, 2021 outlined the information available at the time of the filing of the Notice of Intention filed on September 28, 2020.
7. The Trustee recommended that this Meeting be adjourned for the following reasons:
 - a. Given the new lockdown that the Ontario Government just announced, the Trustee suggested to the meeting and the creditors present that the meeting be adjourned to the end of October, 2021, with the ability for the Trustee to recall the meeting sooner if it is of the view that the company is able to present its ultimate proposal to creditors sooner;
 - b. This will be based on when the company is able to resume any operations and can have a sense of what the future will hold; and

Minutes of 1st Creditors Meeting
CONFORTI HOLDINGS LIMITED

c. The Trustee recommended that the meeting be adjourned to October 29, 2021 at 2:00 p.m.

Vote on Adjournment

8. As there was no further business, a motion was made and seconded by Mr. Jason Schmidt and passed that the meeting be adjourned to Friday, October 29, 2021 at 2:00 p.m.

There being no further business the meeting closed at 2:15 p.m.



Hans Rizarri, Chairperson



Linda Stern, Secretary

| Timeline | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-------------------------------|-----------|-----------|---------|--------|--------|--------|--------|--------|------|------|------|------|------|
| Tony Salary | 1,298,000 | 1,398,000 | 513,000 | 93,000 | 46,000 | 50,000 | 50,400 | 50,400 | - | - | - | - | - |
| New Store Openings | | | | | | | | | | | | | |
| Beauty Experts Management Fee | | | | | | | | | | | | | |
| CHL Accrued | | | | | | | | | | | | | |
| MO shared | | | | | x | x | x | x | x | | | | |

CROWE SOBERMAN INC.
ATTENDANCE LIST – MEETING OF CREDITORS VIA TELEPHONE CONFERENCE
LISTE DES PRESENCES – PREMIERE ASSEMBLEE DES CREANCIERS

DATE: April 1, 2021

| NAME: CONFORTI HOLDINGS LIMITED | | | | FILE NO. 31-2675583 | |
|----------------------------------------|-----------------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------|------------------------------------|
| NO. | SIGNATURE | NAME (PRINT) NOM (IMPRIMEZ) | REPRESENTING REPRESENTANT | AMOUNT OF CLAIM MONTANT RECLAME | REMARKS REMARQUES |
| 1 |  | Hans Rizarri, LIT, CIRP | Crowe Soberman Inc. ("CSI") | | |
| 2 |  | Linda Stern, LIT, CIRP | CSI | | |
| 3 | | R. Brendan Bissell, Goldman Sloan Nash & Haber LLP | CSI | | |
| 4 | | Bobby Sachdeva, Miller Thomson LLP | Conforti Holdings Limited ("Conforti") | | |
| 5 | | Jason Schmidt, c/o Schmidt Law Legal Services | Jodie Nice | \$ 16,000.00 | |
| 6 | | Antonio Conforti | Conforti | | |
| 7 | | Michael Citak, Gardiner Roberts LLP | Oxford Properties Group, as an Observer | | |
| 8 | | | | | |

TAB 2K

**THIS IS EXHIBIT "K"
REFERRED TO IN THE AFFIDAVIT OF
MARIE-EVE BÉRUBÉ-CÔTÉ SWORN
BEFORE ME ON OCTOBER 13, 2021**



A Commissioner for Oaths and Notary Public in
and for the Province of Ontario

GENERAL SECURITY AGREEMENT

BETWEEN:

CONFORTI HOLDINGS LTD.,
a corporation incorporated under the laws of the Province of Ontario

Address: 7755 Warden Avenue, Suite 2
Markham, Ontario L3R 0N3

(the "Corporation")

- and -

BEAUTY EXPERTS INC.,
a corporation incorporated under the laws of the Province of Ontario

Address: 7755 Warden Avenue, Suite 2
Markham, Ontario L3R 0N3

("BEI")

WHEREAS the Corporation has requested BEI to provide management services to it and BEI has agreed to do so subject to certain conditions including, without limitation, that the Corporation execute and deliver this Agreement to it, and in consideration of such agreement the Corporation has agreed to execute and deliver this Agreement.

AND WHEREAS to secure the due payment and performance by the Corporation of all of its obligations to BEI the Corporation has agreed to grant to BEI a security interest in and to the Collateral (defined below) in accordance with the terms of this Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are acknowledged by the Corporation and BEI, the parties hereby covenant and agree as follows:

1. **Creation of Security Interests.** As general and continuing collateral security for the due payment and performance of the Liabilities, the Corporation mortgages, charges and assigns to BEI, and grants to BEI a security interest in the Collateral (defined below).
2. **Description of Collateral.** The following undertaking, property and assets of the Corporation shall be subject to the security interest in favour of BEI created by this agreement:
 - (a) all debts, amounts, claims and moneys which now are, or which may at any time hereafter be, due or owing to or owned by the Corporation; 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 Corporation, in respect of the said debts, amounts, claims and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to the said debts, amounts, claims and moneys or any part thereof, all of which are herein called the "Accounts";

- (b) all goods or chattels now or hereafter forming the inventory of the Corporation, all of which are herein called the "**Inventory**";
- (c) all equipment now owned or hereafter acquired by the Corporation, 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 drawings, specifications, plans and manuals relating thereto, and any other tangible personal property which is not **Inventory**, all of which are herein called the "**Equipment**";
- (d) subject to section 4, all intangible property now owned or hereafter acquired by the Corporation and which is not **Accounts** including, without limitation, all contractual rights, goodwill, patents, trademarks, trade names, copyrights and other intellectual property of the Corporation and all other choses in action of the Corporation of every kind, whether due or owing at the present time or hereafter to become due or owing, all of which are herein called the "**Intangibles**";
- (e) any writing now or hereafter owned by the Corporation that 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**, all of which are herein called the "**Documents of Title**";
- (f) subject to Section 4, all money now or hereafter owned by the Corporation, whether 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, all of which are herein called the "**Money**";
- (g) all present and future agreements made between the Corporation as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods, all of which are herein called the "**Chattel Paper**";
- (h) all present and future bills, notes and cheques (as such are defined pursuant to the *Bills of Exchange Act (Canada)*) of the Corporation, and all other writings of the Corporation 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 without any necessary endorsement or assignment and all letters of credit and advices of credit of the Corporation provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder, all of which are herein called the "**Instruments**";
- (i) all present and future investment property held by the Corporation, including securities, 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 Corporation in property or in an enterprise or which constitute evidence of an obligation of the issuer; and all substitutions therefor and dividends and income derived therefrom, all of which are herein called the "**Investment Property**";
- (j) all documents, including, without limitation, all books, invoices, letters, papers and other records, in any form evidencing or relating to the Collateral, all of which are herein called the "**Documents**";
- (k) all property in any form derived directly or indirectly from any dealing with the Collateral or the proceeds therefrom, including, without limitation, property that indemnifies or compensates for the expropriation, destruction or damage of the Collateral or the proceeds therefrom, all of which are herein called the "**Proceeds**";

- (l) subject to Section 4, all leases, now owned or hereafter acquired by the Corporation as tenant (whether oral or written) or any agreement therefor, all of which are herein called the "**Leaseholds**"; and
- (m) all present and future personal property, business, and undertaking of the Corporation not being Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds or Leaseholds, all of which are herein called the "**Undertaking**".

The Accounts, Inventory, Equipment, Intangibles, Documents of Title, Money, Chattel Paper, Instruments, Investment Property, Documents, Proceeds, Leaseholds and Undertaking are herein collectively called the "**Collateral**".

3. **Further Description of Collateral.** Without limiting the generality of the description of Collateral as set out in Section 2, for greater certainty the Collateral shall include all present and future personal property of the Corporation located on or about or in transit to or from the location(s) set out in Schedule A hereto, and all present and future personal property of the Corporation of the nature or type described in Schedule B hereto.
4. **Limitations on Security Interests.** If the creation hereby of any Security Interest (which term shall have the meaning ascribed to "security interest" in the PPSA) in respect of any contract would result in the termination or breach of such contract, then such contract will not be subject to such Security Interest but will be held in trust by the Corporation for the benefit of BEI and, on the exercise by BEI of any of its remedies hereunder following Default, will be assigned by the Corporation as directed by BEI. In addition, the Security Interests created hereby do not extend to the last day of the term of any lease of real property or agreement for lease of real property. Such last day will be held by the Corporation in trust for BEI and, on the exercise by BEI of any of its remedies hereunder following Default, will be assigned by the Corporation as directed by BEI.
5. **Attachment; No Obligation to Advance.** The Corporation confirms that value has been given by BEI to the Corporation, and that the Corporation and BEI have not agreed to postpone the time for attachment of any of the Security Interests created hereby. The Security Interests created hereby will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this Agreement.
6. **Representations and Warranties.** The Corporation represents and warrants to BEI that:
 - (a) **Place of Operation; Location of Collateral.** The Corporation's principal place of operation and the place where it keeps its books and records is at the address specified in Schedule A to this Agreement, and its full legal name is specified on the signature page of this Agreement.
 - (b) **Title; No Other Security Interests.** Except for (i) the Security Interests created hereby, and (ii) the Security Interests identified in Schedule C hereto, and (iii) any other Security Interests permitted in writing by BEI (which, together with the Security Interests identified in Schedule C are defined as the "**Permitted Encumbrances**"), the Corporation owns (or, with respect to any leased or licensed property forming part of the Collateral, holds a valid leasehold or licensed interest in) the Collateral free and clear of all Security Interests. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings related to the Security Interests in favour of BEI and those relating to Permitted Encumbrances.

(c) **Motor Vehicles.** A description of all motor vehicles and other "serial number" goods, including vehicle identification numbers, presently owned by the Corporation and classified as Equipment has been provided to BEI prior to execution of this Agreement.

(d) **No Consumer Goods.** The Corporation does not own any Consumer Goods which are material in value or which are material to the operations, property, condition or prospects (financial or otherwise) of the Corporation.

7. **Survival of Representations and Warranties.** All agreements, representations, warranties and covenants made by the Corporation in this Agreement are material, will be considered to have been relied on by BEI and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of BEI and any disposition or payment of the Liabilities until repayment and performance in full of the Liabilities and termination of all rights of the Corporation that, if exercised, would result in the existence of Liabilities.

8. **Covenants.** The Corporation covenants and agrees with BEI that:

(a) **Encumbrances.** The Corporation shall keep the Collateral free and clear of all taxes, assessments, liens, mortgages, charges, claims, encumbrances and security interests whatsoever, except the Security Interest and Permitted Encumbrances; and for greater certainty, to ensure that all Collateral acquired by the Corporation in the future shall be at the time of its acquisition free of all such claims, encumbrances and security interests.

(b) **Further Documentation.** The Corporation will from time to time, at the expense of the Corporation, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as BEI may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the prompt filing and renewal on a timely basis of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests created hereby).

(c) **Delivery of Certain Collateral.** Promptly upon request from time to time by BEI, the Corporation will deliver (or cause to be delivered) to BEI, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as BEI may reasonably request, any and all Instruments, Investment Property, Documents of Title and Chattel Paper included in or relating to the Collateral as BEI may specify in its request.

(d) **Limitations on Other Security Interests.** The Corporation will not create, incur or permit to exist, and will defend the Collateral against, and will take such other action as is necessary to remove, any and all Security Interests in and other claims affecting the Collateral, other than the Security Interests created by this Agreement or Permitted Encumbrances, and the Corporation will defend the right, title and interest of BEI in and to the Collateral against the claims and demands of all Persons.

(e) **Limitations on Dispositions of Collateral.** The Corporation will not, without BEI's prior written consent, sell, lease or otherwise dispose of any of the Collateral, except that, subject to Section 9 (h) hereof, Accounts (including, without restriction, common expenses or any special assessment) may be collected by the Corporation in the ordinary course of the Corporation's operation. Following Default, all Proceeds of any Collateral (including all amounts received in respect of Accounts) received by or on behalf of the Corporation, whether or not arising in the ordinary course, will, subject to court order and any limitation under the Act or other applicable legislation, be received by the Corporation as trustee for BEI and will be immediately paid to BEI.

- (f) Maintenance of Collateral. The Corporation will maintain all tangible Collateral in good operating condition, ordinary wear and tear excepted, and the Corporation will provide all maintenance, service and repairs necessary for such purpose.
- (g) Further Identification of Collateral. The Corporation will promptly furnish to BEI such statements and schedules further identifying and describing the Collateral, and such other reports in connection with the Collateral in accordance with the requirements of the Condominium Loan Agreement or otherwise, as BEI may from time to time reasonably request, including an updated list of any arrears of common expenses for more than 90 days and any new or replacement motor vehicles or other "serial number" goods owned by the Corporation and classified as Equipment, including vehicle identification numbers.
- (h) Taxes and Charges. To promptly pay all taxes, assessments, rates, levies, payroll deductions, worker compensation assessments and any other charges, which could result in the creation of a statutory lien or deemed trust in respect of Collateral.
- (i) Notices. The Corporation will advise BEI promptly, in reasonable detail, of (i) any Security Interest (other than the Security Interests created hereby and any Permitted Encumbrance) on, or claim asserted against, any of the Collateral, (ii) the occurrence of any event, claim or occurrence that could reasonably be expected to have a material adverse effect on the value of the Collateral or on the Security Interests created by this Agreement, (iii) any change in the name, location of operations or the executive office of the Corporation's property manager, (iv) any change in the location of any of the tangible Collateral (including additional locations), (v) any acquisition of real property by the Corporation, (vi) any change in the name of the Corporation, (vii) any merger or amalgamation of the Corporation with any other Person, (viii) any termination of the Corporation or expropriation or significant distribution of its assets, (ix) additional jurisdiction in which material Accounts of the Corporation are located, and (x) any material loss of or damage to any of the Collateral. The Corporation agrees not to effect or permit any of the changes referred to in clauses (iii) to (ix) above unless all filings have been made and all other actions taken that are relevant or required in order for BEI to continue at all times following such change to have a valid and perfected Security Interest in respect of all of the Collateral.

9. Rights on Default. Upon the occurrence of an Event of Default, BEI may, personally or by agent, at such time or times as BEI in its discretion may determine, do any one or more of the following:

- (a) Rights under PPSA, etc. Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to BEI at law or in equity.
- (b) Require Delivery. Demand possession of any or all of the Collateral, in which event the Corporation will, at the expense of the Corporation, immediately cause the Collateral designated by BEI to be assembled and made available and/or delivered to BEI at any place designated by BEI.
- (c) Deal with Collateral. Enter on any premises where any Collateral is located and take possession of, disable or remove such Collateral and hold, store, read and keep idle, or operate, lease or otherwise use or permit the use of, any or all of the Collateral for such time and on such terms as BEI may determine, and demand, collect and retain all earnings and other sums due or to become due from any Person in respect of any of the Collateral.
- (d) Carry on Operations. Carry on, or concur in the carrying on of, any or all of the operation or undertaking of the Corporation and enter on, occupy and use (without charge by the Corporation) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Corporation.
- (e) Dispose of Collateral. Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the

above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of BEI or elsewhere, with or without advertising or other formality, on such terms and conditions as BEI may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery, whether or not with the assistance of any securities broker, real estate broker, appraiser, lawyer, auditor, insurer or other agent.

(f) Court-Approved Disposition of Collateral. Apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral.

(g) Purchase by BEI. At any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Corporation or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to BEI, BEI may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Liabilities then due and payable to it as a credit against the purchase price.

(h) Collect Accounts. Notify all unit owners and any account Corporations or obligors under any Accounts of the assignment of such Accounts to BEI and direct such account Corporations or obligors to make payment of all amounts due or to become due to the Corporation in respect of such Accounts directly to BEI and, upon such notification and at the expense of the Corporation, enforce collection of any such Accounts, and adjust, settle or compromise the amount or payment of such Accounts, in such manner and to such extent as BEI deems appropriate in the circumstances.

(i) Transfer of Investment Property. Transfer any Investment Property forming part of the Collateral into the name of BEI or its nominee, with or without disclosing that the Investment Property is subject to the Security Interests created hereby.

(j) Exercise of Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Investment Property forming part of the Collateral as if BEI were the absolute owner of such Investment Property.

(k) Payment of Liabilities. Pay any liability secured by any Security Interest against any Collateral. The Corporation will immediately on demand reimburse BEI for all such payments.

(l) Borrow and Grant Security Interests. Borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the operation or undertaking of the Corporation and grant Security Interests on any Collateral (in priority to the Security Interests created hereby or otherwise) as security for the money so borrowed. The Corporation will immediately on demand reimburse BEI for all such borrowings.

(m) Appoint Receiver. Appoint by instrument in writing one or more Receivers or Receivers and Managers of the Corporation (the "Receiver") or any or all of the Collateral with such rights, powers and authority (including, without restriction, any or all of the rights, powers and authority of BEI under this Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, to enforce collection of the Principal Amount, Expenses and Interest at the applicable Interest Rate then outstanding, to provide any necessary management of the Corporation and to comply with all provisions set out in this Agreement as BEI may deem appropriate at the Corporation's cost, with the right to remove and replace any such Receiver from time to time. The Receiver shall be entitled to exercise the rights, powers, privileges and obligations of an Administrator as referred to in sub-paragraph (o) below, and the rights, powers, privileges and obligations of an Inspector as referred to in sub-paragraph (p) below. The Receiver shall be granted all of the rights and powers normally applicable to a Receiver and

Manager so as to entitle the Receiver to function without impediment. To the extent permitted by applicable law, any Receiver appointed by BEI will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of the Corporation and not of BEI. The Corporation shall reimburse the Receiver and BEI for all fees and expenses incurred by them, which amounts shall constitute an Expense.

