



Province of QUEBEC
District of Quebec
Division No.: 01 - Montreal

SUPERIOR COURT
"Commercial Division"

IN THE MATTER OF THE PROPOSALS OF:

Court No.: 500-11-061521-221
Estate No.: 41-2873643

VOTI INC., a body duly incorporated according to law, having its principal place of business at 790 Bégin Street, in the City of St-Laurent, Province of Quebec, H4M 2N5.

- and -

Court No.: 500-11-061520-223
Estate No.: 41-2873615

VOTI DETECTION INC., a body duly incorporated according to law, having its principal place of business at 790 Bégin Street, in the City of St-Laurent, Province of Quebec, H4M 2N5.

DEBTORS

- and -

PRICEWATERHOUSECOOPERS INC., LIT

TRUSTEE

**FIRST REPORT TO THE COURT
SUBMITTED BY PRICEWATERHOUSECOOPERS INC. IN ITS CAPACITY AS
TRUSTEE UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
VOTI INC. AND VOTI DETECTION INC.**

Pursuant to section 50.4 (7) of the *Bankruptcy and Insolvency Act* ("**BIA**"), we submit our report to the Court on the state of the business and financial affairs of the Debtors when requesting an extension for filing a proposal.

A. INTRODUCTION

1. This report ("**First Report**") is filed by PricewaterhouseCoopers Inc. ("**PwC**"), as Trustee named under the Notice of Intention to make a Proposal (the "**NOI**") filed by VOTI Inc. ("**VOTI**") and VOTI Detection Inc. ("**VOTI Detection**") (collectively the "**Companies**") on October 12, 2022 (the "**Filing Date**") under Section 50.4 (1) of the BIA. Copies of the *Certificates of Filing of a Notice of Intention to Make a Proposal* issued by the Office of the Superintendent of Bankruptcy Canada are attached as "**Appendix A**".
2. On October 22, the Companies, with the support and oversight of the Trustee, initiated a Sale and Investor Solicitation Process ("**SISP**"), which is currently being conducted by the Companies' financial advisor, Stifel Nicolaus Canada Inc. ("**Stifel**"), a well-known investment banker.

PricewaterhouseCoopers Inc., LIT
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3. Following the Companies' filing of the NOIs, the Companies halted their operations, and 59 of 67 employees world-wide were placed on temporary leave.
4. The purpose of this First Report is to provide this honourable Court with a summary of the following:
 - a) Background information on the Companies and causes of financial difficulty (**Section B**);
 - b) Financial Information, including its financial position and creditors (**Section C**);
 - c) Cash Flow Forecast (**Section D**);
 - d) Monitoring of Business and Financial Affairs (**Section E**);
 - e) The SISP being conducted by Stifel with the oversight of the Trustee and the Companies (**Section F**);
 - f) Conclusions and recommendations (**Section G**).

B. BACKGROUND

Description of Debtors' activities

5. Established in 2008, VOTI is a leading-edge Canadian technology company that develops latest-generation X-ray security systems. VOTI's technology and proprietary software produce remarkably sharp and more revealing X-ray images that are competitively superior while delivering enhanced threat detection capabilities and an improved user experience.
6. VOTI is headquartered in Montreal, Quebec and is a wholly owned subsidiary and the operating company of VOTI Detection, which had been publicly listed on the TSX Venture Exchange until the NOI. VOTI also operates in Malaysia, the United Arab Emirates (UAE), and the United-States, through its three subsidiaries, VOTI Detection Asia SDN. BHD., VOTI Security Scanning International, and VOTI USA Inc. (refer to **Appendix B**).
7. VOTI manufactures scanners in Montreal, Malaysia, and Dubai. VOTI sells both directly to end-users and to a network of global distributors. VOTI Detection's operations are negligible.
8. Since its incorporation, VOTI has supplied and installed scanners in over 50 countries.
9. VOTI sells its products and services to various industries, including government buildings and perimeters, transportation, travel, and events and entertainment industries (including cruise lines, airports and to public/ sporting venues).
10. VOTI's revenues stem from both the sale of X-ray scanners and supporting software, and from providing services related to their products, including remote diagnostics and updates and remote and on-site repairs and maintenance.
11. VOTI employed approximately 67 full-time employees world-wide prior to the filing of the NOI, of which 51 were located in Canada.



Causes of the Debtors' financial difficulties

12. Until the Covid-19 Pandemic (the "**Pandemic**"), VOTI was in a growth stage, with year over year increasing revenues.
13. As a result of the Pandemic, many of VOTI's customers deferred and/or cancelled orders. During the Pandemic, it was difficult to determine if, and when, orders would resume. Accordingly, VOTI maintained many of its fixed costs and employees to ensure that it could fulfil orders when operations returned to normal levels, resulting in a strain on its liquidity.
14. In addition, VOTI was significantly impacted by delays resulting from supply chain issues affecting its suppliers and freight forwarding lead times. The Pandemic also resulted in shortages of key manufacturing components, order backlogs, delivery delays and increased transportation costs.
15. In the first quarter of 2022, the rise in COVID-19 cases from the Omicron variant resulted in VOTI's inability to fulfil orders in a timely manner and the deferral of customers' orders. These delays put the Companies in a dire financial position.
16. In April 2022, the Companies engaged Stifel in order to formally solicit interest in the business and/or its assets. However, despite these efforts, no transaction materialized prior to the Companies' insolvency proceedings.
17. The items above resulted in significant pressure on the Companies' cash flows and the Companies were unable to pay their obligations as they generally became due.
18. Ultimately, the Companies had no choice but to file the NOI and proceed with a formal restructuring under these proceedings.

