

Court No.: CV-20-00645116-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF TRIBALSCALE INC.**

**SECOND REPORT TO THE COURT
SUBMITTED BY MNP LTD.,
IN ITS CAPACITY AS COURT APPOINTED MONITOR
OF
TRIBALSCALE INC.**

NOVEMBER 24, 2020

I. INTRODUCTION

1. On May 19, 2020, Tribalscale Inc. ("**Tribalscale**" or the "**Company**") filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to Section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"). MNP Ltd. ("**MNP**") was named proposal trustee in the NOI proceeding. Tribalscale's NOI proceedings are referred to herein as the "**NOI Proceedings**".
2. On July 31, 2020, the Court issued an order that, *inter alia*, ordered:
 - a. a stay of proceedings in favour of Tribalscale until October 31, 2020 (the "**Stay Period**");

- b. declaring that the NOI Proceedings be continued under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. C-36, as amended ("**CCAA**");
 - c. the appointment of MNP as the Monitor (the "**Monitor**") in the CCAA proceedings (the "**CCAA Proceedings**"); and
 - d. charges (the "**Charges**") on the properties, assets and undertakings of the Company (collectively the "**Property**"), in the following order of priority:
 - i. Administration Charge - to the maximum amount of \$125,000; and
 - ii. Directors' Charge - to the maximum amount of \$125,000.
3. On October 28, 2020, the Monitor filed its first report (the "**First Report**") in support of the Company's motion to approve, *inter alia*: (i) an extension of the Stay Period until January 31, 2021; and (ii) the Restructuring Support Agreement between Tribalscale and its senior secured creditor, 1924191 Ontario Inc. ("**192**") dated as of November 3, 2020 (the "**RSA**"). On October 30, 2020, the Court approved the RSA and granted the requested extension of the Stay Period. A copy of the October 30, 2020 Court Order is attached as **Appendix "A"**.
4. Information regarding the NOI Proceedings and the CCAA Proceedings has been posted to the Monitor's case website (the "**Case Website**") at <https://mnpdebt.ca/en/corporate/corporate-engagements/tribalscale-inc>.
5. As noted in the Jaitly Affidavits (as such term is defined below), the primary objectives of the CCAA Proceedings are to create a stabilized environment for Tribalscale to continue operating as a going concern business while the Company works with the Monitor and other advisors to (i) resolve a dispute with a customer, Sirius XM Connected Vehicle Services ("**Sirius XM**"); and (ii) to implement the RSA by way of a plan of arrangement under the CCAA (the RSA is enclosed as Exhibit "A" of the November Affidavit (as such term is defined below)).

II. RESTRICTIONS

6. In preparing this Report and making the comments herein, the Monitor has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the affidavits of Sheetal Jaitly, Tribalscale's CEO, dated June 15, 2020 and July 25, 2020 filed in the NOI Proceedings and the affidavits of Sheetal Jaitly, dated October 27, 2020 and November 22, 2020 (the "**November Affidavit**") in connection with the CCAA Proceedings (collectively, the "**Jaitly Affidavits**"), Tribalscale's books and records, discussions with Tribalscale's management ("**Management**") and information from other third-party sources (collectively, the "**Information**"). Except as specifically noted in this Report, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.

7. The Monitor also bases its report on the Company's cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals' Standards of Professional Practice No. 9 (Cash Flow Statement). Certain of the information referred to in this Second Report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by the Chartered Professional Accountants of Canada, has not been performed. Future oriented financial information referred to in this Report was prepared based on estimates and assumptions provided by Management. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material. On March 17, 2020, the Province of Ontario declared a state of emergency due to the COVID-19 pandemic. The effect of this declaration along with other federal, provincial and municipal actions regarding the COVID-19 pandemic on the Company's business and the economy in general has yet to be determined. In developing the cash flow projections, Management has reflected its current view of the potential impact of the COVID-19

pandemic on its cash flow. However, the ongoing uncertainty and instability caused by the COVID-19 pandemic and various government regulatory actions in response thereto, may cause actual results to differ from the projected amounts and these variations may be material.

8. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars.