- (n) Court-Appointed Receiver. Apply to a court of competent jurisdiction for the appointment of a Receiver of the Corporation or of any or all of the Collateral subject to all of the rights, powers, authority, entitlements, agency on behalf of the Corporation and remuneration by the Corporation as referred to in Article 9 (m).
- (o) Administrator. Appoint an administrator (the "Administrator") as authorized separately by this provision to carry out such administrative duties, governance and management of the affairs of the Corporation and to fulfill such other duties as BEI may deem appropriate for the purpose of enforcing collection of the Principal Amount, Expenses and interest at the applicable Interest Rate then outstanding, and to comply with all provisions set out in this Agreement. The Administrator, when appointed by BEI shall be granted and entitled to exercise all of the rights and powers normally applicable to a Receiver and Manager. The Corporation shall reimburse the Administrator and BEI for all fees and expenses incurred by them, which amount shall constitute an Expense. BEI's selection and appointment of the Administrator shall supersede any choice by the Corporation or any other mortgagee, encumbrancer or owner. In the event of any conflict pertaining to appointment of an Administrator and appointment of a Receiver, the rights of the Receiver appointed by BEI shall prevail over the rights of an Administrator appointed by BEI, the Corporation or any other person, firm or corporation.
- (p) Inspector. Appoint an inspector (the "Inspector") as authorized separately by this provision to carry out an inspection of any record, document, payment or information and to carry out such other legal duties of the Corporation, and to investigate the affairs of any person who has received money on behalf of or for the benefit of the Corporation or to conduct an audit of the accounts and records of the Corporation subject to all of the powers of a commission under Part II of the *Public Inquiries Act*, R.S.O. 1990, c. P.41 (the "Act") as may be designated by BEI, and when the Inspector exercises any of such powers, that Part shall apply to the Inspector's investigation or audit as if it were an enquiry under the Act. The Inspector shall have the same power and authority as the Corporation's board of directors with respect to any such investigative and inspection powers. The Corporation shall reimburse the Inspector and BEI for all fees and expenses incurred by them, which amounts shall constitute an Expense.
- (q) Application of Proceeds. Subject to court order and any limitation under the Act or other applicable legislation, apply all monies collected by a Receiver, Court-Appointed Receiver or Administrator as follows:
 - (i) first to the payment of any fees and expenses of a Receiver, Court-Appointed Receiver, Administrator, Inspector or BEI;
 - (ii) second, to the payment of any costs of collection, enforcement in any Event of Default, all enforcement proceedings, costs of disposition or sale and expenses incurred by any agent or contractor whose services or products are utilized in any such efforts, including any legal fees and disbursements on a full indemnity basis;
 - (iii) thirdly, to the payment of all Principal Amounts, Expenses and Interest at the applicable Interest Rate then due to BEI; and
 - (iv) fourthly, the balance, if any, to the Corporation.

10. **Continuing Liability of Corporation.** The Corporation will remain liable for any Liabilities that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.
11. **BEI's Appointment as Attorney-in-Fact.** The Corporation constitutes and appoints BEI and any officer or agent of BEI, with full power of substitution, as the Corporation's true and lawful attorney-in-fact with full power and authority in the place of the Corporation and in the name of the Corporation or in its own name, from time to time in BEI's discretion after the occurrence of an Event of Default to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney acting reasonably, may be necessary or desirable to accomplish the purposes of this Agreement. These powers are coupled with an interest and are irrevocable until this Agreement is terminated and the Security Interests created hereby are released. Nothing in this Section affects the right of BEI as secured party or any other Person on BEI's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification agreements and other documents relating to the Collateral and this Agreement as BEI or such other Person considers appropriate.
12. **Performance by BEI of Corporation's Obligations.** If the Corporation fails to perform or comply with any of the obligations of the Corporation under this Agreement, BEI may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance, compliance or non-performance will not constitute a waiver, acquiescence, laches, estoppel, remedy or satisfaction of such failure. The expenses of BEI incurred in connection with any such performance or compliance will be payable by the Corporation to BEI immediately on demand, and until paid, any such expenses will form part of the Liabilities and will be secured by the Security Interests created hereby.
13. **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective only to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.
14. **Rights and Limitations Upon BEI; Limitations on BEI's Obligations.** BEI will not be liable to the Corporation or any other Person for any failure or delay in exercising any of the rights of BEI or Corporation under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither BEI nor any Receiver, Inspector, Administrator, nor any agent of BEI is required to take, nor will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession. Neither BEI nor any Receiver, Inspector, Administrator nor agent of BEI will be liable for any, and the Corporation will bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of BEI or any Receiver, Inspector, Administrator or agent of BEI) caused for any reason other than the gross negligence or wilful misconduct of BEI or such Receiver, Administrator or Inspector.
15. **Dealings by BEI.** BEI will not be obliged to exhaust its recourse against the Corporation or any

other Person or against any other security it may hold in respect of the Liabilities before realizing upon or otherwise dealing with the Collateral in such manner as BEI may consider desirable. BEI may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Corporation, unit owners, mortgagees and any other Person, and with any or all of the Collateral, and with other security and sureties, as BEI may see fit, all without prejudice to the Liabilities or to the rights and remedies of the BEI under this Agreement.

16. **Communication.** Any communication required or permitted to be given under this Agreement shall be given in accordance with the Condominium Loan Agreement.
17. **Release of Information.** The Corporation authorizes BEI to provide a copy of this Agreement and such other information as may be requested of BEI by Persons entitled thereto pursuant to any applicable legislation, and otherwise with the consent of the Corporation.
18. **Waivers and Indemnity.** To the extent permitted by applicable law, the Corporation unconditionally and irrevocably waives (i) all claims, damages and demands it may acquire against BEI arising out of the exercise by BEI or any Receiver, Inspector, Administrator or agent of BEI of any rights or remedies under this Agreement or at law, and (ii) all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a secured party or on the methods of, or procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by BEI. BEI will not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of BEI, any right, power or privilege hereunder shall operate as waiver, laches, acquiescence or estoppel thereof. No single or partial exercise of any right, power or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by BEI of any right or remedy hereunder on any one occasion will not be construed as a bar to any right or remedy which BEI would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale will extinguish the liability of the Corporation to pay the Liabilities, nor will the same operate as a merger or any covenant contained in this Agreement or of any other liability, nor will the acceptance of any payment or other security constitute or create any novation. The Corporation agrees to indemnify BEI from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, expenses or disbursements of any kind or nature whatsoever (except by reason of the gross negligence or wilful misconduct of BEI or any of its agents or employees) which may be imposed on, incurred by, or asserted against BEI and arising by reason of any action (including any action referred to in this Agreement) or inaction or omission to do any act legally required by the Corporation. This indemnification will survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created hereby.
19. **Environmental Indemnity.** The Corporation shall maintain its operation, the Collateral and all property owned, leased or otherwise used by it in conformity with all applicable legislation, regulations, resolutions, ordinances, guidelines, policies and decrees including, without limitation, those environmental, health and safety laws applicable to the handling, storage, disposal and treatment of any substance, product, waste, pollutant, material, chemical, contaminant, dangerous good, constituent or other material which is or becomes listed, regulated or addressed hereunder (a "Hazardous Substance") and so that no clean-up, payment or remedial obligation of any kind shall be imposed on the Corporation, provided, however, that if any such clean-up, payment or remedial obligation arises, the Corporation shall immediately satisfy such obligation at its own expense. The Corporation shall defend, indemnify and hold harmless each

of BEI and its officers, directors, employees and agents from and against any and all liabilities (including strict liability), actions, demands, claims, penalties, damages, obligations, losses, costs and expenses (including without limitation consultant's fees, investigations and laboratory fees, solicitors' fees and expenses and remedial costs) at any time paid, incurred or suffered by or served against BEI or any of its officers, directors, employees or agents for, with respect to, in connection with or as a direct or indirect result of the failure by the Corporation to comply with its obligations as set out above or the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from any property owned, leased or otherwise used by the Corporation of any Hazardous Substance regardless of whether or not caused by the sole negligence or control of the Corporation. This indemnity shall include the obligation to perform or cause to be performed any corrective, remedial or clean-up work that may be required by any applicable authority, and shall survive the satisfaction, release or extinguishment of the Liabilities and the Security Interests created hereby.

20. **Amalgamation.** The Corporation acknowledges that if it amalgamates with any other corporation or corporations, then the Collateral and the Security Interests created by this Agreement will extend to and include all the property and assets of the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired; the term "Corporation", where used in this Agreement, will extend to and include the amalgamated corporation; and the term "Liabilities", where used in this Agreement, will extend to and include the Liabilities of the amalgamated corporation.
21. **Governing Law; Attornment.** This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario. Without prejudice to the ability of BEI to enforce this Agreement in any other proper jurisdiction, the Corporation irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of such Province. To the extent permitted by applicable law, the Corporation irrevocably waives any objection (including any claim of inconvenient forum) that it may now or hereafter have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of such Province.
22. **Interpretation.** The division of this Agreement into Sections and paragraphs, and the insertion of headings, are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders.
23. **Assignment.** The Corporation may not assign any of its rights or obligations under this Agreement without the prior written consent of BEI. This agreement may be assigned in whole or in part by BEI to any person, firm or corporation without notice to or the consent of the Corporation, and if so assigned, the Corporation hereby agrees not to assert against any such assignee any defence or claim which the Corporation may have against BEI in connection with this Agreement. This agreement is binding upon the parties hereto, and their respective heirs, estate trustees, legal personal representatives, successors and permitted assigns; "successors" includes, without restriction, any corporation resulting from the amalgamation of any corporation with another corporation.
24. **Acknowledgement of Receipt; Waiver.** The Corporation acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.
25. **Separate Security.** This Agreement and the Security Interest are in addition to and not in substitution for any other security now or hereafter held by the Creditor in respect of the Debtor, the Obligations or the Collateral.

26.

Severability. If any provision of this agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF the Corporation and BEI have executed this Agreement under their respective seals and agree to be bound thereby as of the 2nd day of March, 2010

CONFORTI HOLDINGS LTD.

c/s

by:

name:

title:

by:

name:

title:

(We have authority to bind the corporation)

BEAUTY EXPERTS INC.

c/s

by:

name:

title:

by:

name:

title:

(We have authority to bind the corporation)

SCHEDULE A

LOCATION(S) OF ASSETS

Principal place of operation:

7755 Warden Avenue, Suite 2
Markham, Ontario L3R 0N3

TAB 2L

**THIS IS EXHIBIT “L”
REFERRED TO IN THE AFFIDAVIT OF
MARIE-EVE BÉRUBÉ-CÔTÉ SWORN
BEFORE ME ON OCTOBER 13, 2021**



A Commissioner for Oaths and Notary Public in
and for the Province of Ontario

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 1
(9668)

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 : CONFORTI HOLDINGS LIMITED

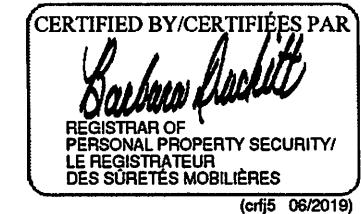
FILE CURRENCY : 13SEP 2021

ENQUIRY NUMBER 20210914104910.14 CONTAINS 29 PAGE(S), 9 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.

GOWLING WLG (CANADA) LLP - TORONTO - MARK EMMANUEL
1600-1 FIRST CANADIAN PLACE
TORONTO ON M5X 1G5

CONTINUED...



2

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 2
(9669)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 TITLE NUMBER
770331951

| | CAUTION PILING | PAGE NO. | TOTAL OF PAGES | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | REGISTRATION PERIOD |
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| 01 | | 001 | 1 | | 20210305 0842 1532 8101 | P PPSA | 05 |

| | | | | | | |
|----|----------------------------------|---------------|---------------------------------|------------|---------|-------------------------|
| 02 | DEBTOR NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 03 | | | CONFORTI HOLDINGS LTD | | | ONTARIO CORPORATION NO. |
| 04 | | ADDRESS | 2-7755 WARDEN AVE | | MARKHAM | ON L3R 0N3 |
| 05 | DEBTOR NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 06 | | | | | | ONTARIO CORPORATION NO. |
| 07 | | ADDRESS | | | | |
| 08 | SECURED PARTY / THEIR CHATMAN | | VW CREDIT CANADA INC. | | | |
| 09 | | ADDRESS | 4865 MARC-BLAINE ST., SUITE 300 | ST-LAURENT | QC | H4R 3B2 |

| | | | | | | |
|---------------------------|-------------------|---------------------------------------|---------------|----------|-------------|---------------|
| COLLATERAL CLASSIFICATION | | | MOTOR VEHICLE | AMOUNT | DATE OF | NO. FIXED |
| 10 | CONSUMER GOODS | INVENTORY EQUIPMENT ACCOUNTS OTHER | INCLUDED | | MATURITY OR | MATURITY DATE |
| | X | X | X | 77814.81 | 28FEB2026 | |

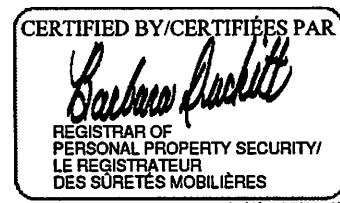
| | | | | | |
|----|------------------|--------------|--------------|----------------------|-----------------------------|
| 11 | MOTOR VEHICLE | YEAR 2020 | MAKE AUDI | MODEL SQ5 TECHNIK | V.I.N. WA1C4AFY2L2067948 |
|----|------------------|--------------|--------------|----------------------|-----------------------------|

13
14
15
GENERAL
COLLATERAL
DESCRIPTION

| | | | | | |
|----|----------------------|------------------------------------|-------------|----|---------|
| 16 | REGISTERING AGENT | D + H LIMITED PARTNERSHIP | | | |
| 17 | ADDRESS | 2 ROBERT SPECK PARKWAY, 15TH FLOOR | MISSISSAUGA | ON | L4Z 1H8 |

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

CONTINUED... 3



RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 3
(9670)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM IC FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
00 770079987

| CAUTION FILING | PAGE NO. | TOTAL OF PAGES | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | REGISTRATION PERIOD |
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| 01 | 001 | 001 | | 20210224 0958 1862 1884 | P PPSA | 5 |

02 DEBTOR
03 NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 BUSINESS NAME CONFORTI HOLDINGS LIMITED
04 ADDRESS 7755 WARDEN AVENUE, SUITE 2 MARKHAM
04 ON L3R 0N3
ONTARIO CORPORATION NO. 2235697

05 DEBTOR
06 NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 BUSINESS NAME
07 ADDRESS
07 ON L3R 0N3
ONTARIO CORPORATION NO.

08 SECURED PARTY /
08 LENDER/CHAMBERS
09 ADDRESS 7755 WARDEN AVENUE, SUITE 2 MARKHAM
09 ON L3R 0N3
BEAUTY EXPERTS INC.

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

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

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
AGENT CYBERBAHN
17 ADDRESS 4610-199 BAY STREET TORONTO ON M5L 1E9
17 *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETES MOBILIÈRES
(crj1fu 06/2019)

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 4
(9671)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
TITLE CURRENCY : 13SEP 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 TITLE NUMBER
743704353

| CAUTION FILING | PAGE NO. | TOTAL OF PAGES | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | REGISTRATION PERIOD |
|-------------------|-------------|-------------------|---------------------------|-------------------------|---------------------|------------------------|
| 01 | 01 | 001 | | 20180913 1039 1529 4331 | P PPSA | 5 |

| | | | | | |
|-------------------------------------|----------------------------|-------------------------------|---------|---------------------|-------------------------|
| 02 DEBTOR NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 03 | | CONFORTI HOLDING LIMITED | | | ONTARIO CORPORATION NO. |
| 04 | ADDRESS | 2-7755 WARDEN AVE | | MARKHAM | ON L3R 0N3 |
| 05 DEBTOR NAME | DATE OF BIRTH 12FEB1968 | FIRST GIVEN NAME GTANMARCO | INITIAL | SURNAME CONFORTI | |
| 06 | ADDRESS | 3 MALAREN RD | | MAPLE | ONTARIO CORPORATION NO. |
| 07 | | | | | ON L6A 1E7 |
| 08 SECURED PARTY / LIEN CLAIMANT | BMW CANADA INC | | | | |
| 09 | ADDRESS | 50 ULTIMATE DRIVE | | RICHMOND HILL | ON L4S 0C8 |

| | | | | | |
|---------------------------|-------|------------------------------------|----------|-------------|---------------|
| COLLATERAL CLASSIFICATION | | MOTOR VEHICLE | AMOUNT | DATE OF | NO. FIXED |
| CONSUMER | GOODS | INVENTORY EQUIPMENT ACCOUNTS OTHER | INCLUDED | MATURITY OR | MATURITY DATE |
| 10 X | X | X | X | 29808 | X |

| | | | | |
|---------------------|--------------|-------------|-----------------------|----------------------------|
| 11 MOTOR VEHICLE | YEAR 2018 | MAKE BMW | MODEL X3 XDRIVE30I | V.TIN 5UXTR9C59JLD89754 |
|---------------------|--------------|-------------|-----------------------|----------------------------|

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

| | | | | |
|-------------------------|------------------------------------------|---------------------|---------|------------|
| 16 REGISTERING AGENT | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | |
| 17 | ADDRESS | 4126 NORLAND AVENUE | BURNABY | BC V5G 3S8 |

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

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crjfu 06/2019)

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 5
(9672)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEU

FILE NUMBER
00 714702861

| 01 | CAPTION FILING | PAGE NO. OF PAGES | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | REGISTRATION PERIOD |
|----|-------------------|-------------------------|---------------------------|-------------------------|---------------------|------------------------|
| 01 | | 01 001 | | 20160311 1434 1530 6127 | P PPSA | 5 |

02 DEBTOR
03 NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 BUSINESS NAME CONFORTI HOLDINGS LIMITED
04 ADDRESS 1800 SHEPPARD AVE E UNIT 307 TORONTO
04 ON M2J 5A7