19. **FINANCIAL INFORMATION**

20. VOTI and VOTI Detection do not issue standalone financial statements. The Companies consolidated financial statements are included in the table below.



21. The table summarizes the consolidated balance sheets for VOTI and VOTI Detection as at July 31, 2022, and October 31, 2021, 2020, and 2019.

VOTI Detection Inc. Consolidated Balance Sheet (in 000's CAD)	July 31st, 2022 (9 months) Unaudited	Oct. 31st, 2021	Oct. 31st, 2020 Audited	Oct. 31st, 2019
Assets				
Current assets				
Cash	244	2 187	2 089	1 942
Trade and other receivables	4 013	2 616	1 929	7 714
Inventories	9 007	9 353	9 579	7 941
Other current assets	844	733	1 213	1 315
Total current assets	14 108	14 890	14 810	18 911
Non-current assets				
Property and equipment	435	760	1 037	844
Right of use assets	464	660	1 014	-
Intangible assets	5 440	4 758	4 653	3 397
Total non-current assets	6 339	6 178	6 704	4 241
Total assets	20 447	21 067	21 514	23 152
Liabilities				
Current liabilities				
Bank indebtedness	440	-	-	330
Trade payables and accrued liabilities	8 167	5 661	3 664	5 284
Deferred revenue	1 596	1 167	732	734
Current portion of long-term debt	3 489	974	937	-
Other current liabilities	688	600	999	408
Total current liabilities	14 380	8 402	6 333	6 756
Non-current liabilities				
Lease liabilities	249	496	788	-
Deferred revenue	1 772	2 461	2 143	1 766
Long-term debt	515	3 272	2 998	2 650
Other non-current liabilities	170	1 636	3 084	500
Total liabilities	17 085	16 268	15 346	11 673
Shareholders' equity				
Share capital	45 317	43 780	38 776	38 332
Stock option reserve	4 241	4 020	3 582	2 435
Deficit	(45 080)	(41 706)	(35 642)	(28 906)
Cumulative translation adjustment	(1 117)	(1 294)	(548)	(381)
Total shareholders' equity	3 361	4 800	6 168	11 480
Total liabilities and shareholders' equity	20 447	21 067	21 514	23 152



22. As at November 7, 2022, VOTI and VOTI Detection’s liabilities can be summarized as follows (in Canadian dollars):

VOTI

VOTI Inc.	
Liabilities as at November 7, 2022	
(in CAD)	
Bank Indebtedness - RBC	710 000
Espresso Capital Ltd	3 400 000
Investissement Quebec (IQ)	108 395
Secured liabilities	4 218 395
Agence du Revenu du Canada - DAS	60 000
Ministère du revenu - DAS	45 000
Unsecured liabilities	6 154 022
Total liabilities	10 477 417

23. VOTI’s secured lenders are comprised of the following (collectively, the “**Secured Lenders**”):
- a) The Royal Bank of Canada (“**RBC**”). RBC provides VOTI with a number of credits facilities including an operating line of credit, letters of credit and other credit facilities, certain of which are guaranteed by Export Development Canada. RBC has entered into a forbearance arrangement with VOTI whereby RBC has agreed to tolerate VOTI’s defaults, subject to VOTI’s compliance with certain terms and conditions;
 - b) Espresso Capital Ltd. (“**Espresso**”). Espresso provides VOTI with a term loan. Like RBC, Espresso has agreed to tolerate VOTI’s defaults, subject to VOTI’s compliance with terms and conditions. Additionally, pursuant to Espresso’s forbearance arrangement and subject to the terms and conditions thereof, Espresso has made available to VOTI additional funding in the form of interim financing for the pursuit of its restructuring efforts, including the SISP.
 - c) Investissement Québec in virtue of a loan advanced to VOTI.
24. The Secured Lenders benefit from hypothecs charging the universality of VOTI’s movable property. The Trustee has requested an independent legal opinion with respect to such security.

VOTI Detection

VOTI Detection Inc.	
Liabilities as at November 7, 2022	
(in CAD)	
No secured liabilities	-
Secured liabilities	-
Unsecured liabilities	100 000
Total liabilities	100 000

25. The Trustee has been advised by independent legal counsel that no security has been registered against VOTI Detection's assets.
26. The table below summarizes the consolidated Income Statement for VOTI and VOTI Detection as at July 31, 2022, October 31, 2021 and October 31, 2020:

VOTI Detection Inc.	July 31st, 2022 (9 months) Unaudited	Oct. 31st, 2021	Oct. 31st, 2020 Audited	Oct. 31st, 2019
Income Statement (in 000's CAD)				
Revenue	13 680	23 695	19 014	28 427
Cost of sales	(9 531)	(15 677)	(13 317)	(18 230)
Gross profit	4 149	8 018	5 697	10 197
Expenses				
General and administrative	3 326	4 067	4 742	4 811
Selling and distribution	3 932	5 381	4 971	5 913
Research and development	954	1 929	1 179	646
Financial expenses, net	1 155	3 150	2 175	955
Change in fair value of warrants	(2 214)	(1 333)	(988)	(1 315)
Change in fair value of embedded derivatives	(9)	323	(897)	-
Reverse acquisition of Steamsand	-	-	-	964
Share-based payments	378	566	1 251	2 518
Total expenses	7 522	14 083	12 432	14 492
Net loss	(3 373)	(6 065)	(6 735)	(4 295)
Other comprehensive loss				
Foreign currency translation adjustment	178	(746)	(168)	(121)
Comprehensive loss	(3 196)	(6 810)	(6 903)	(4 416)

27. As of July 31, 2022 (9 months), the Companies have only achieved 58% of last year's sales.



C. CASH FLOW FORECAST

VOTI

28. VOTI has prepared its projected cash flow forecast for the period starting October 13, 2022 and ending December 26, 2022 (**Appendix C**):
- a) It is assumed that VOTI's operations will continue to remain on hold during the forecast period. Accordingly, no new sales or purchases are contemplated.
 - b) VOTI intends to maintain the eight (8) active employees necessary for its limited operations and to ensure the assets are secure.
 - c) Assuming a bid is accepted following the SISP, it is assumed that a transaction would be authorized by the Court during the week ending December 9, 2022.
 - d) Although an authorization for a transaction is contemplated by December 9, 2022, the cash flow forecast ends on December 26, 2022 to reflect the extension period sought, which provides for what should be sufficient time in the event that there is a delay in closing a transaction.

VOTI Detection

29. VOTI Detection has prepared its projected cash flow forecast for the period starting October 13, 2022 and ending December 26, 2022 (**Appendix C**). It is anticipated that there will be no activity during the forecast period as operations of the business are included in VOTI.



D. MONITORING OF BUSINESS AND FINANCIAL AFFAIRS

VOTI

30. Pursuant to the BIA, we have monitored the business and financial affairs of VOTI. Cash flow movements for the period from October 13, 2022 to October 28, 2022 (2 weeks and 2 days), are as follows:

Voti Inc.				
Variance Analysis for the period ending October 28, 2022				
In CAD \$				
Week ending ----->	Actual Period	Forecast Period	Variance	
Receipts				
Collection of opening AR	296,679	212,768	83,911	31.a)
SRED Refund	222,766	222,765	1	
Actual deposit	72,035	72,035	-	
Total Receipts	591,479	507,568	83,912	
Disbursements				
Purchases	-	-	-	
Operating expenses	64,194	88,000	23,806	31.b)
Hydro deposit	-	30,000	30,000	31.c)
Payroll	97,412	95,108	(2,304)	
Bank fees	4,971	13,000	8,029	31.d)
RBC CC - Supplier pre-payments	1,000	-	(1,000)	
PwC & Osler fees	59,258	88,214	28,956	31.e)
Trustee's counsel	-	4,000	4,000	31.e)
BLG Fees	-	23,000	23,000	31.e)
Stifel fees	-	23,000	23,000	31.e)
KERP	-	804	804	
Misc.	10,286	35,569	25,283	31.f)
FX	5,439	-	(5,439)	31.g)
Total disbursements before transfers and RBC payments	242,561	400,695	158,134	
RBC Credit Card	51,223	51,223	-	
Transfer to RBC Trust account	100,000	100,000	-	
Total Disbursements	393,784	551,918	158,134	
Net Cash Flow	197,696	(44,350)	242,046	
Opening Cash	250,282	250,282	-	
Closing Cash	447,978	205,932	242,046	



31. Our observations are the following:
- a) The favorable variance is the result of a timing difference for the collection of opening receivables and is anticipated to reverse over the forecast period;
 - b) The favorable variance is due to timing differences in the payment of operating expense items and is anticipated to reverse over the forecast period.
 - c) VOTI received a notice that the total deposit required from Hydro Quebec will amount to \$13.3K;
 - d) The favorable difference in bank fees is due to timing and should reverse over the forecast period;
 - e) The favorable variance in professional fees and Stifel fees are due to timing differences and should reverse over the forecast period;
 - f) The favorable variance reflects timing differences and should reverse over the forecast period;
 - g) The unfavorable variance reflects the difference between the opening and closing exchange rates on the average balance in VOTI's USD bank account.

VOTI Detection

32. Pursuant to the BIA, we have monitored the business and financial affairs of the Debtor for the period from October 13, 2022 to October 28, 2022. As forecast, there were no receipts and disbursements.

E. SALE AND INVESTOR SOLICITATION PROCESS

33. The SISP is being conducted by Stifel, with the oversight of the Trustee and the Companies. It was decided that Stifel was best positioned to conduct the SISP for a number of reasons, including its experience with the Companies throughout its initial solicitation efforts prior to the filing of the NOI.
34. The SISP involves the marketing of the Debtors' business and related assets with the following milestones:

Steps	Dates
Issuance by Stifel of a solicitation package	October 22, 2022
Due Diligence Period for Potential Bidders	Between October 22, 2022 and November 4, 2022
Non-binding expressions of interest	November 4, 2022
Bid Deadline	November 25, 2022
Court's authorization and Closing Date of the contemplated transaction	December 9, 2022



35. The SISP process letter is attached hereto as **Appendix D**.
36. On November 4, 2022, Stifel and the Trustee obtained three (3) expressions of interest, which are currently being reviewed by the Companies, Stifel and the Trustee.