III. PURPOSE OF THIS REPORT

9. The purpose of this Report (the “**Second Report**”) is to:
 - a. Update the Court with respect to:
 - i. the activities of the Company and the Monitor since the First Report;
 - ii. the Company’s actual cash flows for the period from October 12, 2020 to November 15, 2020, as well as any material variances between these actual receipts and disbursements and the revised cash flow forecast (the “**Second Revised Cash Flow Forecast**”), which was appended to the First Report and attached hereto as **Appendix “B”**;
 - iii. provide an overview of the key terms and conditions of Tribalscale’s Plan of Compromise and Arrangement dated November 22, 2020 (as such plan may be amended or modified from time to time, the “**Plan**”), a copy of which is attached as Exhibit “B” to the November Affidavit;
 - iv. provide information regarding the meeting of creditors (the “**Meeting**”) to consider and vote on the Plan;
 - b. provide the Monitor’s support for, and observations in respect of Tribalscale’s request that the Court to grant an Order (the “**Meeting Order**”), *inter alia*:
 - i. accepting the filing of the Plan;
 - ii. approving the classification of the Affected Secured Creditors (as defined below and in the Plan) as set out in the Plan for considering and voting on the Plan;

- iii. authorizing Tribalscale, with the assistance of the Monitor, to call, hold and conduct the Meeting and approving the voting procedures contemplated to be followed at the Meeting;
- iv. authorizing that Business Development Bank of Canada (“**BDC**”) be deemed to have voted in favour of Plan; and
- v. approving the activities of the Monitor and those of its independent legal counsel, Borden Ladner Gervais LLP (“**BLG**”), as set-out in this Report.

IV. BACKGROUND INFORMATION

- 10. Tribalscale is an Ontario corporation that until May 19, 2020 was carrying on business out of leased premises located at 200 Wellington Street West, Toronto, Ontario.
- 11. Tribalscale is a technology innovation firm providing services to companies located in Canada and United States on digital product strategy, design and development for web, mobile and emerging tech. The Company partners with large enterprises and teaches them the practices and approaches needed to release digital products to market that satisfy their consumers.

V. ACTIVITIES OF THE COMPANY

- 12. Since the First Report, the Company has *inter alia*:
 - a. with the assistance of its legal counsel and the Monitor and BLG, formulated the Plan;
 - b. carried on its business in the ordinary course, including providing a reporting of actual receipts, disbursements and variances to the Monitor; and
 - c. communicated with creditors, including Canada Revenue Agency to, among other things, facilitate a further trust examination in respect of Tribalscale’s payroll account and the Ministry of Finance in respect of filing certain Employer Health Tax returns.

VI. ACTIVITIES OF THE MONITOR

13. The Monitor has undertaken the following activities since the First Report, *inter alia*:

- a. updated the Case Website, as necessary;
- b. communicated via email and telephone with the stakeholders to address their inquiries;
- c. monitored Tribalscale's actual cash flows in comparison with the Second Revised Cash Flow Forecast;
- d. reviewed and, together with BLG, provided the Monitor's comments on the Plan;
- e. prepared this Report; and
- f. engaged in discussions with the Company and its counsel regarding the Company's efforts to restructure its operations.

VII. CASH FLOW PROJECTIONS

14. To date, Tribalscale has provided the Monitor with its full co-operation and unrestricted access to its books and records.

15. The Monitor has implemented procedures for monitoring the Company's receipts and disbursements and has kept in close contact with Management to ensure that operations are continuing in the normal course of business and in accordance with the Second Revised Cash Flow Projections.

16. A summary of the Company's actual receipts and disbursements as compared to those presented in the Second Revised Cash Flow Projections for the five-week period October 12, 2020 through November 15, 2020 ("**Monitored Period**") are as follows (subject to rounding errors):

	Cumulative Five-Week Period Ended Nov 15, 2020		
(Unaudited, in \$ CAD)	Actual	Budget	Variance
Receipts from customers	183,588	151,037	32,551
Sale of Equipment and Fixture	21,825	15,490	6,335
Miscellaneous Income & SRED	5,962	-	5,962
Canada Emergency Wage subsidy	92,112	92,112	0
Total receipts	303,487	258,639	44,848
Disbursements			
Payment to suppliers	(4,876)	(4,876)	-
Payments for operating expenses	(52,102)	(59,427)	7,325
Payroll (inc. contractors)	(238,881)	(241,459)	2,578
Interest and loan repayment	-	-	-
Tax	(22,228)	(22,228)	-
Total Disbursements	(318,087)	(327,990)	9,902
Operating Net Cash Flow	(14,601)	(69,351)	54,750
Administrative Fees	(36,509)	(70,000)	33,491
Net Cash Flow	(51,110)	(139,351)	88,241
Beginning Cash	2,132,722	2,132,722	-
Net Cash Flow	(51,110)	(139,351)	88,241
Interim Financing/(repayment)	-	-	-
Ending Cash	2,081,612	1,993,371	88,241