05 DEBTOR
06 NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 BUSINESS NAME
07 ADDRESS
07 ON M2J 5A7

08 SECURED PARTY /
08 ADDRESS THE TORONTO-DOMINION BANK - 00842
09 ADDRESS 3100 HOWARD AVENUE WINDSOR
09 ON N8X 3Y8

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

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

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
17 AGENT ADDRESS D+H LIMITED PARTNERSHIP SUITE 200, 4126 NORLAND AVENUE BURNABY BC V5G 3S8

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

CONTINUED... 6

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crjfu 06/2019)

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 6
(9673)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

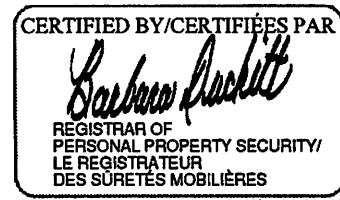
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

| | | | | | |
|-------|---------------------------------------------------------|------------------------------------|-----------------------------------------------------------------|------------------------|----------------------------------|
| 01 | CAUTION FILING | PAGE NO. OF PAGES | TOTAL MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER |
| 21 | RECORD REFERENCED | FILE NUMBER | 20210120 1048 1529 8699 | | |
| 22 | PAGE AMENDED | NO. SPECIFIC PAGE AMENDED | CHANGE REQUIRED | RENEWAL YEARS | CORRECT PERIOD |
| 23 | REFERENCE DEBTOR/ TRANSFEROR | BUSINESS NAME | FIRST GIVEN NAME | INITIAL | SURNAME |
| 24 | CONFORTI HOLDINGS LIMITED | | | | |
| 25 | OTHER CHANGE REASON/ DESCRIPTION | | | | |
| 02/ | DEBTOR/ TRANSFEREE | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME |
| 05 | | | | | |
| 03/ | | BUSINESS NAME | | | ONTARIO CORPORATION NO. |
| 06 | | ADDRESS | | | |
| 04/07 | | | | | |
| 29 | ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE | | | | |
| 08 | | | | | |
| 09 | ADDRESS | | | | |
| 10 | COLLATERAL CLASSIFICATION | | | | |
| | CONSUMER GOODS | INVENTORY EQUIPMENT ACCOUNTS OTHER | MOTOR VEHICLE INCLUDED | DATE OF MATURITY | NO. FIXED OR MATURITY DATE |
| 11 | MOTOR VEHICLE | YEAR MAKE | MODEL | V.I.N. | |
| 12 | GENERAL | | | | |
| 13 | COLLATERAL | | | | |
| 14 | DESCRIPTION | | | | |
| 15 | REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT | ADDRESS | CANADIAN SECURITIES REGISTRATION SYSTEMS 4126 NORLAND AVENUE | BURNABY | BC V5G 3S8 |
| 16 | | | | | |
| 17 | | | | | |

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

CONTINUED...

7



RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 7
(9674)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
00 714712122

| CAUTION FILING | PAGE NO. | TOTAL OF PAGES | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | REGISTRATION PERIOD |
|-------------------|-------------|-------------------|---------------------------|-------------------------|---------------------|------------------------|
| 01 | 01 | 001 | | 20160311 1942 1531 6319 | P PPSA | 5 |

| | | | | | | |
|----|----------------|---------------|------------------------------|---------|---------|-------------------------|
| 02 | DEBTOR NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 03 | | | CONFORTI HOLDINGS LIMITED | | | ONTARIO CORPORATION NO. |
| 04 | | ADDRESS | 1800 SHEPPARD AVE E UNIT 307 | TORONTO | | ON M2J 5A7 |

| | | | | | | |
|----|----------------|---------------|------------------|---------|---------|-------------------------|
| 05 | DEBTOR NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 06 | | | | | | ONTARIO CORPORATION NO. |
| 07 | | ADDRESS | | | | |

| | | | | | | |
|----|-----------------------------|-----------------------------------|---------------------------------|------------|----|---------|
| 08 | SECURED PARTY / LITIGANT | THE TORONTO-DOMINION BANK - 00872 | | | | |
| 09 | | ADDRESS | PO BOX 215, 1800 SHEPPARD AVE E | WILLOWDALE | ON | M2J 5A7 |

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

| | | | | | |
|----|------------------|------|------|-------|--------|
| 11 | MOTOR VEHICLE | YEAR | MAKE | MODEL | V.I.N. |
|----|------------------|------|------|-------|--------|

13
14
15
GENERAL
COLLATERAL
DESCRIPTION

| | | | | | | |
|----|----------------------|-------------------------|--------------------------------|---------|----|---------|
| 16 | REGISTERING AGENT | D+H LIMITED PARTNERSHIP | | | | |
| 17 | | ADDRESS | SUITE 200, 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 |

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

CONTINUED...

CERTIFIED BY/CERTIFIÉ PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crj1fu 06/2019)

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 8
(9675)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

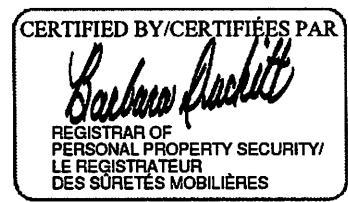
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

| | | | | | |
|-------|---------------------------------------------------------|------------------------------------|-----------------------------------------------------------------|-------------------------|----------------------------|
| 01 | CAUTION FILING | PAGE NO. OF PAGES | TOTAL MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER |
| 21 | RECORD REFERENCED | 01 FILE NUMBER | 001 714712122 | 20210120 1445 1530 9522 | |
| 22 | PAGE AMENDED | NO SPECIFIC PAGE AMENDED X | CHANGE REQUIRED B RENEWAL | RENEWAL YEARS 5 | CORRECT PERIOD |
| 23 | REFERENCE DEBTOR/ TRANSFEROR | BUSINESS NAME | FIRST GIVEN NAME | INITIAL | SURNAME |
| 24 | | CONFORTI HOLDINGS LIMITED | | | |
| 25 | OTHER CHANGE | | | | |
| 26 | REASON/ DESCRIPTION | | | | |
| 27 | | | | | |
| 02/ | DEBTOR/ TRANSFEREE | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME |
| 05 | | | | | |
| 03/ | | BUSINESS NAME | | | ONTARIO CORPORATION NO. |
| 06 | | | | | |
| 04/07 | | ADDRESS | | | |
| 29 | ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE | | | | |
| 08 | | | | | |
| 09 | ADDRESS | | | | |
| | COLLATERAL CLASSIFICATION | | | | |
| 10 | CONSUMER GOODS | INVENTORY EQUIPMENT ACCOUNTS OTHER | MOTOR VEHICLE INCLUDED | DATE OF MATURITY | NO. FIXED MATURITY DATE |
| 11 | YEAR | MAKE | MODEL | V.I.N. | |
| 12 | MOTOR VEHICLE | | | | |
| 13 | GENERAL | | | | |
| 14 | COLLATERAL | | | | |
| 15 | DESCRIPTION | | | | |
| 16 | REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT | ADDRESS | CANADIAN SECURITIES REGISTRATION SYSTEMS 4126 NORLAND AVENUE | BURNABY | BC V5G 3S8 |
| 17 | | | | | |

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

CONTINUED...

9



RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 9
(9676)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
00 704464623

| CAUTION FILING | PAGE NO. | TOTAL OF PAGES | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | REGISTRATION PERIOD |
|-------------------|-------------|----------------------|---------------------------|-------------------------|---------------------|------------------------|
| 01 | 01 | 004 | | 20150323 1946 1531 4623 | P PPSA | 5 |

02 DEBTOR
03 NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 BUSINESS NAME CONFORTI HOLDINGS LIMITED
04 ADDRESS 36 LIMCOMBE DRIVE THORNHILL
04 ONTARIO CORPORATION NO.
ON L3T 2V5

05 DEBTOR
06 NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 BUSINESS NAME
07 ADDRESS
07 ONTARIO CORPORATION NO.

08 SECURED PARTY /
08 CHATTINMENNTS
09 ADDRESS 36 YORK MILLS ROAD, 4TH FLOOR TORONTO
09 ON M2P 0A4

10 COLLATERAL CLASSIFICATION
CONSUMER
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED
10 AMOUNT DATE OF
MATURED OR NO. FIXED
X X X X X
10 V.I.N.

11 MOTOR
VEHICLE
12 YEAR MAKE MODEL V.I.N.
13 GENERAL
COLLATERAL
DESCRIPTION
13 THE ACQUIRED PERSONAL PROPERTY INCLUDING, WITHOUT LIMITATION, IN ALL
GOODS, CHATTEL PAPER, DOCUMENTS OF TITLE, INSTRUMENTS, INTANGIBLES,
MONEY AND SECURITIES NOW OWNED OR HERAFTER OWNED OR ACQUIRED BY OR

16 REGISTERING
AGENT
17 ADDRESS 4126 NORLAND AVENUE BURNABY BC V5G 3S8
17 *** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 10

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crj1fu 06/2019)

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 10
(9677)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 TITLE NUMBER
704464623

| CAUTION FILING | PAGE NO. | TOTAL OF PAGES | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | REGISTRATION PERIOD |
|-------------------|-------------|-------------------|---------------------------|-------------------------|---------------------|------------------------|
| 01 | 02 | 004 | | 20150323 1946 1531 4623 | | |

| | | | | | |
|---------------------------------------------|---------------|------------------|---------|---------|-------------------------|
| 02 DEBTOR NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 03 | | | | | ONTARIO CORPORATION NO. |
| 04 | ADDRESS | | | | |
| 05 DEBTOR NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 06 | | | | | ONTARIO CORPORATION NO. |
| 07 | ADDRESS | | | | |
| 08 SECURED PARTY / TRUSTEES / ATTACHMENT | | | | | |
| 09 | ADDRESS | | | | |

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

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

13 GENERAL
14 COLLATERAL
15 DESCRIPTION
ON BEHALF OF DEBTOR AND ALL PROCEEDS AND RENEWALS THEREOF,
ACCRETIONS THERETO AND SUBSTITUTIONS THEREFOR, AND INCLUDING,
WITHOUT LIMITATION, ALL OF THE FOLLOWING NOW OWNED OR HEREAFTER

16 REGISTERING
AGENT
17 ADDRESS

CONTINUED...

11

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crjfu 06/2019)

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 11
(9678)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
00 704464623

| CAUTION FILING | PAGE NO. | TOTAL OF PAGES | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | REGISTRATION PERIOD |
|-------------------|-------------|----------------------|---------------------------|-------------------------|---------------------|------------------------|
| 01 | 03 | 004 | | 20150323 1946 1531 4623 | | |

| | | | | | |
|---------------------------------------|---------------|------------------|---------|---------|-------------------------|
| 02 DEBTOR 03 NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 04 | ADDRESS | | | | ONTARIO CORPORATION NO. |
| 05 DEBTOR 06 NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 07 | ADDRESS | | | | ONTARIO CORPORATION NO. |
| 08 SECURED PARTY / 09 INDEBTEDNESS | ADDRESS | | | | |

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

| | | | | |
|---------------------|------|------|-------|--------|
| 11 MOTOR VEHICLE | YEAR | MAKE | MODEL | V.I.N. |
|---------------------|------|------|-------|--------|

13 GENERAL
14 COLLATERAL
15 DESCRIPTION OWNED OR ACQUIRED BY OR ON BEHALF OF DEBTOR, ALL INVENTORY, ALL
EQUIPMENT, ALL DEBTS, ALL DEEDS, DOCUMENTS, WRITINGS, PAPERS, BOOKS
OF ACCOUNT AND OTHER BOOKS RELATING TO OR BEING RECORDS OF DEBTS,

16 REGISTERING
AGENT
17 ADDRESS

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

CONTINUED... 12

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES
(crjfu 06/2019)

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 12
(9679)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
00 704464623

| CAUTION FILING | PAGE NO. | TOTAL OF PAGES | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | REGISTRATION PERIOD |
|-------------------|-------------|-------------------|---------------------------|-------------------------|---------------------|------------------------|
| 01 | 04 | 004 | | 20150323 1946 1531 4623 | | |

| | | | | | |
|-----------------------------------------|---------------|------------------|---------|---------|-------------------------|
| 02 DEBTOR 03 NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 04 | ADDRESS | | | | ONTARIO CORPORATION NO. |
| 05 DEBTOR 06 NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 07 | ADDRESS | | | | ONTARIO CORPORATION NO. |
| 08 SECURED PARTY / 09 ATTEN CLAIMANT | ADDRESS | | | | |

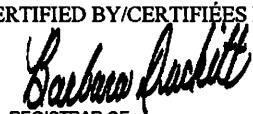
| | | | | | |
|---------------------------|------------------------------------|---------------|--------|---------------------|----------------------------------|
| COLLATERAL CLASSIFICATION | | MOTOR VEHICLE | AMOUNT | DATE OF MATURITY | NO. FIXED OR MATURITY DATE |
| 10 CONSUMER GOODS | INVENTORY EQUIPMENT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

| | | | | |
|---------------------|------|------|-------|--------|
| 11 MOTOR VEHICLE | YEAR | MAKE | MODEL | V.I.N. |
|---------------------|------|------|-------|--------|

13 GENERAL
14 COLLATERAL
15 DESCRIPTION
CHATTEL PAPER OR DOCUMENTS OF TITLE, ALL CONTRACTUAL RIGHTS AND
INSURANCE CLAIMS AND ALL GOODWILL, PATENTS, TRADEMARKS, COPYRIGHTS,
AND OTHER INDUSTRIAL PROPERTY.

16 REGISTERING
AGENT
17 ADDRESS
*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 13

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETES MOBILIÈRES
(cij1fu 06/2019)

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 13
(9680)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

01 CAUTION FILING PAGE NO. OF TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
01 001 20200221 1433 1530 0667 UNDER

21 RECORD FILE NUMBER : 704464623

22 PAGE AMENDED : NO SPECIFIC PAGE AMENDED : CHANGE REQUIRED : RENEWAL YEARS : CORRECT PERIOD
X B 5

23 REFERENCE DEBTOR/ FIRST GIVEN NAME : INITIAL : SURNAME :
24 TRANSFEE BUSINESS NAME : CONFORTI HOLDINGS LIMITED

25 OTHER CHANGE

26 REASON/
27 DESCRIPTION

28 02/ DATE OF BIRTH : FIRST GIVEN NAME : INITIAL : SURNAME :
05 DEBTOR/

03/ TRANSFEE BUSINESS NAME :
06

ONTARIO CORPORATION NO.

04/07 ADDRESS :

29 ASSIGNEE
SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 ADDRESS

09 COLLATERAL CLASSIFICATION

| CONSUMER GOODS | INVENTORY EQUIPMENT ACCOUNTS OTHER | MOTOR VEHICLE INCLUDED | DATE OF MATURITY | NO. FIXED MATURITY DATE |
|-------------------|---------------------------------------------|---------------------------|---------------------|----------------------------|
|-------------------|---------------------------------------------|---------------------------|---------------------|----------------------------|

10 YEAR MAKE MODEL V.I.N.

11 MOTOR VEHICLE

12 GENERAL

13 COLLATERAL

14 DESCRIPTION

15 REGISTERING AGENT OR

16 SECURED PARTY/

17 LIEN CLAIMANT

CANADIAN SECURITIES REGISTRATION SYSTEMS
4126 NORLAND AVENUE

BURNABY

BC V5G 3S8

CONTINUED... 14

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

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETES MOBILIÈRES
(crj2lu 06/2019)

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 14
(9681)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
00 646613073

| CAUTION PAGING | PAGE NO. | TOTAL OF PAGES | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | REGISTRATION PERIOD |
|-------------------|-------------|----------------------|---------------------------|-------------------------|---------------------|------------------------|
| 01 | 01 | 001 | | 20080703 1944 1531 3133 | P PPSA | 5 |

| | | | | | | |
|-------------------------------------------|-----------------------------------|---------------------------|---------|-----------|-------------------------|---------|
| 02 DEBTOR 03 NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | | |
| | | CONFORTI HOLDINGS LIMITED | | | ONTARIO CORPORATION NO. | |
| 04 | ADDRESS | 36 LIMCOMBE DR | | THORNHILL | ON | L3T 2V5 |
| 05 DEBTOR 06 NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | | |
| | | | | | ONTARIO CORPORATION NO. | |
| 07 | ADDRESS | | | | | |
| 08 SECURED PARTY / 09 TENANT IN COMMON | THE TORONTO-DOMINION BANK - 00762 | | | | | |
| | ADDRESS | 2960 KINGSWAY DRIVE | | KITCHENER | ON | N2C 1X1 |

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

| | | | |
|-----------------------------------------------|-----------|-------|--------|
| 11 MOTOR 12 VEHICLE | YEAR MAKE | MODEL | V.I.N. |
| | | | |
| 13 GENERAL 14 COLLATERAL 15 DESCRIPTION | | | |

| | | | | | |
|----------------------------|---------|-----------------------------------------------------------------------------|---------|----|---------|
| 16 REGISTERING 17 AGENT | ADDRESS | CANADIAN SECURITIES REGISTRATION SYSTEMS SUITE 200 - 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 |
|----------------------------|---------|-----------------------------------------------------------------------------|---------|----|---------|

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

CONTINUED... 15

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETTES MOBILIÈRES
(cjj1fu 06/2019)

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 15
(9682)