F. RECOMMENDATIONS

37. The Trustee is of the opinion that:
 - a) VOTI and VOTI Detection have acted, and are continuing to act, in good faith and with due diligence;
 - b) VOTI and VOTI Detection would have more time to explore their options, including making a viable proposal, if the extension being applied for were granted;
 - c) No creditor would be materially prejudiced if the extensions being applied for were granted.
38. An additional delay is needed to allow the Debtors to advance and continue with carrying out a restructuring under these insolvency proceedings.
39. As appears in the cash flow forecast, the Debtors have sufficient funding to continue a restructuring until the end of the proposed extension period.
40. The Trustee therefore agrees with the Debtors' request and recommends an extension of the period to file a proposal until December 26, 2022.
41. Additionally, the Trustee sees no issue with the Companies' request to consolidate the court files of VOTI and VOTI Detection for procedural purposes.

DATED AT MONTRÉAL, this 8th day of November 2022.

PRICEWATERHOUSECOOPERS INC.
LICENSED INSOLVENCY TRUSTEE
Trustee acting *in re* the proposal of
VOTI Inc. and VOTI Detection INC.

David Malin, CPA, CA, CIRP, LIT

Appendix A

Certificate of Filing of a Notice of Intention to Make a Proposal



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Québec
Division No. 01 - Montreal
Court No. 500-11-061521-221
Estate No. 41-2873643

In the Matter of the Notice of Intention to make a proposal of:

VOTI Inc.

Insolvent Person

PRICEWATERHOUSECOOPERS INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

October 12, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: October 13, 2022, 09:03

E-File/Dépôt Electronique

Official Receiver

Sun Life Building, 1155 Metcalfe Street, Suite 950, Montréal, Québec, Canada, H3B2V6, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Québec
Division No. 01 - Montreal
Court No. 500-11-061520-223
Estate No. 41-2873615

In the Matter of the Notice of Intention to make a proposal of:

VOTI Detection Inc.

Insolvent Person

PRICEWATERHOUSECOOPERS INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

October 12, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: October 13, 2022, 12:02

E-File/Dépôt Electronique

Official Receiver

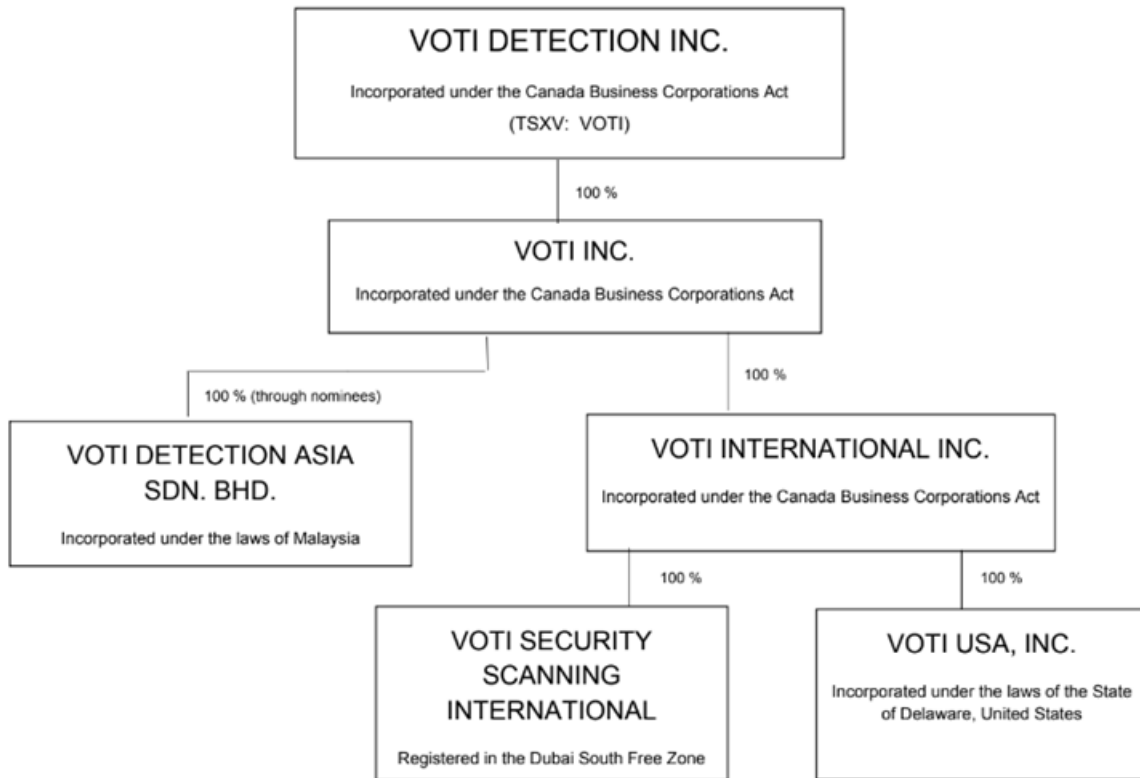
Sun Life Building, 1155 Metcalfe Street, Suite 950, Montréal, Québec, Canada, H3B2V6, (877)376-9902

