

This is the 2nd Affidavit of
Graham Fox in this case and
was made on August 29, 2023

No. B-230306
Estate No. 11-2959889
Division No. 03 – Vancouver
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
LA BICICLETTA BICYCLES INC.

A F F I D A V I T

I, **Graham Fox**, businessperson, of 104 – 334 East Kent Avenue South, Vancouver, British Columbia, AFFIRM THAT:

1. I am the Chief Executive Officer (“**CEO**”) and a co-owner of La Bicicletta Bicycles Inc. (the “**Debtor**”) with Jonathan Bula (collectively, the “**Founders**”). I am primarily responsible for and have overseen the Debtor’s restructuring efforts to date. I have also reviewed the books and records maintained by the Debtor in the ordinary course of business. As such, I have personal knowledge of the matters deposed to in this affidavit, except where I depose to a matter based on information from an informant I identify, in which case I believe that both the information from the informant and the resulting statement are true. I am authorized to make this affidavit on behalf of the Debtor.
2. I swear this affidavit in support of the Debtor’s application seeking an order (the “**Approval and Vesting Order**”) approving the sale transaction (the “**Transaction**”) contemplated by the Asset Purchase Agreement dated August 29, 2023 (the “**Sale Agreement**”) between the Debtor, as vendor, and CSL Sports Ltd. as purchaser (the “**Purchaser**”), which vests the purchased assets described in the Sale Agreement in the Purchaser free and clear of all encumbrances.

3. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the affidavit I swore on July 19, 2023 (the "**First Fox Affidavit**"), which was filed in these proceedings the ("**NOI Proceedings**"). All references to currency in this Affidavit are references to Canadian dollars, unless otherwise specified.

The Debtor's Activities

4. On June 27, 2023 (the "**Filing Date**"), the Debtor filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"). FTI Consulting Canada Inc. ("**FTI**") was appointed as the Debtor's proposal trustee under the NOI (in such capacity, the "**Proposal Trustee**"). The NOI has been filed as part of a restructuring process (the "**Restructuring Process**") that the Debtor is pursuing in order to address a recently-developed and acute liquidity crisis.

5. On July 25, 2023, the Honourable Justice Tammen granted an order in these NOI Proceedings extending the stay of proceedings to August 31, 2023.

6. As I attested to in further detail in the First Fox Affidavit, on July 2, 2023, the Debtor commenced the Sales Process in consultation with the Proposal Trustee for the purpose of locating the highest and best available transaction with respect to the Debtor. In light of the Debtor's liquidity constraints, the Sales Process contemplated a compressed timeline, which incorporated input received from the Proposal Trustee. On July 7, 2023, the Debtors distributed the Teaser Letter to forty-three (43) potential bidders, including fourteen (14) strategic investors and twenty-nine (29) financial investors. The deadline for submissions of binding offers was July 26, 2023 (the "**Bid Deadline**").

7. As of the Bid Deadline, the Petitioners received two *en bloc* conditional offers and one expression of interest. A summary of the offers received are as follows:

Offeror	Offer Type	Purchase Price	Notes
CSL Sports Ltd.	<i>En bloc</i>	\$500,000	Cash consideration paid on close. Conditional on: (1) court approval of the transaction; (2) execution of a mutual release of the Founders' Guarantees (defined below); and (3) the execution of new contractor/employee contracts with the Founders and certain key employees. \$15,000 deposit received.

Offeror	Offer Type	Purchase Price	Notes
Raymond Lanctot Ltd.	<i>En bloc</i>	\$150,000	Cash consideration paid on close. Conditional on court approval of the transaction. \$15,000 deposit not received.
Tiny Capital	N/A	N/A	Expression of interest, but no offer submitted. Indicated interest in providing funding on go-forward working capital basis and an intention to give the Lenders (defined below) minority equity interests. Offer subject to a minimum due diligence period of 2 weeks.

8. The Proposal Trustee, in consultation with the Debtor, entered into negotiations with the interested parties to try to increase the transaction value of their offers. Following those negotiations, the Debtor, in consultation with the Proposal Trustee, identified the offer submitted by the Purchaser as the highest and best bid in the circumstances and continued negotiations to reach a definitive agreement. Attached hereto and marked as **Exhibit "A"** is a true copy of the binding offer ("**LOI**"), dated August 21, 2023, which was re-submitted by the Purchaser following the negotiations with the Debtor.

9. The LOI was provided to the Debtor's secured creditors BDC Capital Inc. ("**BDC**") and Royal Bank of Canada ("**RBC**", and collectively with BDC, the "**Lenders**") to seek their support on the proposed transaction. The Lenders indicated that they support the proposed transaction subject to certain conditions, as outlined further below.