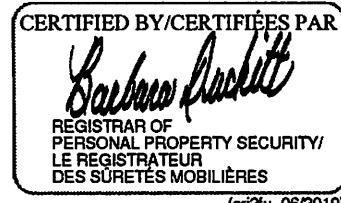
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

| CAUTION FILING | PAGE NO. OF PAGES | TOTAL MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER |
|-------------------|---------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|---------------------------|
| 01 | 01 | 001 | 20130617 1938 1531 9304 | |
| 21 | RECORD REFERENCED | FILE NUMBER | 646613073 | |
| 22 | PAGE AMENDED | NO SPECIFIC PAGE AMENDED | CHANGE REQUIRED X B RENEWAL | RENEWAL YEARS 5 |
| 23 | REFERENCE DEBTOR/ TRANSFEROR | BUSINESS NAME | FIRST GIVEN NAME | INITIAL SURNAME |
| 24 | | CONFORTI HOLDINGS LIMITED | | |
| 25 | OTHER CHANGE | | | |
| 26 | REASON/ | | | |
| 27 | DESCRIPTION | | | |
| 28 | | | | |
| 02/ | DEBTOR/ | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL SURNAME |
| 05 | 03/ | TRANSFeree | BUSINESS NAME | ONTARIO CORPORATION NO. |
| 06 | 04/07 | ADDRESS | | |
| 29 | ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE | | | |
| 08 | | | | |
| 09 | ADDRESS | | | |
| 10 | COLLATERAL CLASSIFICATION | | | |
| | CONSUMER GOODS | MOTOR VEHICLE INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED | DATE OF AMOUNT MATURITY OR | NO FIXED MATURITY DATE |
| 11 | YEAR MOTOR VEHICLE | MAKE MODEL | V.I.N. | |
| 12 | GENERAL | | | |
| 13 | COLLATERAL | | | |
| 14 | DESCRIPTION | | | |
| 15 | REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT | ADDRESS | CANADIAN SECURITIES REGISTRATION SYSTEMS 4126 NORLAND AVENUE | BURNABY |
| 16 | | | | BC V5G 3S8 |
| 17 | | | | |

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

CONTINUED... 16



RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 16
(9683)

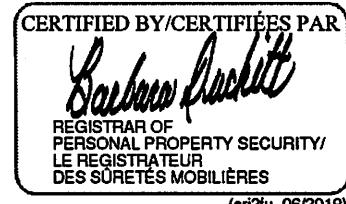
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

| | | | | | | |
|-------|--------------------------------------------------|---------------------------------------------------------|---------------------------------------|-----------------------------------------------------------------|---------------------|----------------------------|
| 01 | CAUTION FILING | PAGE NO. OF PAGES | TOTAL MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | |
| 21 | RECORD REFERENCED | 01 | 001 | 20180524 1429 1530 4234 | | |
| 22 | | PAGE AMENDED | NO SPECIFIC PAGE AMENDED | CHANGE REQUIRED X B RENEWAL | RENEWAL YEARS | CORRECT PERIOD |
| 23 | REFERENCE DEBTOR/ TRANSFEROR | | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 24 | | BUSINESS NAME | CONFORTI HOLDINGS LIMITED | | | |
| 25 | OTHER CHANGE REASON/ DESCRIPTION | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 02/ | DEBTOR/ TRANSFEREE | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 03/ | | | | | | |
| 04/07 | | ADDRESS | | | | ONTARIO CORPORATION NO. |
| 29 | ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE | | | | | |
| 08 | | | | | | |
| 09 | | ADDRESS | | | | |
| 10 | COLLATERAL CLASSIFICATION | CONSUMER GOODS | INVENTORY EQUIPMENT ACCOUNTS OTHER | MOTOR VEHICLE INCLUDED | DATE OF MATURITY | NO. FIXED MATURITY DATE |
| 11 | MOTOR VEHICLE | YEAR | MAKE | MODEL | V.I.N. | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | COLLATERAL DESCRIPTION | REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT | ADDRESS | CANADIAN SECURITIES REGISTRATION SYSTEMS 4126 NORLAND AVENUE | BURNABY | BC V5G 3S8 |
| 17 | | | | | | |

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

CONTINUED... 17



RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 17
(9684)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 TITLE NUMBER
639464895

| CAUTION FILING | PAGE NO. | TOTAL PAGES | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | REGISTRATION PERIOD |
|-------------------|-------------|----------------|---------------------------|-------------------------|---------------------|------------------------|
| 01 | 01 | 001 | | 20070927 1949 1531 7597 | P PPSA | 5 |

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME SALON DISTRIBUTION INC. ONTARIO CORPORATION NO.

04 ADDRESS 36 LIMCOMBE DR THORNHILL ON L3T 2V5

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / LIEN CLAIMANT ROYAL BANK OF CANADA

09 ADDRESS 180 WELLINGTON ST W BSC 3RD FL TORONTO ON M5J 1J1

COLLATERAL CLASSIFICATION

| CONSUMER GOODS | INVENTORY EQUIPMENT | ACCOUNTS OTHER | MOTOR VEHICLE INCLUDED | AMOUNT | DATE OF MATURITY | NO. FIXED OR MATURITY DATE |
|-------------------|------------------------|-------------------|---------------------------|--------|---------------------|----------------------------------|
| X | X | X | X | | | |

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

13 GENERAL
14 COLLATERAL
15 DESCRIPTION

16 REGISTERING
AGENT CANADIAN SECURITIES REGISTRATION SYSTEMS

17 ADDRESS 4126 NORLAND AVENUE BURNABY BC V5G 3S8

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

CONTINUED... 18

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETTES MOBILIÈRES
(crjfu 06/2019)

Ontario 

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 18
(9685)

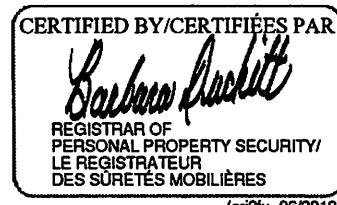
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

| | | | | | |
|-----|----------------------------------------------------------|--------------------------|-----------------------------------------------------------------|-------------------------|------------------------------------------|
| 01 | CAUTION FILING | PAGE NO. OF PAGES | TOTAL MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER |
| 21 | RECORD REFERENCED | FILE NUMBER | 001 | 20120723 1951 1531 6039 | |
| 22 | PAGE AMENDED | NO SPECIFIC PAGE AMENDED | CHANGE REQUIRED X B RENEWAL | RENEWAL YEARS 5 | CORRECT PERIOD |
| 23 | REFERENCE DEBTOR/ TRANSFEROR | BUSINESS NAME | FIRST GIVEN NAME | INITIAL | SURNAME |
| 24 | | SALON DISTRIBUTION INC. | | | |
| 25 | OTHER CHANGE | | | | |
| 26 | REASON/ | | | | |
| 27 | DESCRIPTION | | | | |
| 28 | | | | | |
| 02/ | DEBTOR/ | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME |
| 05 | 03/ | TRANSFeree | BUSINESS NAME | ONTARIO CORPORATION NO. | |
| 06 | 04/07 | ADDRESS | | | |
| 29 | ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE | | | | |
| 08 | 09 | ADDRESS | | | |
| 10 | COLLATERAL CLASSIFICATION | CONSUMER GOODS | MOTOR VEHICLE INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED | DATE OF MATURITY | NO FIXED Maturity OR Maturity DATE |
| 11 | MOTOR VEHICLE GENERAL COLLATERAL DESCRIPTION | YEAR ADDRESS | MAKE MODEL | V.I.N. | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT | ADDRESS | CANADIAN SECURITIES REGISTRATION SYSTEMS 4126 NORLAND AVENUE | BURNABY | BC V5G 3S8 |
| 17 | | | | | |

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

CONTINUED... 19



RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 19
(9686)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

| | CAUTION FILING | PAGE NO. OF PAGES | TOTAL MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | |
|-----|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------|
| 01 | | 01 | 002 | 20150324 1038 1529 8617 | | |
| 21 | RECORD REFERENCED | FILE NUMBER | 639464895 | | | |
| 22 | | PAGE AMENDED | NO SPECIFIC PAGE AMENDED X | CHANGE REQUIRED A AMENDMENT | RENEWAL YEARS | CORRECT PERIOD |
| 23 | REFERENCE DEBTOR/ TRANSFEROR | BUSINESS NAME | SALON DISTRIBUTION INC. | FIRST GIVEN NAME | INITIAL | SURNAME |
| 25 | OTHER CHANGE | | | | | |
| 26 | REASON/ DESCRIPTION | AMEND DEBTOR NAME FROM SALON DISTRIBUTION INC. TO CONFORTI HOLDINGS LIMITED AS PER AMALGAMATION DATE OF MARCH 31, 2013. | | | | |
| 28 | | AMEND SECURED PARTY ADDRESS FROM | | | | |
| 02/ | DEBTOR/ | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 05 | 03/ TRANSFEREE | BUSINESS NAME | CONFORTI HOLDINGS LIMITED | | | |
| 06 | 04/07 | ADDRESS | 36 LIMCOMBE DR | THORNHILL | ONTARIO | CORPORATION NO. ON L3T 2V5 |
| 29 | ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE | | | | | |
| 08 | | ROYAL BANK OF CANADA | | | | |
| 09 | | ADDRESS | 36 YORK MILLS ROAD, 4TH FLOOR | TORONTO | ON | M2P 0A4 |
| 10 | COLLATERAL CLASSIFICATION | CONSUMER GOODS | INVENTORY EQUIPMENT ACCOUNTS OTHER | MOTOR VEHICLE INCLUDED | DATE OF MATURITY OR AMOUNT | NO FIXED MATURITY DATE |
| 11 | MOTOR VEHICLE GENERAL COLLATERAL DESCRIPTION | YEAR | MAKE | MODEL | V.I.N. | |
| 16 | REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT | ADDRESS | CANADIAN SECURITIES REGISTRATION SYSTEMS 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 |

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

CONTINUED... 20

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY
LE REGISTRATEUR
DES SURETÉS MOBILIÈRES
(crf2u 06/2019)

RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 20
(9687)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM ZC FINANCING CHANGE STATEMENT / CHANGE STATEMENT

| 01 | CAUTION BILING | PAGE NO. | TOTAL PAGES | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER |
|----|-------------------|-------------|----------------|---------------------------|-------------------------|---------------------|
| 21 | | 02 | 002 | | 20150324 1038 1529 8617 | |

| 22 | RECORD REFERENCED | FILE NUMBER | 639464895 | PAGE AMENDED | NO. SPECIFIC PAGE AMENDED | CHANGE REQUIRED | RENEWAL YEARS | CORRECT PERIOD |
|----|----------------------|-------------|-----------|--------------|---------------------------|-----------------|------------------|-------------------|
|----|----------------------|-------------|-----------|--------------|---------------------------|-----------------|------------------|-------------------|

| 23 | REFERENCE DEBTOR/ TRANSFEROR | BUSINESS NAME | FIRST GIVEN NAME | INITIAL | SURNAME |
|----|------------------------------------|---------------|------------------|---------|---------|
|----|------------------------------------|---------------|------------------|---------|---------|

| 25 | OTHER CHANGE REASON/ DESCRIPTION | 180 WELLINGTON ST W BSC 3RD FL., TORONTO ON M5J 1J1 CANADA TO 36 YORK MILLS ROAD, 4TH FLOOR, TORONTO, ONTARIO M2P 0A4 CANADA |
|----|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
|----|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|

| 02/ 05 | DEBTOR/ TRANSFEREE | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME |
|-----------|-----------------------|---------------|------------------|---------|---------|
|-----------|-----------------------|---------------|------------------|---------|---------|

| 03/ 06 | BUSINESS NAME | ADDRESS | ONTARIO CORPORATION NO. |
|-----------|---------------|---------|-------------------------|
|-----------|---------------|---------|-------------------------|

| 29 | ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE |
|----|--------------------------------------------------|
|----|--------------------------------------------------|

| 08 09 | ADDRESS |
|----------|---------|
|----------|---------|

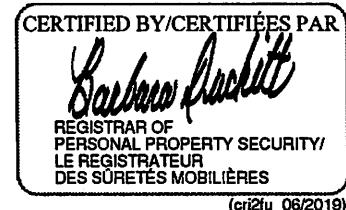
| 10 | COLLATERAL CLASSIFICATION | CONSUMER GOODS | INVENTORY | EQUIPMENT | ACCOUNTS | OTHER | MOTOR VEHICLE INCLUDED | DATE OF AMOUNT | MATURITY OR | NO. FIXED MATURITY DATE |
|----|---------------------------|-------------------|-----------|-----------|----------|-------|---------------------------|-------------------|----------------|-------------------------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

| 11 | MOTOR VEHICLE GENERAL | YEAR | MAKE | MODEL | V.I.N. |
|----|-----------------------------|------|------|-------|--------|
|----|-----------------------------|------|------|-------|--------|

| 12 13 14 15 16 17 | COLLATERAL DESCRIPTION REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT | ADDRESS |
|----------------------------------|--------------------------------------------------------------------------------------|---------|
|----------------------------------|--------------------------------------------------------------------------------------|---------|

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

CONTINUED... 21



RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 21
(9688)

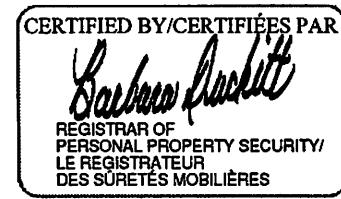
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

| | | | | | | |
|-----|-----------------------------------------------------|---------------------------|-----------------------------------------------------------------|------------------------------|------------------------------------------------------|-------------------|
| 01 | CAUTION FILING | PAGE NO. OF PAGES | TOTAL MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | |
| 21 | RECORD REFERENCED | FILE NUMBER | 001 | 20170825 1437 1530 7658 | | |
| 22 | PAGE AMENDED | NO SPECIFIC PAGE AMENDED | X | CHANGE REQUIRED B RENEWAL | RENEWAL YEARS | CORRECT PERIOD |
| 23 | REFERENCE DEBTOR/ TRANSFEROR | BUSINESS NAME | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 24 | | CONFORTI HOLDINGS LIMITED | | | | |
| 25 | OTHER CHANGE | | | | | |
| 26 | REASON/ DESCRIPTION | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 02/ | DEBTOR/ TRANSFEREE | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 03/ | | | | | | |
| 04/ | | | | | ONTARIO CORPORATION NO. | |
| 05 | | ADDRESS | | | | |
| 06 | | | | | | |
| 07 | | | | | | |
| 29 | ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE | | | | | |
| 08 | | | | | | |
| 09 | ADDRESS | | | | | |
| 10 | COLLATERAL CLASSIFICATION | CONSUMER GOODS | MOTOR VEHICLE INVENTORY EQUIPMENT ACCOUNTS OTHER | INCLUDED | DATE OF MATURITY OR NO. FIXED MATURITY DATE | |
| 11 | YEAR | MAKE | MODEL | V.I.N. | | |
| 12 | MOTOR VEHICLE | | | | | |
| 13 | GENERAL | | | | | |
| 14 | COLLATERAL | | | | | |
| 15 | DESCRIPTION | | | | | |
| 16 | REGISTERING AGENT OR SECURED PARTY/LIEN CLAIMANT | ADDRESS | CANADIAN SECURITIES REGISTRATION SYSTEMS 4126 NORLAND AVENUE | BURNABY | BC V5G 3S8 | |
| 17 | | | | | | |

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

CONTINUED... 22



RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 22
(9689)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 TITLE NUMBER
825298173

| CAUTION PILING | PAGE NO. | TOTAL PAGES | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | REGISTRATION PERIOD |
|-------------------|-------------|----------------|---------------------------|-------------------------|---------------------|------------------------|
| 01 | 01 | 001 | | 19961001 1740 1513 0950 | P PPSA | 5 |

| | | | | | |
|--------------------------------------|---------------|------------------------------------------|-----------|------------|-------------------------|
| 02 DEBTOR NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 03 | | CONFORTI HOLDINGS LIMITED | | | ONTARIO CORPORATION NO. |
| 04 | ADDRESS | 36 LIMCOEVE DR | THORNHILL | ON L3T 2V5 | |
| 05 DEBTOR NAME | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 06 | | | | | ONTARIO CORPORATION NO. |
| 07 | ADDRESS | | | | |
| 08 SECURED PARTY / LITEN CLAIMANT | | THE TORONTO-DOMINION BANK - KING & YONGE | 10252 | | |
| 09 | ADDRESS | 1 KING STREET & YONGE STREET | TORONTO | ON M5H 1A1 | |

| | | | | | |
|---------------------------|-------|------------------------------------|----------|-------------|---------------|
| 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 |

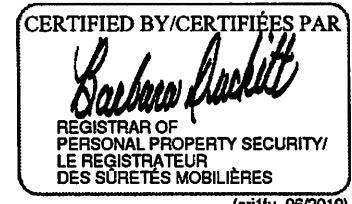
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|---------------------|------|------|-------|--------|
| 11 | YEAR | MAKE | MODEL | V.I.N. |
| 12 MOTOR VEHICLE | | | | |

| | |
|--------------------------|-------------|
| 13 GENERAL COLLATERAL | |
| 14 | DESCRIPTION |

| | |
|-------------------------|---------|
| 16 REGISTERING AGENT | ADDRESS |
| 17 | |

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

CONTINUED... 23



RUN NUMBER : 257
RUN DATE : 2021/09/14
ID : 20210914104910.14

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

REPORT : PSSR060
PAGE : 23
(9690)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

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| 01 | CAUTION FILING | PAGE NO. OF 01 | TOTAL PAGES 001 | MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER 20010917 1830 1531 2608 | REGISTERED UNDER | |
| 21 | RECORD REFERENCED | FILE NUMBER | 825298173 | NO SPECIFIC PAGE AMENDED | CHANGE REQUIRED X B RENEWAL | RENEWAL YEARS 5 | CORRECT PERIOD |
| 22 | REFERENCE DEBTOR/ TRANSFEROR | BUSINESS NAME | CONFORTI HOLDINGS LIMITED | FIRST GIVEN NAME | INITIAL | SURNAME | |
| 23 | OTHER CHANGE REASON/ DESCRIPTION | | | | | | |
| 24 | DEBTOR/ TRANSFEREE | BUSINESS NAME | CONFORTI HOLDINGS LIMITED | | | | |
| 25 | DATE OF BIRTH | FIRST GIVEN NAME | INITIAL | SURNAME | | | |
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| 09 | COLLATERAL CLASSIFICATION | | | | | | |
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*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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REGISTRAR OF
PERSONAL PROPERTY SECURITY
LE REGISTRATEUR
DES SÛRETTES MOBILIÈRES
(crj2u 06/2019)