Canada

Appendix B

Organizational Chart

**VOTI GROUP
ORGANIZATION CHART
November 13, 2018**



Appendix C

Cash flow forecast ending December 26, 2022



Voti Inc.													
Weekly Cash Flow Forecast for the period ending December 26, 2022													
In CAD \$													
Week ending ----->	14/Oct	21/Oct	28/Oct	4/Nov	11/Nov	18/Nov	25/Nov	2/Dec	9/Dec	16/Dec	23/Dec	26/Dec	Total
Receipts													
Collection of opening AR	63,373	85,370	64,025	55,930	63,784	24,951	44,536	-	-	-	-	-	401,969
SRED Refund	-	222,765	-	-	-	-	-	-	-	-	-	-	222,765
Actual deposit	37,514	34,521	-	-	-	-	-	-	-	-	-	-	72,035
Funding from Espresso	-	-	-	-	50,000	200,000	75,000	175,000	-	-	-	-	500,000
Total Receipts	100,887	342,656	64,025	55,930	113,784	224,951	119,536	175,000	-	-	-	-	1,196,769
Disbursements													
Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating expenses	-	52,000	36,000	30,000	10,000	60,000	-	60,000	-	-	-	-	248,000
Hydro deposit	-	-	30,000	-	-	-	-	-	-	-	-	-	30,000
Payroll	38,544	56,564	-	70,000	-	60,000	-	60,000	-	-	-	-	285,108
DAS Payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank fees	-	1,500	11,500	1,500	1,500	1,500	11,500	1,500	1,500	-	-	-	32,000
Essor payment	-	-	-	4,000	-	-	-	-	-	-	-	-	4,000
PwC & Osler fees	-	50,000	38,214	38,214	38,214	38,214	38,214	38,214	30,000	-	-	-	309,284
Trustee's counsel	-	-	4,000	4,000	4,000	4,000	4,000	4,000	-	-	-	-	24,000
BLG Fees	-	-	23,000	23,000	15,000	15,000	15,000	15,000	-	-	-	-	106,000
Stifel fees	-	11,500	11,500	11,500	11,500	11,500	11,500	-	-	-	-	-	69,000
KERP	-	804	-	804	-	804	15,000	-	-	-	-	-	17,412
Misc.	5,569	15,000	15,000	15,000	15,000	15,000	10,000	10,000	10,000	-	-	-	110,569
RBC Credit Card	-	51,223	-	-	-	-	-	-	-	-	-	-	51,223
Transfer to RBC Trust account	-	100,000	-	-	-	-	-	-	-	-	-	-	100,000
Total Disbursements	44,113	338,591	169,214	198,018	95,214	206,018	105,214	188,714	41,500	-	-	-	1,386,596
Net Cash Flow	56,774	4,065	(105,189)	(142,088)	18,570	18,933	14,322	(13,714)	(41,500)	-	-	-	(189,827)
Opening Cash	193,508	250,282	254,347	149,158	7,070	25,640	44,573	58,895	45,181	3,681	3,681	3,681	193,508
Closing Cash	250,282	254,347	149,158	7,070	25,640	44,573	58,895	45,181	3,681	3,681	3,681	3,681	3,681

DATED in Montreal, this 8th day of November 2022.**VOTI INC.**

DocuSigned by:

Rory Olson
Chief Executive Officer

PRICEWATERHOUSECOOPERS INC.
LICENSED INSOLVENCY TRUSTEE
Trustee in re the Proposal of
VOTI Inc.

DocuSigned by:

David Malin, CPA, CIRP, LIT
Designated Trustee

PricewaterhouseCoopers Inc., LIT
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 205 5694, www.pwc.com/ca



VOTI DETECTION INC
FORECASTED CASH FLOW STATEMENT
FROM OCTOBER 13 TO DECEMBER 26, 2022
(unaudited)

	\$
RECEIPTS	-
DISBURSEMENTS	-
Net cash flow variation	-
Opening balance	-
Closing balance	-

DATED in Montreal, this 8th day of November 2022.

VOTI DETECTION INC.

DocuSigned by:
Rory Olson

Rory Olson
Chief Executive Officer

PRICEWATERHOUSECOOPERS INC.
LICENSED INSOLVENCY TRUSTEE
Trustee *in re* the Proposal of
VOTI Detection Inc.

DocuSigned by:
David Malin

David Malin, CPA, CIRP, LIT
Designated Trustee

Appendix D

Sale and Investment Solicitation Process Letter

STRICTLY PRIVATE & CONFIDENTIAL

October 22, 2022

[INSERT ADDRESS OF RECIPIENT]

Dear Sirs/Mesdames:

Re: Expressions of interest and offers in relation to VOTI Inc. and VOTI Detection Inc.

We would like to thank you for your interest in a potential transaction regarding the assets and operations of VOTI Detection Inc. and VOTI Inc. (collectively, “VOTI” or the “Company”).