17. Overall, Tribalscale realized a favorable net cash flow variance of approximately \$88.24M during the Monitored Period. The key components of the variance are as follows:

- a. Receipts from customers: The favorable variance of approximately \$32.55M is primarily a timing difference relating to early collections from two customers totaling approximately \$123.6M, which is partially offset by a delay in receipt of collections from another customer of approximately \$91.25M, which was received subsequent to the Monitored Period.
- b. Sale of Equipment and Fixture: As noted in the First Report, Tribalscale recently advertised its redundant fixed assets comprising computer hardware, and furniture and fixtures, via the online platforms, Kijiji and Facebook marketplace. The

Company realized approximately \$21.8M (net book value of approximately \$159.2M), which was higher than what had been expected. The favorable variance is permanent in nature.

- c. Payment of operating expenses: The favorable variance of \$7.3M is timing in nature and relates to delay in receipt of certain supplier invoices.
- d. Administrative fees: The favorable variance appears to be timing in nature as the Company anticipates increased costs related to the CCAA Proceedings, and more particularly, the development and implementation of the Plan.

VIII THE PLAN

Purpose of the Plan

- 18. As noted in the Jaitly Affidavits, one of Tribalscale's key objectives in the CCAA Proceedings is to resolve its secured indebtedness with 192. Tribalscale was involved in ongoing negotiations with 192, culminating in the parties entering into the RSA.
- 19. The purpose of the Plan, like the RSA, is to effect a restructuring of Tribalscale's secured indebtedness with the expectation that persons having an economic interest in the Company, when considered as a whole, will derive a greater benefit from the implementation of the Plan than would result from Tribalscale's bankruptcy.
- 20. Tribalscale also commenced the CCAA Proceedings to work with the Monitor and other advisors to resolve its dispute with Sirius XM concerning an amount due from Sirius XM (estimated at \$671M) (the "**Sirius XM Receivable**") relating to services Tribalscale rendered to Sirius XM. In this regard, the RSA and the Plan contemplate:
 - a. Tribalscale incorporating a new company ("**Newco**") and seeking approval from the Court for a reverse vesting order ("**RVO**"), which has the effect of transferring all the unsecured debt of Tribalscale to Newco and then vesting out absolutely the claims of all transferred unsecured creditors from Newco; and

- b. Tribalscale issuing to the unsecured creditors of Newco a promissory note in the amount of the Sirius XM Receivable, less the fees and costs incurred to collect or enforce the Sirius XM Receivable, which promissory note shall be payable on a pro rata basis to the unsecured creditors of Newco upon receipt of the Sirius XM Receivable or upon a determination by the Court, or settlement of the claim of the Company against Sirius XM in respect to the Sirius XM Receivable.

Summary of Salient Terms of the Plan

21. The following section provides a summary of the salient terms of the Plan. The description of the Plan is a summary only, and creditors are cautioned that in the event that there is inconsistency between the Second Report and the Plan, the terms of the Plan shall govern. Creditors are encouraged to read the Plan in its entirety and to review it with legal counsel.

Classes of Creditors

22. As at September 30, 2020, Tribalscale's secured debt obligations to 192 and BDC (collectively, the "**Affected Secured Creditors**") total approximately \$2.763MM, of which \$2.648MM (the "**192 Secured Debt**") is due to 192 and \$115.3M (the "**BDC Secured Debt**") is due to BDC.
23. The Plan contemplates each of the two Affected Secured Creditors being placed into their own class.
24. The Plan provides the following treatment to the claims:

192 Secured Debt

- a. On the Implementation Date (as defined in the Plan), 192 shall be entitled to receive in exchange for all of its right, title and interest in and to the 192 Secured Debt, a distribution of:
 - i. 90% of the new common shares ("**New Common Shares**") in Tribalscale's capital and

- ii. A secured promissory note issued by Tribalscale to 192 in the principal amount of \$1.4MM, with interest accruing annually at a rate of 2% per annum.
- b. 192 shall assign five (5%) of the New Common Shares to the Bank of Nova Scotia (“BNS”), which assignment is a result of the prior assignment of the 192 Secured Debt from BNS to 192.