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PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
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TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

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| | CAUTION FILING | PAGE NO. OF PAGES | TOTAL MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER | |
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| 16 | REGISTERING AGENT OR SECURED PARTY/LIEN CLAIMANT | ADDRESS | CANADIAN SECURITIES REGISTRATION SYSTEMS 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 |
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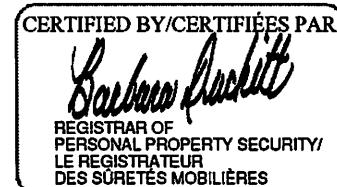
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SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

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| 16 | REGISTERING AGENT OR SECURED PARTY/LIEN CLAIMANT | ADDRESS | CANADIAN SECURITIES REGISTRATION SYSTEMS 4126 NORLAND AVENUE BURNABY BC V5G 3S8 | | | | |
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*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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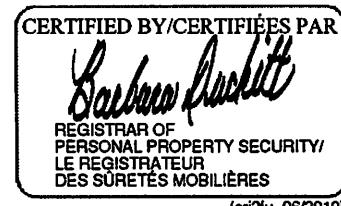
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FILE CURRENCY : 13SEP 2021

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| 23 | REFERENCE DEBTOR/ TRANSFEROR | BUSINESS NAME | CONFORTI HOLDINGS LIMITED | FIRST GIVEN NAME | INITIAL | SURNAME |
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| 09 | COLLATERAL CLASSIFICATION | | | | | |
| 10 | CONSUMER GOODS | INVENTORY EQUIPMENT | ACCOUNTS OTHER | MOTOR VEHICLE INCLUDED | DATE OF AMOUNT | NO. FIXED Maturity OR Maturity DATE |
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| 12 | MOTOR VEHICLE | | | | | |
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*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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10 CONSUMER MOTOR VEHICLE DATE OF NO. FIXED
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*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

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REGISTRAR OF
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LE REGISTRATEUR
DES SÛRETES MOBILIÈRES
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PROVINCE OF ONTARIO
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FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

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| 01 | CAUTION FILING | PAGE NO. OF PAGES | TOTAL MOTOR VEHICLE SCHEDULE | REGISTRATION NUMBER | REGISTERED UNDER |
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| 09 | COLLATERAL CLASSIFICATION | | | | |
| 10 | CONSUMER GOODS | MOTOR VEHICLE INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED | DATE OF AMOUNT | NO FIXED Maturity OR Maturity DATE | |
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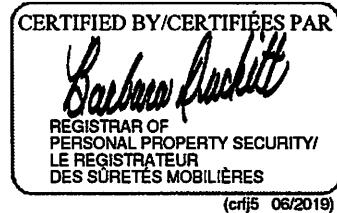
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TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CONFORTI HOLDINGS LIMITED
FILE CURRENCY : 13SEP 2021

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

| FILE NUMBER | REGISTRATION NUMBER | REGISTRATION NUMBER | REGISTRATION NUMBER | REGISTRATION NUMBER |
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| 770331951 | 20210305 0842 1532 8101 | | | |
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| 743704353 | 20180913 1039 1529 4331 | | | |
| 714702861 | 20160311 1434 1530 6127 | 20210120 1048 1529 8699 | | |
| 714712122 | 20160311 1942 1531 6319 | 20210120 1445 1530 9522 | | |
| 704464623 | 20150323 1946 1531 4623 | 20200221 1433 1530 0667 | | |
| 646613073 | 20080703 1944 1531 3133 | 20130617 1938 1531 9304 | 20180524 1429 1530 4234 | |
| 639464895 | 20070927 1949 1531 7597 | 20120723 1951 1531 6039 | 20150324 1038 1529 8617 | 20170825 1437 1530 7658 |
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| | 20160819 1936 1531 8023 | 20160908 1934 1531 5676 | 20210818 1444 1530 7034 | |

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



TAB 2M

**THIS IS EXHIBIT “M”
REFERRED TO IN THE AFFIDAVIT OF
MARIE-EVE BÉRUBÉ-CÔTÉ SWORN
BEFORE ME ON OCTOBER 13, 2021**



A Commissioner for Oaths and Notary Public in
and for the Province of Ontario

District: Ontario
Division No. 09-Toronto
Court No. 31-2675583
Estate No. 31-2675583

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED**

**AFFIDAVIT OF ANTONIO CONFORTI
(sworn October 21, 2020)**

I, Antonio Conforti, of the City of Richmond Hill, Province of Ontario, MAKE OATH AND SAY:

1. I am the President and a director of Conforti Holdings Limited (“**Conforti**”). As such, I have knowledge of the matters to which I hereinafter depose, which knowledge is personal to me, obtained from a review of the documents referred to or, where indicated, I am advised by others in which case I believe such information to be true.

A. Overview

2. The affidavit is made in the context of Conforti’s recent filing of a notice of intention to make a proposal (the “**Proposal Proceedings**”) under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), and in support of a motion by Conforti for an order:

- a. approving a debtor-in-possession (“**DIP**”) term sheet between Conforti and myself (in such capacity, the “**DIP Lender**”), dated October 20, 2020 (the “**DIP Term Sheet**”), a DIP loan (the “**DIP Loan**”) and the authority to borrow up to \$500,000;
- b. granting the following charges over Conforti’s property:

- i. a charge to a maximum amount of \$500,000 in favour of the DIP Lender;
- ii. a charge in favour of Crowe Soberman Inc., in its capacity as proposal trustee in these proceedings (the "**Proposal Trustee**"), counsel to the Proposal Trustee, and counsel to Conforti to secure payment of their professional fees and disbursements to a maximum amount of \$250,000 (the "**Administration Charge**"); and
- iii. a charge in favour of the directors and officers of Conforti to a maximum amount of \$100,000 (the "**Director's Charge**");

- c. approving the first report of the Proposal Trustee, to be filed (the "**First Report**"), and the conduct and activities of the Proposal Trustee as described therein; and
- d. extending the time to file a proposal from October 28, 2020 to December 14, 2020.

3. The balance of this affidavit will describe the nature of Conforti's business and events leading up to the filing of the notice of intention to make a proposal ("**NOI**") on September 28, 2020, and the appointment of the Proposal Trustee.

B. Background: Conforti's Business and Operations

4. Conforti is a privately-held corporation that, as at the date of the NOI filing, operated 52 beauty salons under 10 different trade names in Southern Ontario. Attached as **Exhibit "A"** is a copy of the corporate profile report for Conforti.

5. Conforti has been a family owned and operated business for more than 44 years. I started the business in 1977.

6. Conforti's salons, save and except for a location in Collingwood, Ontario, are located in rental units in shopping malls and commercial office buildings across Southern Ontario. The Collingwood property is located in an outdoor shopping plaza.

7. Conforti owns and operates its head office from a 11,000 square foot commercial property municipally known as 7755 Warden Avenue, Unit 2, Markham, Ontario (the “**Head Office**”).

8. Conforti currently has more than 600 employees and 400 independent contractors working at the Head Office and salons as stylists, estheticians, and front desk personnel.

C. Senior Secured Creditor

9. Conforti’s predecessor Salon Distribution Inc., as borrower, is party to a loan facility letter dated May 6, 2015, and made between Royal Bank of Canada (“**RBC**”), as lender, and myself as guarantor (as amended, the “**Credit Agreement**”).

10. On October 15, 2020, I took an assignment of the credit facilities and security held by RBC in connection with the Credit Agreement, pursuant to an Assignment of Debt and Security Agreement, dated with effect as of October 15, 2020, between Conforti, RBC, as assignor, and myself, as assignee (the “**Assignment Agreement**”). A copy of the Assignment Agreement is attached as **Exhibit “B”**.

11. Conforti’s debt obligations and liabilities pursuant to the Assignment Agreement are fully secured by:

- a. a collateral charge with a principal amount of up to \$2.5 million on the Head Office; and
- b. personal property security over all of the assets of Conforti.

12. As of October 15, 2020, the total indebtedness outstanding under the Credit Agreement was approximately \$1,931,333.68.

D. Conforti's Other Creditors

13. In addition to the assigned security interest, there are four additional registrations in respect of Conforti under the *Personal Property Security Act*, R.R.O. 1990, c. P. 10, as amended (“PPSA”). RBC has a registration against Conforti as security for certain obligations of Conforti under the Assignment Agreement.

14. The Toronto-Dominion Bank (“TD”) has also registered a security interest against Conforti under the PPSA for a letter of credit extended by TD to Conforti in connection with an agreement between Conforti and an American company for the acquisition of salon supplies.

15. Additionally, there are two registrations in connection with financing for vehicles. These vehicles are used by two of Conforti's district managers and payments for the vehicles are made by the district managers. A copy of the uncertified PPSA search results for Conforti is attached as **Exhibit “C”**.

16. As indicated on Conforti's List of creditors, Conforti's remaining creditors are unsecured and are owed approximately \$5.7 million. Conforti's unsecured creditors include landlords and trade creditors.

E. Deterioration of Conforti's Financial Position

17. As noted above, most of Conforti's salons are located in shopping malls. For the past several years, shopping mall landlords have increased the rent charged to Conforti, while traffic in many of the malls has declined. However, traffic in malls came to a halt on March 24, 2020, when the Province of Ontario shut down all non-essential workplaces, including shopping malls in order to limit the spread of COVID-19. Attached as **Exhibit “D”** is a copy of the Province of Ontario News Release, “Ontario Orders the Mandatory Closure of All Non-Essential Workplaces to Fight Spread of COVID-19”, dated March 23, 2020.

18. Due to the COVID-19 pandemic, shopping malls in Ontario remained closed for nearly three months until June 19, 2020, when most of the Province was allowed to move to "Stage 2" of the Province's re-opening plans. The City of Toronto and Peel Region, where 19 of Conforti's salons are located, did not re-open shopping malls until June 24, 2020. Attached as **Exhibit "E"** is a copy of the Province of Ontario News Release, "Ontario Moving Toronto and Peel Region into Stage 2" dated June 22, 2020.

19. Despite the fact that the salons were closed pursuant to the provincial government's orders to limit the spread of COVID-19, and therefore were not earning any revenue, Conforti's landlords continued to charge the company rent for the closed salons.

20. Although the salons have since re-opened, mall traffic and the salons' revenue have not returned to pre-COVID-19 levels. The salons' revenue has declined significantly. The decline in revenue can be attributed not only to decreased mall traffic, but also the social distancing protocols that Conforti has implemented to comply with public health guidelines.

21. Moreover, the costs of operating the salons have increased. In order to comply with public health guidelines, Conforti has had to purchase both single use personal protective equipment for its employees and independent contractors and single use salon supplies. The company has also had to buy additional cleaning supplies for its salons that are becoming increasingly difficult to source.

F. Decision to File the NOI and the Appointment of the Proposal Trustee

22. Since Conforti's salons were closed as a result of the public health orders in late March 2020, the company has been trying to work with its landlords to reach accommodations of Conforti's rent payments.

23. Despite Conforti's best efforts, on September 21, 2020, one of Conforti's landlords, The Cadillac Fairview Corporation Limited ("Cadillac Fairview"), sent Conforti a notice of default

and demanded that Conforti pay the landlord all outstanding rent by September 28, 2020. If Conforti did not pay all outstanding rent by that date, Cadillac Fairview advised Conforti that it "may, without further notice" to Conforti exercise all of its rights and remedies under the leases, including terminating the same. Attached as **Exhibit "F"** is a copy of the September 21, 2020 letter from Cadillac Fairview.

24. Cadillac Fairview's demand required Conforti to pay \$919,181.84 to Cadillac Fairview by September 28, 2020.

25. So as to avoid the closure of its Cadillac Fairview salon locations, and in recognition of the fact that other similar requests could be made by its other landlords, Conforti requires the stay of proceedings afforded through the Proposal Proceedings to allow Conforti an opportunity to restructure its business operations on a going-concern basis and in a manner that will maximize value for the benefit of Conforti's stakeholders.

26. In the absence of the stay of proceedings, at least 10 of Conforti's 52 salons would have been immediately shutdown, which would adversely affect approximately 195 employees and 130 independent contractors of Conforti.

27. Additionally, if Conforti's business is further impacted or directly threatened by solvency issues, the company could be required to close additional salons thereby terminating employment for its employees and its contracts with independent contractors.

28. In all of the circumstances, Conforti determined that a proposal proceeding is necessary to restructure its underlying business and maximize repayment of Conforti's obligations to its stakeholders.

29. As such, Conforti filed the NOI on September 28, 2020. A copy of the NOI is attached as **Exhibit "G"**.

30. Conforti intends to use the stability provided by the Proposal Proceedings to focus on restructuring its business.

G. Activities Since NOI was Filed

31. Since the NOI was filed on September 28, 2020, Conforti has been working with the Proposal Trustee and its financial advisors to ensure that the company's operations will continue uninterrupted during the Proposal Proceedings. To this end, Conforti provided financial information to the Proposal Trustee to develop the cash flow forecast to December 21, 2020, filed by the Proposal Trustee (the "**Cash Flow Forecast**").

32. I, as Conforti's principal, have also repaid Conforti's primary secured creditor, RBC, in full and taken an assignment of RBC's credit facility and related security.

33. On September 29, 2020, Conforti sent sixteen Notices to Lessor to Disclaim or Resiliate a Lease by Commercial Tenant to its landlords. An additional disclaimer was sent to one of the company's landlords on October 8, 2020.

34. Conforti has also engaged in discussions/negotiations with its landlords for lease payments over the next 6 months. Conforti has a number of different landlords with several landlords having multiple shopping malls where Conforti's salons operate and the negotiations are at varying stages. Conforti requires additional time to complete these negotiations.

35. In addition, on or about October 9, 2020, the Government of Canada announced a revamped rent subsidy for commercial tenants, known as the "Canada Emergency Rent Subsidy" ("**CERS**"). This new program will offer up to a 65% rent subsidy for commercial tenants for the period of September 27, 2020 to June 2021 and will provide assistance to tenants who have experienced a loss in business of 70% or greater. There will be a sliding scale of support for businesses experiencing less than a 70% decrease in business. Attached as **Exhibit "H"** is

a copy of the Government of Canada News Release, "Government announces new, targeted support to help businesses through pandemic", dated October 9, 2020.

36. Conforti did not qualify for any rent relief under the previous Federal rent relief program that expired in September because Conforti's gross sales were too high, but may well qualify for such relief under the new program. Unlike the previous program, CERS does not require landlords to apply for the assistance and also results in the subsidies being paid directly to the tenant business.

H. DIP Loan

37. As demonstrated by the Cash Flow Forecast, Conforti requires additional financing to fund operations during the Proposal Proceedings.

38. To facilitate these funding requirements I, in my capacity as DIP Lender, have agreed to advance \$500,000 to Conforti by way of the DIP Loan, pursuant to the terms of the DIP Term Sheet. Attached as **Exhibit "I"** is a copy of the DIP Term Sheet.

39. Below is a summary of the material terms of the DIP Loan:

- a. **Amount:** \$500,000;
- b. **Purpose:** to fund operating costs in the ordinary course of business in accordance with the Cash Flow Forecast and restructuring costs;
- c. **Interest:** 10% per annum;
- d. **Maturity Date:** the earlier of (i) March 28, 2020 (or such later date as may be agreed to in writing by the DIP Lender in its sole discretion); (ii) the implementation of a proposal within the Proposal Proceedings that has been approved by the Borrower's creditors, the court and the DIP Lender; (iii) the date the Initial Order (as defined in the DIP Term Sheet) expires without being extended, supplemented, or restated, or on which the Proposal Proceedings are terminated or dismissed; and (iv) the occurrence of an Event of Default (as defined in the DIP Term Sheet);
- e. **Conditions:** the DIP Lender's obligation to make any advance under the DIP Loan is conditional on, among other things, the granting of the Initial Order which order approves the DIP Loan, the DIP Lender's Charge, the Administration Charge and the Director's Charge (collectively, the "**Charges**");

40. The Proposal Trustee has reviewed the DIP Term Sheet and I am advised by the Proposal Trustee that it approves of the same.

41. The proposed DIP Loan will assist Conforti in satisfying its operating expenses and provide sufficient cash flow to finance the Proposal Proceedings. The DIP Loan will also enhance Conforti's ability to make a viable proposal to its creditors because it will be used by Conforti to fund operations and thereby generate cash flow to fund any proposal formulated by the company.

42. It is contemplated that the DIP Loan Charge will be a first-ranking charge on all of Conforti's property. This is a condition of the DIP Term Sheet.

I. Administration Charge

43. As part of these proceedings, the Proposal Trustee, counsel for the Proposal Trustee, and counsel for Conforti (collectively, the "**Professional Group**"), are seeking an administrative charge in the maximum aggregate amount of \$250,000 against all of Conforti's assets.

44. The Professional Group is requesting that the Administration Charge rank below the DIP Loan Charge, but prior to the interests of all other secured and unsecured creditors of Conforti.

45. I believe that the Administration Charge is essential to a successful restructuring.

46. It is unlikely that the Professional Group will continue to participate in the Proposal Proceedings unless their reasonable fees and disbursements are secured by way of the proposed Administration Charge.

47. The quantum of the proposed Administration Charge is reasonable given the nature and scope of the services to be provided, the expected duration of the Proposal Proceedings, and the uncertainty of Conforti's ability to fund the professional fees from free cash flow.