10. Following the above noted negotiations, on August 29, 2023, the Debtor entered into the Sale Agreement with the Purchaser, for the sale of substantially all of the Debtor's assets. Attached hereto and marked as **Exhibit "B"** is a true copy of the Sale Agreement.

The Transaction and the Sale Agreement

11. The material terms of the Sale Agreement are as follows:

- (a) The purchase price is \$500,000 (the "**Purchase Price**"), which includes:
 - (i) \$15,000 deposit previously paid by the Purchaser; and
 - (ii) \$485,000 payable by the Purchaser on the Closing Date.

- (b) The Purchase Price shall be paid to the Proposal Trustee to be distributed pursuant to the terms of the Approval and Vesting Order. Particularly, the Proposal Trustee shall first pay all amounts having priority to the security of RBC, and remit the remainder to the Lenders in an amount to be agreed upon by the Lenders.
- (c) The purchased assets are all of the Debtor's assets relating to the Debtor's business as currently conducted (the "**Purchased Assets**"), but excluding any contracts that are not being expressly assumed and any of the Debtor's inventory that is subject to a valid purchase money security interest having priority over the security held by RBC (the "**Excluded Assets**").
- (d) Closing of the Transaction is subject to the following conditions precedents:
 - (i) an approval and vesting order granted by this Court approving the Transaction and vesting the Purchased Assets to the Purchaser free and clear of all encumbrances;
 - (ii) execution and delivery of a mutual release (the "**Founders' Releases**") of any and all personal guarantees granted by the Founders in connection with the Debtor set out in paragraph 50 of the First Fox Affidavit (the "**Founders' Guarantees**"); and
 - (iii) the Purchaser will have entered into employment contracts with the Founders and certain key employees that the Purchaser identifies as being fundamentally important to the business.
- (e) The Closing Date is August 31, 2023 or such later date as agreed by the Purchaser in writing.

12. The Lenders support the Transaction and have agreed to provide the Founders' Releases, subject to the following conditions being met:

- (a) The Founders shall each provide the Lenders, in form and substance satisfactory to the Lenders in all respects, with an updated Personal Statement of Affairs accompanied with a statutory declaration confirming that the contents of each Personal Statement of Affairs are complete and true, which have been provided.

- (b) The Founders' Releases shall be held in escrow by its counsel, only to be released upon the occurrence of either (i) the net distribution of proceeds from the Transaction to the Lenders pursuant to the Approval and Vesting Order is equal to or greater than \$530,000 (the "**Minimum Net Proceeds**"); or (ii) if the net distribution to the Lenders is less than the Minimum Net Proceeds, any one or more of the Purchaser, the Debtors, or the Founders shall contribute additional amounts to the Purchase Price such that the net distribution to the Lenders is equal to or greater than the Minimum Net Proceeds. In the event that the Lenders do not receive the Minimum Net Proceeds, the Founders' Releases shall not be released from escrow and the Lenders shall be entitled to commence or continue to enforce its security under the Founders' Guarantees.
- (c) The Lenders shall come to an agreement with respect to their respective share of the Net Proceeds, which I understand has occurred.

Evaluation of the Transaction

13. Based on my review of the offers and expression of interest received as a result of the Sales Process, I verily believe the Transaction is materially superior to all other offers.

14. The Founders possess unique experience in the specialty bike industry and have developed valuable relationships with the Debtor's suppliers and its customers. The Transaction ensures that value is obtained from the Founders' unique experience by securing the Founders continued involvement.

15. In the alternative, if the Debtor is forced to liquidate its assets and business, I would not be willing to work with or for the Debtor or the Proposal Trustee, in any capacity. Further, I have been advised by Jonathan Bula, the other co-founder, that in a liquidation scenario he would also not be willing to stay on with the Debtor. As such, the Sale Agreement and the Transaction will allow the Debtor to continue as a going-concern business to the benefit of the Debtor's shareholders and other stakeholders, which in the circumstances is a materially better outcome as opposed to a liquidation.

Secured Creditors

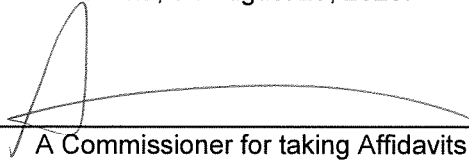
16. Pursuant to the search of the British Columbia personal property registry conducted on the name of the Debtor, attached as Exhibit "G" to the First Fox Affidavit, the following creditors

have registered security agreements against the personal property of the Debtor (in order of the date of registration):