BDC Secured Debt

- c. On the Implementation Date, Tribalscale shall make a cash distribution in the amount of the BDC Secured Debt via an electronic wire transfer, in full and final satisfaction of the indebtedness to BDC;

Equity Claims

- d. All equity claims, as such term is defined in section 2 of the CCAA, and all claims that are based on or related to Equity Claims (as such term is defined in the Plan), shall and shall be deemed to be fully, finally and irrevocably and forever compromised, released, discharged, settled, extinguished, cancelled and barred on the Implementation Date.

Unaffected Creditors

25. The Plan does not affect the Unaffected Creditors (as such term is defined in the Plan) to the extent of their Unaffected Claims (as such term is defined in the Plan and described below). Unaffected Claims, include

- a. the Charges;
- b. any Claims that cannot be compromised pursuant to subsection 19(2) of the CCAA;
- c. certain priority claims in favour of the Crown and Tribalscale’s employees that must be paid in accordance with the CCAA as a condition of the Court granting the Sanction Order;

- d. any claims vested out by the RVO (which, for greater clarity is all unsecured claims other than normal course trade obligations); and
- e. the Unsecured Trade Obligations (as such term is defined in the Plan).

Conditions Precedent to the Plan Implementation

26. The conditions precedent to the Plan (the “**Implementation Conditions**”) are set out in article 6.1 of the Plan and include, among other things:

- a. the Plan must be approved by the requisite majority of the Affected Secured Creditors;
- b. the order sanctioning the Plan (the “**Sanction Order**”) and the RVO must be granted by the Court;
- c. the existing shareholders agreement of Tribalscale shall be deemed to be terminated pursuant to the Sanction Order;
- d. Tribalscale shall file articles of amendment to restate the rights, privileges, restrictions and conditions attaching to the common shares;
- e. all applicable appeal periods in respect of the Sanction Order and the RVO will have expired and any appeals therefrom finally disposed of by the applicable appellant tribunal;
- f. all required persons will have executed, delivered and filed all documents and other instruments that, in the opinion of the Company and the Monitor, are necessary to implement the provisions of the Plan, the Sanction Order and the RVO; and
- g. no action or proceeding will be pending by any third party to enjoin or prohibit the Plan.

27. Upon satisfaction of the Implementation Conditions, Tribalscale will proceed to implement the Plan. In consultation with the Monitor, the Company will designate the Implementation

Date and will implement the Plan on the day indicated on the certificate which the Monitor files with the Court certifying the waiver or satisfaction of the Implementation Conditions.

Releases

28. The Plan contemplates that on the Implementation Date, each of the Affected Secured Creditors will release Tribalscale, its present and former employees, contractors, Directors and Officers, financial advisors, legal counsel and agents, from any and all liabilities and claims that arose either prior to the Implementation Date, or after the Implementation Date in furtherance of the Plan and that is in any way related to, arose out of, or connected with the (i) Affected Secured Claims; (ii) Equity Claims (iii) Existing Shares (as such term is defined in the Plan); (iv) Existing Share Options (as such term is defined in the Plan); (v) RSA; (vi) Plan; (vii) CCAA Proceedings or (viii) NOI Proceedings.
29. The release provided for in the Plan does not extend to release or discharge: (i) Unaffected Claims; (ii) Tribalscale from its obligations under the Plan, or any order issued by the Court in connection with the Plan; (iii) Newco from its obligations under the Plan; and (iv) a Released Party in such circumstances where that party has been found by the Court to have committed fraud, gross negligence or wilful misconduct.