J. Directors Charge

48. It is contemplated that Conforti's directors and officers would be granted a priority Court-ordered directors' charge on Conforti's property in priority to all other charges other than the DIP Lender's Charge and the Administration Charge, up to a maximum amount of \$100,000.

49. The Directors' Charge is intended to address potential claims that may be brought against directors and officers.

50. The directors and officers of Conforti do not have the benefit of directors' and officers' liability insurance coverage.

51. The Directors' Charge is crucial to the continued involvement of the officers and directors during the Proposal Proceedings to provide them with certainty regarding their personal liability.

52. The directors and officers have skills, knowledge and expertise as well as established relationships with various stakeholders that are critical to a successful restructuring.

53. The quantum of the Directors' Charge was developed with the assistance and support of the Proposal Trustee.

54. I am advised by the Proposal Trustee and do verily believe that the Proposal Trustee is supportive of the granting of the Directors' Charge.

K. Proposal Period Extension

55. Absent an extension of time, Conforti will be required to file a proposal to creditors by October 28, 2020.

56. Considering the very recent NOI filing, and Conforti's need to develop a viable proposal, I believe that an extension of time within which to file a proposal is appropriate and would be put to good use.

57. The proposed extension will provide the time required to begin to formulate a repayment proposal for its creditors. I do not believe that any creditor would be materially prejudiced if the extension was granted.

58. Accordingly, Conforti seeks an extension of the stay of proceedings and the time to file a proposal from October 28, 2020 to December 14, 2020.

59. The Cash Flow Forecast was prepared by Conforti with the assistance of the Proposal Trustee for the period ending December 21, 2020. The Cash Flow Forecast has been discussed at length by and between the Proposal Trustee and Conforti's management.

60. Based on these discussions, Conforti's management believes the projected cash flow will be sufficient for it to continue to operate during the proposed extension period including funding its operations and paying its employees and independent contractors in the ordinary course.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on October 21, 2020.

DocuSigned by:



A927328446B742A...

A Commissioner for taking Affidavits (or as may be)

DocuSigned by:



13142EBF40474A5
Antonio Conforti

Note: This affidavit was commissioned via simultaneous video-conference in accordance with the *Commissioners for taking Affidavits Act*, R.S.O. 1990, CHAPTER C.17, and the Law Society of Ontario: COVID-19 Response Statement interpretation of that Act, under which (i) the identity of the deponent was confirmed from government issued identification, (ii) the commissioner administered the oath or affirmation, (iii) the deponent affixed their electronic signature to the affidavit and transmitted the full electronic affidavit, as sworn or affirmed, including exhibits to the commissioner, (iv) the deponent confirmed their electronic signature to the commissioner, (v) the commissioner affixed their electronic signature to the affidavit including exhibits.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
CONFORTI HOLDINGS LIMITED

Court File Nos.: Division No. 09-Toronto
Court No. 31-2675583 and Estate No. 31-2675583

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

AFFIDAVIT OF ANTONIO CONFORTI
(sworn October 21, 2020)

MILLER THOMSON LLP

Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1101
Toronto, ON M5H 3S1

Bobby Sachdeva LSO #: 34454C

Tel: 905.532.6670
Fax: 905.660.0139
bsachdeva@millerthomson.com

Erin Craddock LSO #: 62828J

Tel: 416.595.8631
Fax: 416.595.8695
ecraddock@millerthomson.com

Lawyers for Conforti Holdings Limited

This is **Exhibit “C”** to the
Affidavit of Antonio Conforti
Sworn on October 21, 2020.

DocuSigned by:

A927328446B742A...

A Commissioner, etc.

ServiceOntario

[Main Menu](#) [New Enquiry](#)

Enquiry Result

File Currency: 19OCT 2020

Show All Pages

Note: All pages have been returned.

Type of Search Business Debtor
Search Conducted On CONFORTI HOLDINGS
File Currency 19OCT 2020

| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period |
|-------------|----------------|---------|-------------|------------------------|---------------------|----------------------------|---------------------|
| 639464895 | 01 | 1 | 8 | 1 | 24 | 20070927 1949 1531 7597 | P PPSA 5 |

Individual Debtor Date of Birth First Given Name Initial Surname

Business Debtor Business Debtor Name Ontario Corporation Number
SALON DISTRIBUTION INC.
Address City Province Postal Code
36 LIMCOMBE DR THORNHILL ON L3T 2V5

Individual Debtor Date of Birth First Given Name Initial Surname

Business Debtor Business Debtor Name Ontario Corporation Number
Address City Province Postal Code

Secured Party Secured Party / Lien Claimant
ROYAL BANK OF CANADA
Address City Province Postal Code
180 WELLINGTON ST W BSC 3RD FL TORONTO ON M5J 1J1

Collateral Classification Consumer Goods Inventory Equipment Accounts Other Motor Vehicle Included Amount Date of Maturity or No Fixed Maturity Date
X X X X X

Motor Vehicle Description Year Make Model V.I.N.

General Collateral Description

| Registering Agent | Registering Agent | | | |
|-------------------|------------------------------------------|--|---------|----------|
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | |
| | Address | | City | Province |
| | 4126 NORLAND AVENUE | | BURNABY | BC |
| | | | V5G 3S8 | |

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| Type of Search | Business Debtor | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | |
| File Currency | 19OCT 2020 | | | | |
| | File Number | Family | of Families | Page | of Pages |
| | 639464895 | 1 | 8 | 2 | 24 |

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

| | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule Attached | Registration Number | Registered Under |
|--|----------------|---------|-------------|---------------------------------|-------------------------|------------------|
| | | 01 | 001 | | 20120723 1951 1531 6039 | |

| Record Referenced | File Number | Page Amended | No Specific Page Amended | Change Required | Renewal Years | Correct Period |
|-------------------|-------------|--------------|--------------------------|-----------------|---------------|----------------|
| | 639464895 | | X | B RENEWAL | 5 | |

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|------------------------------|-------------------------|---------|---------|--|
| Reference Debtor/ Transferor | First Given Name | Initial | Surname | |
| | | | | |
| | Business Debtor Name | | | |
| | SALON DISTRIBUTION INC. | | | |

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| Other Change | Other Change |
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| Reason / Description | Reason / Description |
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| Debtor/ Transferee | Date of Birth | First Given Name | Initial | Surname | |
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| | Business Debtor Name | | | | |
| | | | Ontario Corporation Number | | |
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| | Address | | City | | Province Postal Code |
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|---------------|----------------------------------------|--|--|--|--|
| Assignor Name | Assignor Name | | | | |
| Secured Party | Secured party, lien claimant, assignee | | | | |
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| | Address | | | | |
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| | City | | | | |
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| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
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| Motor Vehicle Description | Year | Make | Model | V.I.N. |
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| General Collateral Description | General Collateral Description | | | | |
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Registering Agent

Registering Agent or Secured Party/ Lien Claimant

CANADIAN SECURITIES REGISTRATION SYSTEMS

| | Address | City | Province | Postal Code |
|--|---------------------|---------|----------|-------------|
| | 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 |

CONTINUED

Type of Search Business Debtor

Search Conducted CONFORTI HOLDINGS
On

File Currency 19OCT 2020

| File Number | Family | of Families | Page | of Pages |
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| 639464895 | 1 | 8 | 3 | 24 |

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

| Caution Filing | Page of Filing | Total Pages | Motor Vehicle Schedule Attached | Registration Number | Registered Under |
|-------------------|-------------------|-------------|------------------------------------|-------------------------|------------------|
| | 01 | 002 | | 20150324 1038 1529 8617 | |

| Record Referenced | File Number | Page Amended | No Specific Page Amended | Change Required | Renewal Years | Correct Period |
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| | 639464895 | X | | A AMNDMNT | | |

| Reference Debtor/ Transferor | First Given Name | Initial | Surname |
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|---------------------------------|------------------|---------|---------|

Business Debtor Name

SALON DISTRIBUTION INC.

Other Change

Other Change

| Reason / Description | Reason / Description |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | AMEND DEBTOR NAME FROM SALON DISTRIBUTION INC. TO CONFORTI HOLDINGS LIMITED AS PER AMALGAMATION DATE OF MARCH 31, 2013. AMEND SECURED PARTY ADDRESS FROM |

| Debtor/ Transferee | Date of Birth | First Given Name | Initial | Surname |
|--------------------|---------------|---------------------------|-----------|-------------------------------|
| | | | | |
| | | Business Debtor Name | | Ontario Corporation Number |
| | | CONFORTI HOLDINGS LIMITED | | |
| | | Address | City | Province Postal Code |
| | | 36 LIMCOMBE DR | THORNHILL | ON L3T 2V5 |

| Assignor Name | Assignor Name |
|---------------|---------------|
|---------------|---------------|

| Secured Party | Secured party, lien claimant, assignee | | |
|---------------|----------------------------------------|---------|----------------------|
| | ROYAL BANK OF CANADA | | |
| | Address | City | Province Postal Code |
| | 36 YORK MILLS ROAD, 4TH FLOOR | TORONTO | ON M2P 0A4 |

| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
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| Motor Vehicle Description | Year | Make | Model | V.I.N. |
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| Motor Vehicle Description | Year | Make | Model | V.I.N. |
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General Collateral Description

General Collateral Description

Registering Agent

Registering Agent or Secured Party/ Lien Claimant

| | Address | City | Province | Postal Code |
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| Type of Search | Business Debtor | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | |

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| File Currency | 19OCT 2020 | | | | |
| | File Number | Family | of Families | Page | of Pages |
| | 639464895 | 1 | 8 | 5 | 24 |

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

| | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule Attached | Registration Number | Registered Under |
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| | | 01 | 001 | | 20170825 1437 1530 7658 | |

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| | 639464895 | | X | B RENEWAL | 5 | |

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| Reference Debtor/ Transferor | First Given Name | Initial | Surname | | | |
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| | Business Debtor Name | | | | | |
| | CONFORTI HOLDINGS LIMITED | | | | | |

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| Debtor/ Transferee | Date of Birth | First Given Name | Initial | Surname | |
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| | Business Debtor Name | | | | Ontario Corporation Number |
| | | | | | |
| | Address | | City | Province | Postal Code |
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| Assignor Name | Assignor Name | | | | |
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| Secured Party | Secured party, lien claimant, assignee | | | | |
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| | Address | | City | Province | Postal Code |
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| | Inventory | Equipment | Accounts | Other | Amount |

| Collateral Classification | Consumer Goods | | | | | | Motor Vehicle Included | | Date of Maturity or | No Fixed Maturity Date |
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| Motor Vehicle Description | Year | Make | Model | V.I.N. |
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| General Collateral Description | General Collateral Description |
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| Registering Agent | Registering Agent or Secured Party/ Lien Claimant |
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CANADIAN SECURITIES REGISTRATION SYSTEMS

| Address | City | Province | Postal Code |
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| 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 |

END OF FAMILY

| Type of Search | Business Debtor | | | | | | |
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| Search Conducted On | CONFORTI HOLDINGS | | | | | | |
| File Currency | 19OCT 2020 | | | | | | |
| File Number | File Number | Family | of Families | Page | of Pages | Expiry Date | Status |
| 646613073 | 2 | 8 | 6 | 24 | | 03JUL 2023 | |

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period |
|-------------|----------------|---------|-------------|------------------------|-------------------------|------------------|---------------------|
| 646613073 | | 01 | 001 | | 20080703 1944 1531 3133 | P PPSA | 5 |

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| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | |
| | | | | | |
| Business Debtor | Business Debtor Name | | | | Ontario Corporation Number |
| | CONFORTI HOLDINGS LIMITED | | | | |
| | Address | | City | Province | Postal Code |
| | 36 LIMCOMBE DR | | THORNHILL | ON | L3T 2V5 |

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|-------------------|----------------------|------------------|---------|----------|----------------------------|
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | |
| | | | | | |
| Business Debtor | Business Debtor Name | | | | Ontario Corporation Number |
| | | | | | |
| | Address | | City | Province | Postal Code |
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| Secured Party | Secured Party / Lien Claimant | | | | | | |
| | THE TORONTO-DOMINION BANK - 00762 | | | | | | |
| | Address | | | | | City | Province |
| | 2960 KINGSWAY DRIVE | | | | | KITCHENER | ON |
| | Postal Code | | | | | | |
| | N2C 1X1 | | | | | | |

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| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
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| General Collateral Description | General Collateral Description | | | | |
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| Registering Agent | Registering Agent | | | | |
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | |
| | Address | | | City | Province |
| | SUITE 200 - 4126 NORLAND AVENUE | | | BURNABY | BC |
| | | | | V5G 3S8 | |

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| Type of Search | Business Debtor | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | |
| File Currency | 19OCT 2020 | | | | |
| | File Number | Family | of Families | Page | of Pages |
| | 646613073 | 2 | 8 | 7 | 24 |

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

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| | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule Attached | Registration Number | Registered Under |
| | | 01 | 001 | | 20130617 1938 1531 9304 | |

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| Reference Debtor/ Transferor | First Given Name | | Initial | Surname | | |
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| | Business Debtor Name | | | | | |
| | CONFORTI HOLDINGS LIMITED | | | | | |

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| Debtor/ Transferee | Date of Birth | First Given Name | | | Initial | Surname | |
| | | | | | | | |
| | | Business Debtor Name | | | | Ontario Corporation Number | |
| | | | | | | | |
| | | Address | | | City | Province | Postal Code |
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|---------------|----------------------------------------|--|--|------|--|----------|-------------|
| Assignor Name | Assignor Name | | | | | | |
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| Secured Party | Secured party, lien claimant, assignee | | | | | | |
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| | Address | | | City | | Province | Postal Code |
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| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
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| | Year | Make | | | Model | | V.I.N. | | |

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| Motor Vehicle Description | | | | | | | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | | | |
| Registering Agent | Registering Agent or Secured Party/ Lien Claimant | | | | | | | | | | |
| CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | | | | | | | | |
| Address | | | | | City | | Province | Postal Code | | | |
| 4126 NORLAND AVENUE | | | | | BURNABY | | BC | V5G 3S8 | | | |
| CONTINUED | | | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | | | | | | | |
| File Currency | 19OCT 2020 | | | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | | | | | | |
| | 646613073 | 2 | 8 | 8 | 24 | | | | | | |
| FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT | | | | | | | | | | | |
| | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule Attached | Registration Number | | | Registered Under | | | |
| | | 01 | 001 | | 20180524 1429 1530 4234 | | | | | | |
| Record Referenced | File Number | Page Amended | No Specific Page Amended | Change Required | | | Renewal Years | Correct Period | | | |
| | 646613073 | | X | B RENEWAL | | | 5 | | | | |
| Reference Debtor/ Transferor | First Given Name | | | | Initial | Surname | | | | | |
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| | Business Debtor Name | | | | | | | | | | |
| | CONFORTI HOLDINGS LIMITED | | | | | | | | | | |
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| Reason / Description | Reason / Description | | | | | | | | | | |
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| Debtor/ Transferee | Date of Birth | First Given Name | | | Initial | Surname | | | | | |
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| | Business Debtor Name | | | | | | | | Ontario Corporation Number | | |
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| | Address | | | | | City | | Province | Postal Code | | |
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| Assignor Name | Assignor Name | | | | | | | | | | |
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| Secured Party | Secured party, lien claimant, assignee | | | | | | | | | | |
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| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date | | |

| Motor Vehicle Description | Year | Make | Model | V.I.N. | | | | | |
|----------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------|-------------|------------------------|-------------------------|----------------------------|---------------------|---------------------|------------------------|
| General Collateral Description | | | | | | | | | |
| General Collateral Description | | | | | | | | | |
| Registering Agent | | Registering Agent or Secured Party/ Lien Claimant | | | | | | | |
| | | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | | | | |
| | | Address | | City | Province | Postal Code | | | |
| | | 4126 NORLAND AVENUE | | BURNABY | BC | V5G 3S8 | | | |
| END OF FAMILY | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | | | | | |
| File Currency | 19OCT 2020 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status | | |
| | 704464623 | 3 | 8 | 9 | 24 | 23MAR 2025 | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period | | |
| 704464623 | | 01 | 004 | | 20150323 1946 1531 4623 | P PPSA | 5 | | |
| Individual Debtor | Date of Birth | First Given Name | | | Initial | Surname | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation Number | | | |
| | CONFORTI HOLDINGS LIMITED | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | 36 LIMCOMBE DRIVE | | | | THORNHILL | ON | L3T 2V5 | | |
| Individual Debtor | Date of Birth | First Given Name | | | Initial | Surname | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation Number | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | ROYAL BANK OF CANADA | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | 36 YORK MILLS ROAD, 4TH FLOOR | | | | TORONTO | ON | M2P 0A4 | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | X | X | X | X | X | | | | |
| Motor Vehicle Description | Year | Make | | | Model | | V.I.N. | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | THE ACQUIRED PERSONAL PROPERTY INCLUDING, WITHOUT LIMITATION, IN ALL | | | | | | | | |

| | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------|----------|-------------|
| GOODS, CHATTEL PAPER, DOCUMENTS OF TITLE, INSTRUMENTS, INTANGIBLES, MONEY AND SECURITIES NOW OWNED OR HEREAFTER OWNED OR ACQUIRED BY OR | | | | |
| Registering Agent | Registering Agent | | | |
| CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | |
| Address | | City | Province | Postal Code |
| 4126 NORLAND AVENUE | | BURNABY | BC | V5G 3S8 |