On October 12, 2022, VOTI filed a Notice of intention to make a proposal under the *Bankruptcy and Insolvency Act*, and PricewaterhouseCoopers Inc. was appointed as the trustee thereto (the “Trustee”). The Company, with the support and oversight of the Trustee, is implementing a Sale and Investor Solicitation Process (“SISP”) to be conducted by Stifel Nicolaus Canada Inc. (“Stifel”). The SISP will be conducted with the view of concluding a Transaction (as defined below) to be approved by the Superior Court of Quebec (Commercial Division) for the district of Montreal (the “Court”), the whole under the supervision of the Trustee.

This letter sets out the procedures for expressing your interest (the “**Expression of Interest**”) in pursuing a potential investment in the Company, acquisition of the operations of the Company and/or purchase of the Company’s assets (the “**Transaction**”) and outlines the information that shall be included therein and in your binding offer (the “**Offer**”). For greater clarity, this process comprises 2 potential stages, the first being your submission of an Expression of Interest by no later than 5:00 pm Eastern Prevailing Time on or before **November 4, 2022** (the “**EOI Deadline**”), and the second being the submission of an Offer with a Deposit by no later than 12:00 pm Eastern Prevailing Time on **November 25, 2022** (the “**Offer Deadline**”), the whole in conformity with and pursuant to the terms and conditions below. The outside date for the closing of the Transaction is **December 9, 2022** (the “**Outside Date**”).

This letter is being provided to you pursuant to the confidentiality and non-disclosure agreement (the “**NDA**”) that you have, or will have executed with the Company and is subject to the terms thereof.

As you are aware, the Company has retained Stifel as its exclusive financial advisor and intermediary to solicit interest in connection with a Transaction. Following your signature of an NDA, Stifel has provided you with an access to a virtual data room which contains documents and information including Information (as defined in NDA) to assist you in your review of the opportunity and in formulating your Expression of Interest and/or Offer.

Submitting an Expression of Interest

If you have an interest in exploring a potential Transaction with the Company, we require that you submit your Expression of Interest, signed by an authorized representative of your company, **solely to Stifel and**

the Trustee, to the attention of Derek Lithwick (at dlithwick@stifel.com) and David Malin (david.malin@pwc.com) by no later than the EOI Deadline.

Format and content of the Expression of Interest

Your Expression of Interest should reflect your best offer with respect to price, terms and conditions.

The Company, acting in consultation with Stifel and the Trustee, reserves its right to prepare a standard Asset Purchase Agreement, Share Purchase Agreement, Subscription Agreement or similar agreement (any of which being referred to as a “**Purchase Agreement**” below) to be used by all interested bidders.

Your Expression of Interest shall take the form of a non-binding letter of intent and shall discuss in detail all matters relating to your interest in the Company including clear statements with respect to the following information (the “**Specified Information**”):

1. **Identity of counterparty:** The name and jurisdiction of the legal entity making the Expression of Interest and, to the extent applicable, the jurisdiction and name(s) of the controlling shareholder(s) or identity of all other parties comprising the acquiring party. Confirmation that you are acting on your own behalf, as principal, and not in conjunction with or on behalf of any other party;
2. **Background information:** A brief outline providing background information on the acquiring or investing party and its business;
3. **Transaction Structure:** A description of the Transaction structure that you anticipate using for the Transaction, including any specific and material business, legal, financial or tax details and clearly indicates:
 - (a) that the legal entity making the Expression of Interest is seeking to acquire all or substantially all of the business, property and assets of the Company, whether through an asset purchase, a share purchase or a combination thereof (either one being, a “**Sale Proposal**”) or some other portion of the business, property and assets of the Company (a “**Partial Sale Proposal**”); and/or
 - (b) whether the legal entity making the Expression of Interest is offering to make an investment in, restructure, recapitalize, reorganize or refinance the Company or its business (an “**Investment Proposal**”);
4. **Sale Proposal Details:** In the case of a Sale Proposal, it identifies or contains the following:
 - (a) a description of the specific assets that are expected to be subject to the transaction and any assets expected to be excluded;
 - (b) a description of the anticipated tax planning, if any. Note that all applicable duties and taxes (including all sales taxes) that may be payable as a result of or in connection with the contemplated transaction must be paid (in addition to the purchase price) in full at closing;
 - (c) any other terms or conditions of the Sale Proposal or Partial Sale Proposal that the legal entity making the Expression of Interest believes are material to the Transaction;
5. **Investment Proposal Details:** In the case of a Investment Proposal, it identifies the following:

- (a) a description of how the legal entity making the Expression of Interest proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization;
 - (b) any other terms or conditions of the Investment Proposal that the Phase 1 Qualified Bidder believes are material to the Transaction;
6. **Purchase price:** The price in Canadian dollars that you intend to offer to pay to the Company, at closing;
7. **Purchase Agreement:** Please provide proposed key terms of the Purchase Agreement. The nature and extent of your proposed key terms of the Purchase Agreement, including any proposed conditions of closing, will be a key factor in the evaluation of your Expression of Interest;
8. **Representations and Warranties:** There will be no representations or warranties provided by either the Company, its shareholders, the Trustee, or Stifel and any Transaction shall be on an “as is where is basis”;
9. **Proposed capital structure:** Basic terms, sources and uses of funds, identity of the guarantors if the purchaser will be a special purpose entity;
10. **Conditions:** Confirmation, to the extent possible, that your Expression of Interest is not conditional to any further approvals, funding, or financing. Specifically, your Expression of Interest shall provide/confirm:
 - (a) A summary of the planned sources and uses of funds, and in the event that financing comes from internally available funds, evidence of availability;
 - (b) If financing is to be sourced from third parties, the Expression of Interest shall include all relevant financing documentation, including financing term sheets that support your planned sources of cash and that specify the contacts (individuals) of the financing institutions. Stifel could contact the individuals of the financing institutions to validate the financing (by submitting an Expression of Interest, you consent to such contact);
 - (c) A confirmation of whether your due diligence is complete or whether you intend to conduct further due diligence prior to submitting an Offer;
 - (d) That the Expression of Interest has been executed and delivered by an authorized signatory authorized and that all necessary corporate and other approvals to submit the Expression of Interest have been obtained;
 - (e) An outline of any internal approvals and any form of agreement or other document required from a stakeholder or other third party, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such approvals, along with information sufficient for the Company acting in consultation with Stifel and the Trustee to determine that these conditions are reasonable in relation to the party submitting the Expression of Interest.
 - (f) An outline of any anticipated regulatory approvals or filing requirements needed to complete the Transaction, an estimate of the anticipated timeframe and any anticipated impediments for obtaining such approvals, along with information sufficient for the Company acting in consultation with Stifel and the Trustee to

determine that these conditions are reasonable in relation to the party submitting the Expression of Interest.

11. **Advisors:** The names of any financial, legal or other advisors you have engaged or plan to engage in pursuing the Transaction;
12. **Intentions regarding the operations of the Company/Transition period:** A description of your plans regarding the business of the Company, including as it relates to employees, distributors, contractors and suppliers;
13. **Other information:** Any other information that you believe may be of relevance to the assessment of your Expression of Interest.
14. **Additional required terms:** The Expression of Interest shall also include the following declarations:
 - (a) You have had the opportunity to conduct your own due diligence in relation to VOTI and its financial and operational activities prior to submitting an Expression of Interest;
 - (b) You have relied solely on your own review and investigation into the Company's assets and operations, and have relied solely on your own findings;
 - (c) You have not relied on any representations, or warranties, whether written or oral, express, implied, statutory or otherwise, regarding VOTI and its assets;
 - (d) You waive all claims against VOTI, the Trustee, or Stifel in respect of any present, past and future activities of the Company, or any use or durability of the Company's assets, their quality, value, or sustainability, including without limitation claims for defamation;
 - (e) You confirm you will be responsible for your own costs incurred in connection with your investigation of the Company and any Transaction, including those of your advisors, attorneys, and agents;
 - (f) Your Expression of Interest is governed by the laws of the Province of Québec and the laws of Canada applicable therein;
 - (g) You agree and acknowledge that any Transaction will be completed in accordance with the terms of the SISP by no later than the Outside Date and that you must comply with the terms and provisions of this letter, the SISP and the NDA.
15. **Contacts:** The names, e-mail addresses and phone numbers of those people assigned to answer questions that we may have regarding your Expression of Interest and/or Offer.

Following receipt of your Expression of Interest, the Company, with the assistance of Stifel and the Trustee will review and analyze the Expression of Interest.

By no later than November 11, 2022, of the EOI Deadline, the Company, in its sole discretion, with the support of the Trustee, will determine the Expression(s) of Interest which will be allowed to continue the SISP and submit an Offer to Stifel and the Trustee by no later than the Offer Deadline (the “**Selected EOI**”).

The Company, in its sole discretion, with the support of the Trustee, reserves its rights to terminate the SISP if it determines that no satisfactory Expression of Interest has been received as at the EOI Deadline. In such a case, Stifel will contact potential bidders to inform them whether the SISP has been terminated by November 11, 2022.

Contemplated Date for Submitting the Offer

In the event that (i) you have submitted an Expression of Interest by the EOI Deadline, (ii) that your Expression of Interest is a Selected EOI, (iii) that the SISP has not been terminated and, (iv) that you have reviewed the Information and the additional contents of the virtual data room and have made such other enquiries as you deem appropriate, (v) that you have an interest in proceeding with a Transaction regarding the Company, and you wish to proceed with an Offer, **we ask that you submit an Offer** solely to Stifel (attention Derek Lithwick: dlithwick@stifel.com) and the Trustee (attention David Malin: david.malin@pwc.com), together with a deposit equal to 10% of the contemplated purchase price in the form of a certified cheque, bank draft or electronic transfer of funds payable to “PricewaterhouseCoopers Inc. – In Trust” using the coordinates below (the “**Deposit**”).

Identification of the beneficiary

Name: PwC Inc., in trust, Trustee re: Voti Inc.
Address : 1250, René-Lévesque Boulevard, Suite 2500,
Montréal, QC, H3B 4Y1
Beneficiary Account number: **51 756 26**

Name of beneficiary's banking institution

Name: National Bank of Canada
Address: 600, de la Gauchetiere St. West, Montreal, H3B 4L2
Institution number: 006
Transit number: 00011
SWIFT Code: BNDCCAMMINT

Your Offer must be received by Stifel and the Trustee at the following coordinates, together with the Deposit, by the Offer Deadline:

- electronically by email to the Trustee (David Malin: david.malin@pwc.com) and Stifel (Derek Lithwick: dlithwick@stifel.com), with the subject clearly marked “OFFER - VOTI”.