Amendments to the Plan

30. Tribalscale, subject to the provisions of the Plan, is authorized to make and file modifications to the Plan prior to, or at the Meeting, in which case any such modifications will be deemed to form part of the Plan. Notice of such modifications to the Plan will be permitted at, or before the Meeting provided that if, prior to, or at the Meeting (a) the Chair communicates the details of the plan modification to Affected Secured Creditors and other persons present at the Meeting prior to any vote being taken at the Meeting; (b) Tribalscale provides notice to the service list in the CCAA Proceedings of such modification and files a copy thereof with the Court forthwith and in any event, prior to the Court hearing the motion for the Sanction Order (the “**Sanction Motion**”); and (c) the Monitor posts an electronic copy of the plan modification on the Case Website forthwith and in any event prior to the Court hearing the Sanction Motion.

31. After the Meeting (and both prior to and subsequent to the granting of the Sanction Order by the Court), the Company is authorized to make certain plan modifications: (a) pursuant to an Order of the Court, or (b) without an order of the Court if, in the opinion of the Company and the Monitor, such amendment is (i) administrative in nature; (ii) required to in order to give effect to the implementation of the Plan or the Sanction Order; or, (iii) required to cure any errors, omissions or ambiguities in respect of the Plan, and with regard to (i), (ii) or (iii) will not be materially prejudicial to the interests of the Affected Secured Creditors. The Monitor will forthwith post on the Case Website any such amendment or modification of the Plan, with notice of such posting forthwith provided to the Service List.

Monitor's Observations and Conclusions

32. The Monitor is of the view that the Plan is fair and reasonable and recommends that the creditors vote in favour of the Plan for the following reasons:

- a. the Plan contemplates the continued operation of Tribalscale's business;
- b. 192's contemplated conversion of a portion of the 192 Secured Debt to equity will enable Tribalscale to continue its operations by reason of reducing its debt service payments;
- c. the classification of the Affected Secured Creditors into two classes is fair and reasonable having regard to the factors detailed in section 22 of the CCAA, including the:
 - i. nature and rank of any security in respect of their claims;
 - ii. the remedies available to the creditors in the absence of the Plan; and
 - iii. the lack of commonality of interest given the contemplated treatment of each of the Affected Secured Creditors under the Plan;
- d. The 192 Secured Debt will be compromised under the Plan, whereas the BDC Secured Debt will be repaid in full.
- e. the Plan is consistent with the RSA, which as noted above, was previously approved by the Court;

- f. BLG has provided the Monitor with an opinion confirming that, subject to certain standard assumptions and qualifications, that the BNS loan and security in respect of Tribalscale, as assigned to 192 is valid and enforceable as against the Company.
- g. as noted in the First Report, based on the estimated realizable value of the Property, but not taking in account Tribalscale's investments¹, and given the extent of Tribalscale's obligation to the Secured Creditors, the costs of realization and potential priority payables, it appears likely that there would be minimal if any, net proceeds of realization available to the Unsecured Creditors in the event of Tribalscale's bankruptcy. Accordingly, the terms of the Plan and the effect of the contemplated RVO appear fair and reasonable given that the Unsecured Creditors do not appear to have an economic interest in Tribalscale's business; and
- h. the Plan is intended to maintain Tribalscale as a going concern in order to preserve the revenue-generating capabilities of the Company for the benefit of all stakeholders, including employees, trade creditors and suppliers.

IX CREDITORS MEETING

33. The Meeting is to be held in accordance with the Plan and the proposed Meeting Order. A summary of the proposed Meeting Order is provided below:
- a. The Meeting of the Affected Secured Creditors is to be held on November 27, 2020 at 4 PM (Toronto time). The Meeting is to take place by videoconference due to the COVID-19 pandemic;
 - b. A representative of the Monitor, designated by the Monitor, shall preside as the chair of the Meeting. The Monitor may also appoint scrutineers for the supervisions

¹ The Company holds equity positions in five (5) private companies. Tribalscale has provided the Monitor with financial statements and certain other information related to these investments. The balance sheets provided for these companies indicate limited asset value asides from the intangible assets/intellectual property. The Monitor notes that it does not possess sufficient information on which to carry out a valuation of these intangibles and intellectual property and/or Tribalscale's interest in these companies. The Monitor is also of the view that such a valuation is beyond the scope of its mandate. Accordingly, in comparing the RSA with a liquidation in bankruptcy, the Monitor has not considered the value these investments may produce, if any, in the event of a liquidation

and tabulation of the attendance, quorum and votes cast. The Monitor may also designate an individual to act as the Secretary at the Meeting;