CONTINUED

| | | | | | | | | | |
|-----------------------------------------------------|-----------------------------------------------------------------|------------------|-------------|------------------------|-------------------------|----------------------------|---------------------|---------------------|------------------------|
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | | | | | |
| File Currency | 19OCT 2020 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status | | |
| | 704464623 | 3 | 8 | 10 | 24 | 23MAR 2025 | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period | | |
| 704464623 | | 02 | 004 | | 20150323 1946 1531 4623 | | | | |
| Individual Debtor | Date of Birth | First Given Name | | | Initial | Surname | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation Number | | | |
| | | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | |
| Individual Debtor | Date of Birth | First Given Name | | | Initial | Surname | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation Number | | | |
| | | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | | | | | | | |
| Motor Vehicle Description | Year | Make | | | Model | | V.I.N. | | |
| | | | | | | | | | |
| | | | | | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | ON BEHALF OF DEBTOR AND ALL PROCEEDS AND RENEWALS THEREOF, | | | | | | | | |
| | ACCRETIONS THERETO AND SUBSTITUTIONS THEREFOR, AND INCLUDING, | | | | | | | | |
| | WITHOUT LIMITATION, ALL OF THE FOLLOWING NOW OWNED OR HEREAFTER | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | |
| | | | | | | | | | |

CONTINUED

| | | | | | | | | | |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------|------------------------|-------------------------|----------------------------|---------------------|---------------------|------------------------|
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | | | | | |
| File Currency | 19OCT 2020 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status | | |
| | 704464623 | 3 | 8 | 11 | 24 | 23MAR 2025 | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period | | |
| 704464623 | | 03 | 004 | | 20150323 1946 1531 4623 | | | | |
| Individual Debtor | Date of Birth | | First Given Name | | | Initial | Surname | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation Number | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Individual Debtor | Date of Birth | | First Given Name | | | Initial | Surname | | |
| | | | | | | | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation Number | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | | | | | | | |
| Motor Vehicle Description | Year | Make | | | | Model | V.I.N. | | |
| | | | | | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | OWNED OR ACQUIRED BY OR ON BEHALF OF DEBTOR, ALL INVENTORY, ALL EQUIPMENT, ALL DEBTS, ALL DEEDS, DOCUMENTS, WRITINGS, PAPERS, BOOKS OF ACCOUNT AND OTHER BOOKS RELATING TO OR BEING RECORDS OF DEBTS, | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |

CONTINUED

| | | | | | | | |
|-----------------------------------------------------|-------------------|--------|-------------|------|----------|-------------|--------|
| Type of Search | Business Debtor | | | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | | | |
| File Currency | 19OCT 2020 | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status |
| | 704464623 | 3 | 8 | 12 | 24 | 23MAR 2025 | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | |

| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period |
|-------------|----------------|---------|-------------|------------------------|----------------------------|------------------|---------------------|
| 704464623 | | 04 | 004 | | 20150323 1946 1531 4623 | | |

| | | | | | | | | | |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------|----------------------------|----------|------------------------|----------|---------------------|------------------------|
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | | | | | |
| Business Debtor | | Business Debtor Name | | Ontario Corporation Number | | | | | |
| | | Address | | City | Province | Postal Code | | | |
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | | | | | |
| Business Debtor | | Business Debtor Name | | Ontario Corporation Number | | | | | |
| | | Address | | City | Province | Postal Code | | | |
| Secured Party | | Secured Party / Lien Claimant | | | | | | | |
| | | Address | | City | Province | Postal Code | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| Motor Vehicle Description | Year | Make | Model | V.I.N. | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | CHATTEL PAPER OR DOCUMENTS OF TITLE, ALL CONTRACTUAL RIGHTS AND INSURANCE CLAIMS AND ALL GOODWILL, PATENTS, TRADEMARKS, COPYRIGHTS, AND OTHER INDUSTRIAL PROPERTY. | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | |
| | | | | | | | | | |

CONTINUED

| | | | | | | | | | |
|--------------------------------------------------------------|-------------------|--------------|--------------------------|---------------------------------|-------------------------|---------|---------------|------------------|--|
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | | | | | |
| File Currency | 19OCT 2020 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | | | | |
| | 704464623 | 3 | 8 | 13 | 24 | | | | |
| FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT | | | | | | | | | |
| | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule Attached | Registration Number | | | Registered Under | |
| | | 01 | 001 | | 20200221 1433 1530 0667 | | | | |
| Record Referenced | File Number | Page Amended | No Specific Page Amended | Change Required | | | Renewal Years | Correct Period | |
| | 704464623 | X | B RENEWAL | 5 | | | | | |
| | First Given Name | | | | Initial | Surname | | | |

| | | | |
|---------------------------------|--|--|--|
| Reference Debtor/ Transferor | | | |
|---------------------------------|--|--|--|

Business Debtor Name

CONFORTI HOLDINGS LIMITED

Other Change

Other Change

Reason /
Description

Reason / Description

| | | | | |
|--------------------|---------------|------------------|---------|---------|
| Debtor/ Transferee | Date of Birth | First Given Name | Initial | Surname |
|--------------------|---------------|------------------|---------|---------|

Business Debtor Name

Ontario Corporation
Number

| | | |
|---------|------|----------------------|
| Address | City | Province Postal Code |
|---------|------|----------------------|

Assignor Name

Assignor Name

Secured Party

Secured party, lien claimant, assignee

| | | |
|---------|------|----------------------|
| Address | City | Province Postal Code |
|---------|------|----------------------|

| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
|------------------------------|-------------------|-----------|-----------|----------|-------|------------------------------|--------|------------------------|------------------------------|
|------------------------------|-------------------|-----------|-----------|----------|-------|------------------------------|--------|------------------------|------------------------------|

| | | | | |
|------------------------------|------|------|-------|--------|
| Motor Vehicle Description | Year | Make | Model | V.I.N. |
|------------------------------|------|------|-------|--------|

| | |
|-----------------------------------|--------------------------------|
| General Collateral Description | General Collateral Description |
|-----------------------------------|--------------------------------|

Registering Agent

Registering Agent or Secured Party/ Lien Claimant

CANADIAN SECURITIES REGISTRATION SYSTEMS

| | | | | |
|--|---------------------|---------|----------|-------------|
| | Address | City | Province | Postal Code |
| | 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 |

END OF FAMILY

| | | | | | | | |
|-----------------------------------------------------|-------------------|---------|----------------|---------------------------|----------------------------|---------------------|------------------------|
| Type of Search | Business Debtor | | | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | | | |
| File Currency | 19OCT 2020 | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status |
| | 714702861 | 4 | 8 | 14 | 24 | 11MAR 2021 | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period |
| 714702861 | | 01 | 001 | | 20160311 1434 1530 6127 | P PPSA | 5 |
| | | | | | | | |

| | | | | | | | | | |
|-----------------------------------------------------|-----------------------------------|------------------|-------------|----------------------------|-------------------------|----------------------------|---------------------|---------------------|------------------------|
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | | | | | |
| Business Debtor | Business Debtor Name | | | Ontario Corporation Number | | | | | |
| | CONFORTI HOLDINGS LIMITED | | | | | | | | |
| | Address | | City | Province | Postal Code | | | | |
| | 1800 SHEPPARD AVE E UNIT 307 | | TORONTO | ON | M2J 5A7 | | | | |
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | | | | | |
| Business Debtor | Business Debtor Name | | | Ontario Corporation Number | | | | | |
| | Address | | City | Province | Postal Code | | | | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | THE TORONTO-DOMINION BANK - 00842 | | | | | | | | |
| | Address | | City | Province | Postal Code | | | | |
| | 3100 HOWARD AVENUE | | WINDSOR | ON | N8X 3Y8 | | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | X | X | X | X | X | | | X | |
| Motor Vehicle Description | Year | Make | Model | V.I.N. | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | D+H LIMITED PARTNERSHIP | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | |
| | SUITE 200, 4126 NORLAND AVENUE | | | | | BURNABY | BC | V5G 3S8 | |
| END OF FAMILY | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | | | | | |
| File Currency | 19OCT 2020 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status | | |
| | 714712122 | 5 | 8 | 15 | 24 | 11MAR 2021 | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period | | |
| 714712122 | | 01 | 001 | | 20160311 1942 1531 6319 | P PPSA | 5 | | |
| Individual Debtor | Date of Birth | First Given Name | | | Initial | Surname | | | |
| Business Debtor | Business Debtor Name | | | | | Ontario Corporation Number | | | |
| | CONFORTI HOLDINGS LIMITED | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | |
| | 1800 SHEPPARD AVE E UNIT 307 | | | | | TORONTO | ON | M2J 5A7 | |
| Individual Debtor | Date of Birth | First Given Name | | | Initial | Surname | | | |

| | | | | |
|----------------------------------------------|--------------------------------|------------------------------------|-------------------------|----------------------------------------------------------|
| Business Debtor | Business Debtor Name | Ontario Corporation Number | | |
| | Address | City | Province | Postal Code |
| Secured Party | Secured Party / Lien Claimant | | | |
| THE TORONTO-DOMINION BANK - 00872 | Address | City | Province | Postal Code |
| PO BOX 215, 1800 SHEPPARD AVE E | | WILLOWDALE | ON | M2J 5A7 |
| Collateral Classification | Consumer Goods | Inventory Equipment Accounts Other | Motor Vehicle Included | Amount Date of Maturity or No Fixed Maturity Date |
| | X X X X X | | | X |
| Motor Vehicle Description | Year | Make | Model | V.I.N. |
| General Collateral Description | General Collateral Description | | | |
| Registering Agent | Registering Agent | | | |
| | D+H LIMITED PARTNERSHIP | | | |
| | Address | City | Province | Postal Code |
| | SUITE 200, 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 |
| END OF FAMILY | | | | |
| Type of Search | Business Debtor | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | |
| File Currency | 19OCT 2020 | | | |
| | File Number | Family of Families | Page of Pages | Expiry Date Status |
| | 740121084 | 6 8 16 24 | | 05JUN 2023 |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | |
| File Number | Caution Filing | Page of Total Pages | Motor Vehicle Schedule | Registration Number Registered Under Registration Period |
| 740121084 | 001 2 | | 20180605 0849 4085 8004 | P PPSA 05 |
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname |
| Business Debtor | Business Debtor Name | | | Ontario Corporation Number |
| CONFORTI HOLDINGS LTD | Address | City | Province | Postal Code |
| 35 GREEN VALLEY ROAD | | NORTH YORK | ON | M2P 1A4 |
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname |
| Business Debtor | 14FEB1952 | ANTONIO | | CONFORTI |
| | Business Debtor Name | | | Ontario Corporation Number |
| | Address | | City | Province Postal Code |
| | 35 GREEN VALLEY RD | | NORTH YORK | ON M2P 1A4 |
| Secured Party | Secured Party / Lien Claimant | | | |
| VW CREDIT CANADA INC. | | | | |

| | | | | | | | | | |
|-----------------------------------------------------|------------------------------------|------------------|-------------|------------------------|-------------------------|------------------------|---------------------|----------------------------|------------------------|
| | Address | | | | | City | Province | Postal Code | |
| | 4865 MARC-BLAIN ST., SUITE 300 | | | | | ST-LAURENT | QC | H4R 3B2 | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | X | X | X | X | X | | 47532.51 | 01JUN2023 | |
| Motor Vehicle Description | Year | Make | | | Model | | V.I.N. | | |
| | 2018 | AUDI | | | Q5 PROGRESSIV | | WA1ENAFY9J2151025 | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| Registering Agent | Registering Agent | | | | | | | | |
| | D + H LIMITED PARTNERSHIP | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | |
| | 2 ROBERT SPECK PARKWAY, 15TH FLOOR | | | | | MISSISSAUGA | ON | L4J 1H8 | |
| CONTINUED | | | | | | | | | |
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | | | | | |
| File Currency | 19OCT 2020 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status | | |
| | 740121084 | 6 | 8 | 17 | 24 | 05JUN 2023 | | | |
| FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN | | | | | | | | | |
| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period | | |
| 740121084 | | 002 | 2 | | 20180605 0849 4085 8004 | | | | |
| Individual Debtor | Date of Birth | First Given Name | | | | Initial | Surname | | |
| | 14FEB1952 | TONY | | | | | CONFORTI | | |
| Business Debtor | Business Debtor Name | | | | | | | Ontario Corporation Number | |
| | | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | |
| | 35 GREEN VALLEY RD | | | | | NORTH YORK | ON | M2P 1A4 | |
| Individual Debtor | Date of Birth | First Given Name | | | | Initial | Surname | | |
| | 14FEB1952 | TONY | | | | | CONFORTI | | |
| Business Debtor | Business Debtor Name | | | | | | | Ontario Corporation Number | |
| | | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | |
| | 35 GREEN VALLEY RD | | | | | NORTH YORK | ON | M2P 1A4 | |
| Secured Party | Secured Party / Lien Claimant | | | | | | | | |
| | Address | | | | | City | Province | Postal Code | |
| | | | | | | | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | | | | | | | |
| | Year | Make | | | | Model | V.I.N. | | |
| | | | | | | | | | |

Motor Vehicle
DescriptionGeneral Collateral
Description

General Collateral Description

| Registering Agent | Registering Agent | | | |
|-------------------|-------------------|--|------|-------------|
| | Address | | City | Province |
| | | | | Postal Code |
| | | | | |

END OF FAMILY

Type of Search Business Debtor
Search Conducted On CONFORTI HOLDINGS

File Currency 19OCT 2020

| File Number | Family | of Families | Page | of Pages | Expiry Date | Status |
|-------------|--------|-------------|------|----------|-------------|--------|
|-------------|--------|-------------|------|----------|-------------|--------|

743704353 7 8 18 24 13SEP 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

| File Number | Caution Filing | Page of Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period |
|-------------|----------------|---------------------|------------------------|---------------------|------------------|---------------------|
|-------------|----------------|---------------------|------------------------|---------------------|------------------|---------------------|

743704353 01 001 20180913 1039 1529 P PPSA 5 4331

Individual Debtor Date of Birth First Given Name Initial Surname

Business Debtor Business Debtor Name Ontario Corporation Number
CONFORTI HOLDING LIMITED

| Address | City | Province | Postal Code |
|---------|------|----------|-------------|
|---------|------|----------|-------------|

2-7755 WARDEN AVE MARKHAM ON L3R 0N3

Individual Debtor Date of Birth First Given Name Initial Surname

12FEB1988 GIANMARCO CONFORTI

Business Debtor Business Debtor Name Ontario Corporation Number

| Address | City | Province | Postal Code |
|---------|------|----------|-------------|
|---------|------|----------|-------------|

3 MALAREN RD MAPLE ON L6A 1E7

Secured Party Secured Party / Lien Claimant

BMW CANADA INC

| Address | City | Province | Postal Code |
|---------|------|----------|-------------|
|---------|------|----------|-------------|

50 ULTIMATE DRIVE RICHMOND HILL ON L4S 0C8

| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle | Amount Included | Date of Maturity or | No Fixed Maturity Date |
|---------------------------|----------------|-----------|-----------|----------|-------|---------------|-----------------|---------------------|------------------------|
|---------------------------|----------------|-----------|-----------|----------|-------|---------------|-----------------|---------------------|------------------------|

X X X X 29808 X

| Motor Vehicle Description | Year | Make | Model | V.I.N. |
|---------------------------|------|------|-------|--------|
|---------------------------|------|------|-------|--------|

2018 BMW X3 XDRIVE30I 5UXTR9C59JLD89754

General Collateral
Description

General Collateral Description

| Registering Agent | Registering Agent | | | | |
|-------------------|------------------------------------------|--|---------|------|----------|
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | |
| | Address | | | City | Province |
| | 4126 NORLAND AVENUE | | BURNABY | BC | V5G 3S8 |

END OF FAMILY

| | | | | | | | |
|---------------------|-------------------|--------|-------------|------|----------|-------------|--------|
| Type of Search | Business Debtor | | | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | | | |
| File Currency | 19OCT 2020 | | | | | | |
| | File Number | Family | of Families | Page | of Pages | Expiry Date | Status |
| | 825298173 | 8 | 8 | 19 | 24 | 01OCT 2026 | |

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

| File Number | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule | Registration Number | Registered Under | Registration Period |
|-------------|----------------|---------|-------------|------------------------|-------------------------|------------------|---------------------|
| 825298173 | | 01 | 001 | | 19961001 1740 1513 0950 | P PPSA | 5 |

| | | | | | |
|-------------------|---------------------------|------------------|-----------|----------------------------|-------------|
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | |
| | | | | | |
| Business Debtor | Business Debtor Name | | | Ontario Corporation Number | |
| | CONFORTI HOLDINGS LIMITED | | | | |
| | Address | | City | Province | Postal Code |
| | 36 LIMCOEBE DR | | THORNHILL | ON | L3T 2V5 |

| | | | | | |
|-------------------|---------------------------|------------------|-----------|----------------------------|-------------|
| Individual Debtor | Date of Birth | First Given Name | Initial | Surname | |
| | | | | | |
| Business Debtor | Business Debtor Name | | | Ontario Corporation Number | |
| | CONFORTI HOLDINGS LIMITED | | | | |
| | Address | | City | Province | Postal Code |
| | 36 LIMCOEBE DR | | THORNHILL | ON | L3T 2V5 |

| | | | | | |
|---------------|------------------------------------------------|--|---------|----------|-------------|
| Secured Party | Secured Party / Lien Claimant | | | | |
| | THE TORONTO-DOMINION BANK - KING & YONGE 10252 | | | | |
| | Address | | City | Province | Postal Code |
| | 1 KING STREET & YONGE STREET | | TORONTO | ON | M5H 1A1 |

| | | | | | | | | | |
|---------------------------|----------------|-----------|-----------|----------|-------|------------------------|--------|---------------------|------------------------|
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | X | X | X | X | X | | | | X |

| | | | | | | |
|---------------------------|------|------|-------|--------|--|--|
| Motor Vehicle Description | Year | Make | Model | V.I.N. | | |
| | | | | | | |

| | | | | | | |
|--------------------------------|--------------------------------|--|--|--|--|--|
| General Collateral Description | General Collateral Description | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

| | | | | | |
|-------------------|-------------------|--|------|----------|-------------|
| Registering Agent | Registering Agent | | | | |
| | | | | | |
| | Address | | City | Province | Postal Code |
| | | | | | |

CONTINUED

| | |
|----------------|-------------------|
| Type of Search | Business Debtor |
| | CONFORTI HOLDINGS |

Search Conducted
On

File Currency 19OCT 2020

File Number 8 Family of Families Page of Pages
825298173 8 8 20 24

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

Caution Filing Page of Total Pages Motor Vehicle Registration Number Registered Under
Schedule Attached

01 001 20010917 1830 1531 2608

Record Referenced File Number Page Amended No Specific Page Amended Change Required Renewal Years Correct Period
825298173 X B RENEWAL 5Reference Debtor/
Transferor First Given Name Initial SurnameBusiness Debtor Name
CONFORTI HOLDINGS LIMITED

Other Change Other Change

Reason / Description Reason / Description

Debtor/ Transferee Date of Birth First Given Name Initial Surname
Business Debtor Name Ontario Corporation Number
Address City Province Postal Code

Assignor Name Assignor Name

Secured Party Secured party, lien claimant, assignee

Address City Province Postal Code

Collateral Classification Consumer Goods Inventory Equipment Accounts Other Motor Vehicle Included Amount Date of Maturity or No Fixed Maturity Date

Motor Vehicle Description Year Make Model V.I.N.