Your Offer constitutes a firm offer and cannot be revoked by you unless a written notice of withdrawal of the Offer is received by PWC and Stifel prior to the expiry of the Offer Deadline.

Following receipt of your Offer, the Trustee, together with Stifel will make their recommendation(s) to the Company concerning the selection of a bidder or bidders to move forward with the closing of a Transaction.

The Company, in consultation with the Trustee and Stifel may:

- (a) elect to reject any or all of the Offers and is under no obligation to accept the highest Offer or to accept any Offer;

- (b) seek clarification with respect to any of the terms or conditions of such EOI and/or request and negotiate one or more amendments to such EOI prior to determining if the EOI should be considered to move forward with the closing of a Transaction.

For greater certainty, there can be more than one Expression of Interest that may be determined as being satisfactory to move forward with making an Offer and potential closing of a Transaction.

If your Offer is refused, you will receive a notice of refusal and the Deposit (without any accrued interest thereon) will be promptly returned by the Trustee to you. You recognize and acknowledge that you have absolutely no recourse against the Trustee, Stifel and/or the Company as a result of the refusal of the Offer, save and except with respect to the return of the Deposit (without any accrued interest thereon).

If your Offer is selected and you fail to complete the Transaction or breach the terms, conditions and provisions of this SISP or the NDA, then:

- (a) you will be absolutely deemed to have completely forfeited your Deposit to and in favour of the Company and the Trustee shall immediately remit such Deposit to the Company, which the Company shall be entitled to retain as pre-determined partial damages (and not as a penalty) resulting from your default; and
- (b) the Company, Stifel and/or the Trustee, as the case may be, will be entitled to claim damages from you resulting your default in excess of the Deposit.

Important Information

All bidders must **solely** liaise with the designated Stifel representatives with respect to any additional information requests and **are not to communicate with management, shareholders, employees or customers of the Company, or any agent or representative of any of the foregoing**, without explicit written consent from Stifel.

The Company and its advisors expressly reserve the right in their sole and absolute discretion at any time, provided they obtain the prior approval of the Trustee to:

- (c) Amend, vary, modify or cancel the process and/or the timetable;
- (d) Decline to permit any bidder to participate in the process;
- (e) Terminate negotiations with any bidder at any time, including prior to entering into a definitive Purchase Agreement;
- (f) Reject any or all Expressions of Interest, Offers or other proposals;
- (g) Accept, review or consider any Expressions of Interest, Offer or other proposals, whether or not they represent the highest purchase price proposed by any bidder and whether or not they conform with the terms of this letter;
- (h) Deal with one or more bidder(s) to the exclusion of all other parties, and
- (i) Limit access at any time to any additional information;

The whole without any liability to the Company, its shareholders, directors, representatives or its advisors, the Trustee or Stifel.

In addition, the Company and Stifel reserve the right to amend any information which has been made available to interested parties either by way of addition, deletion or amendment.

No representation or warranty is made by the Company, its shareholders, directors, affiliates, advisors, including Stifel, representatives, the Trustee or any other person as to the accuracy or completeness of the Information or other information or documents supplied to you, either written or oral, and whether supplied directly or via a virtual data room established for the Transaction. Each bidder acknowledges and agrees that it shall be entitled to rely solely on the representations and warranties, if any, in a definitive agreement relating to a Transaction when, as, and if it is executed, and subject to any limitations and restrictions as may be specified in such definitive agreement. The bidders shall conduct their own investigation and analysis of the Company including with respect to legal, tax, and financial matters. By submitting your Expression of Interest or Offer, you acknowledge that you are relying solely upon your own independent investigation and evaluation of the business and attorn to the exclusive jurisdiction of the Court with respect to any and all legal proceedings or remedies related, directly or indirectly to this SISIP, the NDA, the Expression of Interest, the Offer and the Transaction.

Nothing herein shall constitute a waiver or modification of any of the terms of the NDA between you and the Company, which shall continue in full force and effect.

Any bidder who does not wish to pursue this opportunity is required to promptly give written notice of such termination and return or destroy all Confidential Information in accordance with the NDA and certify such destruction in writing by a senior officer.

Stifel may share any Expression of Interest, Offer or other proposal received with the Company, the Trustee, the Company's secured creditors, and their respective agents, consultants and advisors.

No finder's fees, commissions, expenses or other compensation will be paid by the Company, its shareholders, directors, representatives or Stifel to agents, consultants, advisors or other intermediaries of any bidders, and the Company, its shareholders and Stifel will not be responsible for any costs or expenses incurred by bidders in evaluating and pursuing the Transaction.

If your Offer is refused or the Company chooses not to proceed on it, you will receive a notice of refusal from Stifel.

On behalf of the Company, we would like to thank you for your interest and look forward to receiving your Offer.

Yours truly,

STIFEL NICOLAUS CANADA INC.

By:

Derek Lithwick
Managing Director
Tel.: 514-288-3211
dlithwick@stifel.com