- c. In addition to the Chair, the Scrutineers and the Secretary, the only persons entitled to attend the Meeting are the Affected Secured Creditors, the Monitor, the Applicant, and their respective legal counsel and financial advisors.
- d. For the purposes of voting at the Meeting:
 - i. the Chair will direct a vote on the resolution to approve the Plan (the “**Plan Resolution**”) and any amendments or variations thereto as the Monitor and the Applicant may consider appropriate;
 - ii. the quorum required at the Meeting will be one representative of each Affected Secured Creditor, present in person or by Proxy, with the Meeting Order deeming BDC to have voted in favour of the Plan; and
 - iii. an Affected Secured Creditor will be permitted to attend the Creditors’ Meeting in person or by Proxy, in accordance with the process contemplated by the Meeting Order.
- e. The Meeting may be adjourned to such date, time and place as may be designated by the Monitor, if prior to, or during the Meeting, the Monitor, in consultation with the Company, decides to adjourn the Meeting.
- f. Subject to the Meeting Order being granted, the Monitor will:
 - i. provide an electronic copy of Notice of Meeting, the Plan, the Meeting Order, and the Proxy (collectively, the “**Voting Package**”) to each Affected Secured Creditor;

- ii. forthwith post an electronic copy of the Voting Package to the Case Website; and
- iii. no later than one Business Day before the Meeting, the Monitor will also serve a report regarding the Plan on the Service List and cause such report to be posted on the Case Website.
- g. In the Monitor's view, the proposed Meeting Order provides a comprehensive process to facilitate the Meeting and the advancement of the Plan. The Monitor is also of the view that the notice provisions provided in the Plan are fair and reasonable in the circumstances. The provision deeming BDC to have voted in favour of the Plan is fair and reasonable considering BDC is being paid out as part of the Plan.

X. COURT APPROVAL OF THE PLAN

- 34. The Monitor understands that the Company has scheduled the motion (the "**Sanction Order Motion**") for the Sanction Order for December 3, 2020.
- 35. Prior to the Sanction Order Motion, the Monitor will file a further report to Court updating the Court on the results of the voting on the Plan and Monitor's recommendations related to the sanctioning of the Plan.

XI. CONCLUSION AND RECOMMENDATION

- 36. Based on the foregoing, the Monitor respectfully recommends that the Court make an order granting the relief detailed in paragraph 9.

All of which is respectfully submitted on this 24th day of November 2020.

MNP LTD.,
in its capacity as Court Appointed Monitor of
Tribalscale Inc.
and not in its personal or corporate capacity

Per:

A handwritten signature in black ink, appearing to read "Sheldon Title", written over a horizontal line.

Sheldon Title
Licensed Insolvency Trustee

Appendix "A"

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

THE HONOURABLE MADAM) FRIDAY, THE 30TH
)
JUSTICE CONWAY) DAY OF OCTOBER, 2020

**IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED**

**AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
TRIBALSCALE INC.**

Applicant

**ORDER
(Re Stay Extension and Restructuring Support Agreement)**

THIS MOTION, made by TribalScale Inc. (the “**Applicant**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c C.-36, as amended (the “**CCAA**”), proceeded on this day by videoconference due to the COVID-19 crisis.

ON READING the Affidavit of Sheetal Jaitly affirmed October 27, 2020 (the “**Jaitly Affidavit**”) and on hearing the submissions of counsel for the Applicant and for MNP Inc. in its capacity as the Applicant’s CCAA monitor (the “**Monitor**”), and any other person listed on the counsel slip, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Christel Paul dated October 27, 2020, filed:

SERVICE

1. **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.

EXTENSION OF STAY PERIOD

2. **THIS COURT ORDERS** that the stay period referred to in the Initial Order of the Honourable Justice Gilmore dated July 31, 2020 is extended until and including January 31, 2021.

RESTRUCTURING SUPPORT AGREEMENT

3. **THIS COURT ORDERS** that the restructuring support agreement (the “**RSA**”) described in and appended to the Jaitly Affidavit is approved. The Applicant is hereby authorized, empowered, and directed to enter into the RSA, with such minor amendments as the Applicant may deem necessary; and the Applicant is authorized, empowered, and directed to take all steps and actions in respect of, and to comply with its obligations under, the RSA. For greater certainty, this paragraph does not constitute approval of the Transaction (as that term is defined in the RSA).