General Collateral Description General Collateral Description

Registering Agent

Registering Agent or Secured Party/ Lien Claimant

CANADIAN SECURITIES REGISTRATION SYSTEMS

| | Address | City | Province | Postal Code |
|--|----------------------------------|----------|----------|-------------|
| | SUITE 180-13571 COMMERCE PARKWAY | RICHMOND | BC | V6V2L1 |

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|--------------------------------------------------------------|---------------------------------------------------|------------------|--------------------------|---------------------------------|-------------------------|------------------------|----------------------------|---------------------|------------------------|
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | | | | | |
| File Currency | 19OCT 2020 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | | | | |
| | 825298173 | 8 | 8 | 21 | 24 | | | | |
| FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT | | | | | | | | | |
| | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule Attached | Registration Number | Registered Under | | | |
| | | 01 | 001 | | 20060913 2002 1531 1940 | | | | |
| Record Referenced | File Number | Page Amended | No Specific Page Amended | Change Required | | Renewal Years | Correct Period | | |
| | 825298173 | | X | B RENEWAL | | 5 | | | |
| Reference Debtor/ Transferor | First Given Name | | | Initial | Surname | | | | |
| | | | | | | | | | |
| | Business Debtor Name | | | | | | | | |
| | CONFORTI HOLDINGS LIMITED | | | | | | | | |
| Other Change | Other Change | | | | | | | | |
| | | | | | | | | | |
| Reason / Description | Reason / Description | | | | | | | | |
| | | | | | | | | | |
| Debtor/ Transferee | Date of Birth | First Given Name | | | Initial | Surname | | | |
| | | | | | | | | | |
| | Business Debtor Name | | | | | | Ontario Corporation Number | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Assignor Name | Assignor Name | | | | | | | | |
| | | | | | | | | | |
| Secured Party | Secured party, lien claimant, assignee | | | | | | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | | | | | | | |
| Motor Vehicle Description | Year | Make | | | Model | | V.I.N. | | |
| | | | | | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | | | | | | | | | |
| Registering Agent | Registering Agent or Secured Party/ Lien Claimant | | | | | | | | |

| | | | | | |
|--|------------------------------------------|--|---------|--|----------------------|
| | CANADIAN SECURITIES REGISTRATION SYSTEMS | | | | |
| | Address | | City | | Province Postal Code |
| | 4126 NORLAND AVENUE | | BURNABY | | BC V5G 3S8 |

CONTINUED

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|--------------------------------------------------------------|----------------------------------------|------------------|--------------------------|---------------------------------|-------------------------|----------------------------|-------------|---------------------|------------------------|
| Type of Search | Business Debtor | | | | | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | | | | | |
| File Currency | 19OCT 2020 | | | | | | | | |
| | File Number | Family | of Families | Page | of Pages | | | | |
| | 825298173 | 8 | 8 | 22 | 24 | | | | |
| FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT | | | | | | | | | |
| | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule Attached | Registration Number | | | | |
| | | 01 | 001 | | 20110919 1452 1530 1979 | | | | |
| Record Referenced | File Number | Page Amended | No Specific Page Amended | Change Required | Renewal Years | | | | |
| | 825298173 | | X | B RENEWAL | 5 | | | | |
| Reference Debtor/ Transferor | First Given Name | | | Initial | Surname | | | | |
| | | | | | | | | | |
| | Business Debtor Name | | | | | | | | |
| | CONFORTI HOLDINGS LIMITED | | | | | | | | |
| Other Change | Other Change | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| Reason / Description | Reason / Description | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| Debtor/ Transferee | Date of Birth | First Given Name | | | Initial | Surname | | | |
| | | | | | | | | | |
| | Business Debtor Name | | | | | Ontario Corporation Number | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Assignor Name | Assignor Name | | | | | | | | |
| | | | | | | | | | |
| Secured Party | Secured party, lien claimant, assignee | | | | | | | | |
| | | | | | | | | | |
| | Address | | | | City | Province | Postal Code | | |
| | | | | | | | | | |
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | | | | | | | |
| Motor Vehicle Description | Year | Make | | | Model | | V.I.N. | | |
| | | | | | | | | | |
| General Collateral Description | General Collateral Description | | | | | | | | |
| | | | | | | | | | |

Registering Agent

Registering Agent or Secured Party/ Lien Claimant

CANADIAN SECURITIES REGISTRATION SYSTEMS

| | Address | City | Province | Postal Code |
|--|---------------------|---------|----------|-------------|
| | 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 |

CONTINUED

Type of Search Business Debtor

Search Conducted CONFORTI HOLDINGS
On

File Currency 19OCT 2020

| File Number | Family | of Families | Page | of Pages |
|-------------|--------|-------------|------|----------|
| 825298173 | 8 | 8 | 23 | 24 |

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

| Caution Filing | Page of Filing | Total Pages | Motor Vehicle Schedule Attached | Registration Number | Registered Under |
|-------------------|-------------------|-------------|------------------------------------|-------------------------|------------------|
| | 01 | 001 | | 20160819 1936 1531 8023 | |

| Record Referenced | File Number | Page Amended | No Specific Page Amended | Change Required | Renewal Years | Correct Period |
|----------------------|-------------|-----------------|--------------------------------|-----------------|------------------|----------------|
| | 825298173 | X | | B RENEWAL | 5 | |

Reference Debtor/
Transferor First Given Name Initial SurnameBusiness Debtor Name
CONFORTI HOLDINGS LIMITED

Other Change Other Change

Reason / Description Reason / Description

| Debtor/ Transferee | Date of Birth | First Given Name | Initial | Surname |
|--------------------|---------------|----------------------|---------|-------------------------------|
| | | | | |
| | | Business Debtor Name | | Ontario Corporation Number |
| | | | | |
| | | Address | City | Province Postal Code |

Assignor Name Assignor Name

Secured Party Secured party, lien claimant, assignee

Address City Province Postal Code

| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
|------------------------------|-------------------|-----------|-----------|----------|-------|------------------------------|--------|------------------------|------------------------------|
| | | | | | | | | | |

| Motor Vehicle Description | Year | Make | Model | V.I.N. |
|------------------------------|------|------|-------|--------|
| | | | | |

General Collateral
Description

General Collateral Description

Registering Agent

Registering Agent or Secured Party/ Lien Claimant

CANADIAN SECURITIES REGISTRATION SYSTEMS

| | Address | City | Province | Postal Code |
|--|---------------------|---------|----------|-------------|
| | 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 |

CONTINUED

| | | | | | |
|---------------------|-------------------|--------|-------------|------|----------|
| Type of Search | Business Debtor | | | | |
| Search Conducted On | CONFORTI HOLDINGS | | | | |
| File Currency | 19OCT 2020 | | | | |
| | File Number | Family | of Families | Page | of Pages |
| | 825298173 | 8 | 8 | 24 | 24 |

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

| | Caution Filing | Page of | Total Pages | Motor Vehicle Schedule Attached | Registration Number | Registered Under |
|--|----------------|---------|-------------|---------------------------------|-------------------------|------------------|
| | | 01 | 001 | | 20160908 1934 1531 5676 | |

| Record Referenced | File Number | Page Amended | No Specific Page Amended | Change Required | Renewal Years | Correct Period |
|-------------------|-------------|--------------|--------------------------|-----------------|---------------|----------------|
| | 825298173 | | X | B RENEWAL | 5 | |

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|------------------------------|---------------------------|---------|---------|--|
| Reference Debtor/ Transferor | First Given Name | Initial | Surname | |
| | | | | |
| | Business Debtor Name | | | |
| | CONFORTI HOLDINGS LIMITED | | | |

| | | | | |
|--------------|--------------|--|--|--|
| Other Change | Other Change | | | |
| | | | | |
| | | | | |

| | | | | |
|----------------------|----------------------|--|--|--|
| Reason / Description | Reason / Description | | | |
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| | | | | | |
|--------------------|----------------------|------------------|---------|---------|----------------------------|
| Debtor/ Transferee | Date of Birth | First Given Name | Initial | Surname | |
| | | | | | |
| | Business Debtor Name | | | | |
| | | | | | Ontario Corporation Number |
| | | | | | |
| | Address | | City | | Province Postal Code |
| | | | | | |

| | | | | | |
|---------------|----------------------------------------|--|--|--|--|
| Assignor Name | Assignor Name | | | | |
| | | | | | |
| Secured Party | Secured party, lien claimant, assignee | | | | |

| | | | | | | | | |
|--|---------|--|--|--|------|--|----------|-------------|
| | Address | | | | City | | Province | Postal Code |
| | | | | | | | | |

| | | | | | | | | | |
|---------------------------|----------------|-----------|-----------|----------|-------|------------------------|--------|---------------------|------------------------|
| Collateral Classification | Consumer Goods | Inventory | Equipment | Accounts | Other | Motor Vehicle Included | Amount | Date of Maturity or | No Fixed Maturity Date |
| | | | | | | | | | |
| | | | | | | | | | |

| | | | | |
|--|------|------|-------|--------|
| | Year | Make | Model | V.I.N. |
| | | | | |

Motor Vehicle
Description

General Collateral
Description

General Collateral Description

Registering Agent

Registering Agent or Secured Party/ Lien Claimant

CANADIAN SECURITIES REGISTRATION SYSTEMS

| | Address | City | Province | Postal Code |
|--|---------------------|---------|----------|-------------|
| | 4126 NORLAND AVENUE | BURNABY | BC | V5G 3S8 |

LAST PAGE

Note: All pages have been returned.

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**IN THE MATTER OF THE PROPOSAL TO CREDITORS OF CONFORTI HOLDINGS LIMITED,
A CORPORATION INCORPORATED UNDER THE ONTARIO BUSINESS CORPORATIONS ACT, R.S.O. 1990, C. B.16**

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

PROCEEDING COMMENCED AT TORONTO

**Affidavit of Marie-Eve Berube-Cote
Sworn October 13, 2021**

GOWLING WLG (CANADA) LLP
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Thomas Gertner (LSO#: 67756S)
Tel: 416-369-4618
Email: thomas.gertner@gowlingwlg.com

Lawyers for Moroccanoil, Inc.

TAB 3

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

**IN THE MATTER OF THE PROPOSAL TO CREDITORS OF CONFORTI HOLDINGS
LIMITED,
A CORPORATION INCORPORATED UNDER THE ONTARIO *BUSINESS CORPORATIONS
ACT, R.S.O. 1990, C. B.16***

AFFIDAVIT OF MARK RIEDEL

(Sworn October 13, 2021)

**I, Mark Riedel, of the City of Santa Monica, California MAKE OATH AND SAY AS
FOLLOWS:**

1. I am a member of the law firm Conkle, Kremer & Engel, PLC ("CKE"), counsel to Plaintiff Moroccanoil, Inc. ("Moroccanoil") in the New Jersey Proceedings.¹ As a result of my extensive involvement in the New Jersey Proceedings, I have personal knowledge of the matters to which I hereinafter depose save and except where I refer to matters based on information and belief, in which case I verily believe that information to be true. Where the information set out in this affidavit is based upon information that I have received from others, I have stated the source of that information and believe it to be true.

2. Capitalized terms used herein and not otherwise defined have the meanings given to them in the affidavit of Marie Eve Bérubé-Côté sworn as of October 13, 2021 (the "Bérubé-Côté Affidavit").

¹ I note that in making this affidavit, I do not intend to waive any privilege attaching to communications with Moroccanoil and Moroccanoil expressly reserves its rights to assert all applicable privileges.

Purpose

3. I am swearing this affidavit in support of Moroccanoil's motion for an Order, *inter alia*, declaring that no secured indebtedness is owing by Conforti Holdings Limited ("CHL") to Beauty Experts Inc. ("BEI").

Discovery in New Jersey Proceedings

4. As noted above, CKE is lead litigation counsel to Moroccanoil in the New Jersey Proceedings, supplemented by the assistance of Duane Morris as local counsel. John Conkle and I are the primary counsel at CKE on this matter and have been intimately involved in the New Jersey Proceedings since their inception in 2011.

5. As set out in the Bérubé-Côté Affidavit, between the period of May 15, 2016 (ECF No. 129) and August 11, 2021 (ECF No. 340), the parties engaged in a substantial and comprehensive discovery process as part of the New Jersey Proceedings. This discovery process involved the exchange of significant documentation and production regarding CHL's business. I note the following about the documents and evidence exchanged as part of this discovery process:

- (a) Approximately 88,000 pages of financial statements and financial documents and other documentation were produced by CHL and its predecessor SDI. None of the documents produced by CHL contained any reference to BEI, or any claim for past due and unpaid management fees owing to BEI. The vast majority of the CHL financial statements were produced by CHL on or after September 30, 2019, the date on which SDI and Conforti first disclosed the existence of CHL in the New Jersey Proceedings;
- (b) CHL produced its financial records from 2012 to 2017, including profit and loss statements, balance sheets, and general ledgers. These financial records do not reference BEI or a claim

for past due management fees. In contrast, the 2015 ledgers refer to “intercompany” loans between CHL and SDI, even though SDI ceased to exist as a legal entity as of March 2013;

- (c) CHL also disclosed or produced certain financial statements on a salon by salon level (from 2010 to 2020) for approximately 47 salons owned by CHL and Conforti (through various corporate entities). None of these salon financial records disclosed the existence of BEI or a debt owed to BEI for past due management fees.
- (d) CHL/SDI produced an expert damages report prepared by RSM Canada Consulting LP (“RSM”) as of September 30, 2019 (The “RSM Report”). The RSM Report alleges lost profit damages on behalf of the “Conforti Group”, consisting of CHL, SDI and Conforti, in the approximate amount of \$5 million, from the time period July 4, 2015 into perpetuity. To prepare the RSM Report, I understand RSM was briefed extensively by CHL on the financial condition of CHL and its related legal entities and provided with extensive financial records. The RSM Report makes no mention of BEI or an outstanding obligation owed to BEI for unpaid management fees. The RSM Report was updated and amended as of June 2020, as at the close of the accounting period March 31, 2020; and
- (e) The lead author of the RSM Report, Paul Mandel, CPA, was deposed by Moroccanoil in August 2020, and never once referred to BEI, or an outstanding obligation of CHL owed to BEI – all under penalty of perjury. The existence of an approximately \$1.5 million debt owed by CHL to BEI would have been relevant to this lost profit analysis.
- (f) In June of 2016, in the initial phase of the discovery process, Moroccanoil requested that Defendants SDI and Conforti produce all documents related to their claim for damages against Moroccanoil. Under Rule 26 of the Federal Rules of Civil Procedure, Defendants were under a continuing legal obligation to produce all documents regarding their claim for damages, and to update and supplement that production to correct or complete a prior

response that was otherwise incorrect or incomplete. Despite this legal to duty to disclose, at no time did the Defendants, Conforti, CHL or SDI, disclose the existence of BEI, or any alleged debt between CHL and BEI for unpaid management fees.

SWORN before me by video-conference at the City of Santa Monica, in the State of California this 13th day of October, 2021

Commissioner for taking affidavits, etc.



MARK REIDEL

**IN THE MATTER OF THE PROPOSAL TO CREDITORS OF CONFORTI HOLDINGS LIMITED,
A CORPORATION INCORPORATED UNDER THE ONTARIO *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, C. B.16**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

Affidavit of Mark Riedel
Sworn October 13, 2021

GOWLING WLG (CANADA) LLP
First Canadian Place
100 King Street West, Suite 1600
Toronto ON M5X 1G5

Clifton P. Prophet (LSO#: 34845K)
Tel: 416-862-3509
Email: clifton.prophet@gowlingwlg.com

Thomas Gertner (LSO#: 67756S)
Tel: 416-369-4618
Email: thomas.gertner@gowlingwlg.com

Lawyers for Moroccanoil, Inc.

**IN THE MATTER OF THE PROPOSAL TO CREDITORS OF CONFORTI HOLDINGS LIMITED,
A CORPORATION INCORPORATED UNDER THE ONTARIO *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, C. B.16**

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

PROCEEDING COMMENCED AT TORONTO

**Motion Record
Beauty Experts Security Motion**

GOWLING WLG (CANADA) LLP
First Canadian Place
100 King Street West, Suite 1600
Toronto ON M5X 1G5

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Tel: 416-369-4618
Email: thomas.gertner@gowlingwlg.com

Lawyers for MoroccanOil, Inc.