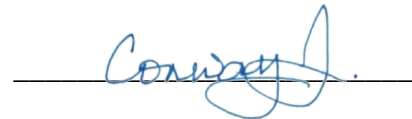
GENERAL

4. **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 Applicant, the Monitor 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 the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

5. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

6. **THIS COURT ORDERS** that this Order is effective from the date it is made without any need for entry and filing.

A handwritten signature in blue ink, appearing to read "Conway J.", is written over a solid horizontal black line.

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT
ACT, R.S.C. 1985, c. C-36, AS AMENDED**

Court File No. CV-20-00645116-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TRIBALSCALE INC. (the "Applicant")**

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

Proceedings commenced at Toronto

ORDER
(Re Stay Extension and Restructuring Support Agreement)

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Lawyers for TribalScale Inc.

Appendix “B”

Tribalscale Inc.
 Projected cash flows
 For the period ended January 31, 2021

Currency: CAD	Week 21	Week 22	Week 23	Week 24	Week 25	Week 26	Week 27	Week 28	Week 29	Week 30	Week 31	Week 32	Week 33	Week 34	Week 35	Week 36
Week beginning October 12 2020	12-Oct-20	19-Oct-20	26-Oct-20	2-Nov-20	9-Nov-20	16-Nov-20	23-Nov-20	30-Nov-20	7-Dec-20	14-Dec-20	21-Dec-20	28-Dec-20	4-Jan-21	11-Jan-21	18-Jan-21	25-Jan-21
Opening cash balance	2,132,722	2,143,712	2,012,249	2,221,570	1,993,371	1,993,371	1,876,884	1,849,015	2,062,730	1,828,886	1,794,198	1,658,006	1,985,304	1,889,106	1,887,077	1,742,429
Receipts																
Collection from new sales	-	-	151,037	-	-	20,009	-	135,736	-	-	-	312,008	149,800	-	-	223,168
Sale of Equipment and Fixture	15,490	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wage subsidy	-	-	92,112	-	-	-	-	88,080	-	-	-	65,024	-	-	-	-
Total receipts	15,490	-	243,149	-	-	20,009	-	223,816	-	-	-	377,032	149,800	-	-	223,168
Disbursements																
Pre-NOI expenses	-	4,876	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll (including taxes)	-	109,092	-	132,367	-	116,336	-	-	133,612	1,429	122,133	-	142,096	1,429	125,088	-
Accounting expenses	-	13,560	-	13,560	-	13,560	-	-	19,560	-	13,560	-	21,560	-	13,560	-
Operating and other miscellaneous expenses	4,500	3,935	11,600	12,272	-	6,600	-	10,100	10,672	100	500	16,100	12,342	600	6,000	10,100
Repayment of BDC loan	-	-	-	-	-	-	-	-	-	29,120	-	-	-	-	-	4,160
Interest on BDC loan	-	-	-	-	-	-	-	-	-	4,039	-	-	-	-	-	577
Administrative fees	-	-	-	70,000	-	-	-	-	70,000	-	-	10,000	70,000	-	-	-
HST payments	-	-	22,228	-	-	-	27,869	-	-	-	-	23,634	-	-	-	20,620
Total disbursements	4,500	131,463	33,828	228,199	-	136,496	27,869	10,100	233,844	34,688	136,193	49,734	245,998	2,029	144,648	35,457
Net Cash flow (Receipts less disbursements)	10,990	(131,463)	209,321	(228,199)	-	(116,487)	(27,869)	213,716	(233,844)	(34,688)	(136,193)	327,298	(96,198)	(2,029)	(144,648)	187,711
Closing cash balance	2,143,712	2,012,249	2,221,570	1,993,371	1,993,371	1,876,884	1,849,015	2,062,730	1,828,886	1,794,198	1,658,006	1,985,304	1,889,106	1,887,077	1,742,429	1,930,140

Disclaimer

- 1) In preparing the Statement of Second Revised Cash Flow Projections (the “**Cash Flow Projection**”), Tribalscale Inc. (the “**Company**”) has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. Since the Cash Flow Projection is based on assumptions about future events and conditions that are not ascertainable, actual results achieved during the period of the Cash Flow Projection will vary from the Cash Flow Projection, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Overview

- 2) The Cash Flow Projections, covering the period October 12, 2020 to January 31, 2021 (the “**Revised Extended Projection Period**”) includes the receipts and disbursements of the Company during the Revised Extended Projection Period. The Company, with the assistance of MNP Ltd., in its capacity as Monitor under the CCAA Proceedings, has prepared the Cash Flow Projection based primarily on estimated receipts and disbursements related to the CCAA Proceedings.

The Cash Flow Projection of the Company includes the following assumptions:

Hypothetical Assumptions

1. In developing the Statement of Second Revised Cash Flow Projections, Management has reflected its current view of the potential impact of the COVID-19 pandemic on its cash flow. However, the ongoing uncertainty and instability caused by COVID-19 pandemic and various government regulatory actions may cause actual results to differ from the projected amounts and these variations may be material.

Probable Assumptions

1. Sales are based on Management’s best estimate and is dependent on provision of services during the Revised Extended Projection Period pursuant to statements of work (“**SOW**”) entered into between the Company and its customers.
2. The Company has five active contracts, three of which were signed in September/October 2020. Receipts from customers comprises collections accruing from such contracts amounting to \$991M. The average forecasted collection time is 60-75 days from the date of invoicing. The collections are dependent on successful completion of milestones as per the Master Consulting Agreements and SOWs.
3. Total accounts receivables as at October 9, 2020 are approximately \$1.076MM of which the Company considers \$760M to be doubtful. For the purpose of preparing the Cash Flow Projection, the Company has assumed that any collection from doubtful accounts receivable will occur after the Revised Extended Projection Period.

4. Tribalscale recently advertised its redundant fixed assets comprising computer hardware, and furniture and fixtures, having a net book value of approximately \$113M via online platforms such as Kijiji and Facebook marketplace and have collected \$15.5M during October 2020 which is reflected in the Second Revised Cash Flow Projections. These assets were stored in a warehouse located in Whitby, Ontario since the Company's office lease was terminated in May 2020.
5. The Company had received benefits of Canada Emergency Wage Subsidy ("CEWS") for the respective pay periods through September 2020. The Company has assumed that it remains eligible to receive CEWS benefits during the Revised Extended Projection Period. However, due to a revision in the parameters of the CEWS program and impending clarity on certain issues, the Company has been conservative in their assumptions and considered a reduction in the percentage of subsidy based on the best information available.
6. Pre-NOI expense payments includes the Receivable Policy premiums amounting to approximately \$4.8M.
7. Payroll expenses includes payments to be made to employees in Canada and an employee and consultants in the United States. The Company had reduced certain salaries with effect from April 16, 2020, to respond the impact of the COVID-19 pandemic and as a cost-saving measure related to its restructuring. Subject to its receiving certain new contracts, the Company assumes it will phase in the return to full salary levels by increasing the reduced salaries by 25% each month from November 2020 through February 2021. The total impact of the reinstatement during the Revised Extended Projection Period is \$53M.
8. Accounting and Operating expenses are assumed to be paid on a current basis and include accounting expenses of \$95M payable to Xxact Inc., who provide back office support for the Company, cost of technical and sales tools of approximately \$44.5M and other related expenses.
9. Administrative fees include charges for Company's counsel, the Monitor's fees and expenses, including the fees and disbursements of the Monitor's independent legal counsel.
10. Other disbursements are based on management's best estimates.
11. No provision for income taxes has been made.
12. Monthly interest and repayment on BDC Lease Loan have been considered as per the terms of the executed agreement with BDC. BDC stopped automatic withdrawals of principal and interest payments upon filing of NOI by the Company in May 2020. Hence, the Company has also assumed deferred amount of principal and interest payments in their projections.

Dated at the City of Toronto in the Province of Ontario, this 27th day of October 2020.

MNP Ltd. - Licensed Insolvency Trustee



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Court No.: CV-20-00645116-00CL

**IN THE MATTER OF THE CCAA PROCEEDINGS OF TRIBALSCALE INC.,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

**SECOND REPORT TO THE COURT SUBMITTED BY MNP
LTD., IN ITS CAPACITY
AS COURT APPOINTED MONITOR OF
TRIBALSCALE INC.**

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