- (a) RBC, base registration number 374646I, registered on January 6, 2015;
- (b) LTP Sports Group Inc. and Live to Play Sports, base registration number 126265J, registered on February 22, 2016. The Debtor understands that these creditors claim a purchase money security interest in some of the Debtor's inventory, however, these creditors have entered into a priority agreement with RBC affirming RBC's priority over certain collateral. This priority agreement has been registered with registration number 374836J. Pursuant to the priority agreement, LTP Sports Group Inc. and Live to Play Sports have priority over RBC on all new inventory acquired by the Debtor and financed by these creditors after April 2016, such assets will be an Excluded Asset under the Sale Agreement. Attached hereto and marked as **Exhibit "C"** is a true copy of the priority agreement, dated April 28, 2016, among RBC, the Debtor and LTP Sports Group Inc.
- (c) RBC, base registration number 374836J, registered on June 27, 2016. This is the registration subject to the priority agreement with LTP Sports Group Inc. and Live to Play Sports mentioned above;
- (d) Specialized Bicycle Components Canada Inc., base registration number 671751K, registered on April 5, 2018. The Debtor understands that this creditor claims a purchase money security interest in all of Specialized Bicycle Components Canada Inc.'s products held or acquired by the Debtor, however, this creditor has entered into a priority agreement with RBC affirming RBC's priority over the security interest held by Specialized Bicycle Components Canada Inc. Attached hereto and marked as **Exhibit "D"** is a true copy of the priority letter, dated June 25, 2018 by RBC and consented to by Specialized Bicycle Components Canada Inc.;
- (e) Cervelo Cycles Inc. and Cervelo USA, Inc., base registration number 765941K, registered on May 17, 2018. The Debtor has returned all inventory subject to Cervelo's claim, and is no longer in possession of such property. It is accordingly irrelevant;

- (f) Starting Point Holdings Ltd., base registration number 114344L, registered on October 26, 2018. Starting Point Holdings Ltd.'s principal is also a principal of the Purchaser pursuant to the Sale Agreement, and consents to the sale;
- (g) Ford Credit Canada Leasing, Division of Canada Road Leasing Company, base registration number 566832M, registered on November 2, 2020. The Ford T250 subject to this security interest does not form part of the Purchased Assets and as such, will be an Excluded Asset, as it is subject to a lease that expires in September 2023, and will be returned to Ford;
- (h) Cycles Lambert Inc., base registration number 625341M, registered on November 30, 2020. The Debtor understands that this creditor claims a purchase money security interest in certain property in the Debtor's inventory, however, this creditor has entered into a priority agreement with RBC affirming RBC's priority over the security interest held by Cycles Lambert Inc. Attached hereto and marked as **Exhibit "E"** is a true copy of the priority letter, dated May 6, 2021, sent by RBC and consented to by Cycles Lambert HLC;
- (i) Ford Credit Canada Leasing, Division of Canadian Road Leasing Company, base registration number 767499M, registered on February 12, 2021. This registration has been discharged and relates to a leased vehicle that has been returned to Ford;
- (j) CWB National Leasing Inc., base registration number 319056N, registered on October 21, 2021. The Debtor understands that CWB National Leasing Inc. claims a purchase money security interest in the various software that was going to be installed by the Debtor, but which did not proceed. This software is an Excluded Asset under the Sale Agreement;
- (k) Cervelo Cycles Inc. and Cervelo USA, Inc., base registration number 432010N, registered on December 16, 2021. As noted above, all inventory with respect to this registration has been returned and is, accordingly, irrelevant;
- (l) BDC, base registration number 732489N, registered on May 16, 2022;
- (m) Dorel Industries, Inc. trading name Cycling Sports Group Canada, base registration number 129881P, registered on October 7, 2022. The Debtor

This is **Exhibit "A"** referred to in **Affidavit #2** of **Graham Fox**, affirmed before me at Vancouver, British Columbia, on August 29, 2023.

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a long horizontal stroke that curves slightly upwards at the end.

A Commissioner for taking Affidavits
for British Columbia

August 21st, 2023

RE: La Bicicletta Bicycles Inc.

To whom it may concern:

In light of your feedback, and on account of our last offer expiring, we have updated our offer and re-submit it here for your consideration.

This all-cash offer that seeks to meet your various requests and feedback. We believe it to be a very competitive offer, especially in light of the uncertain and laborious task we face ahead to maintain this business as a going concern, including unavoidable carry-over return liabilities that are not immaterial.

Time is of the essence. It is important, should we proceed, that this transaction can be completed before the end of the month to avoid additional costs and risks. Unless we receive a response from you by tomorrow, we are not sure whether it will be possible to get this offer processed by the courts this month.

We are happy to discuss this offer directly with you, should that assist you in deciding how to proceed.

Sincerely,

Malcolm Steenburgh: 604-723-2137 / msteenburgh@gmail.com

Alex Conconi: 604-354-1354 / alex@conconi.ca

Taylor Little: 778-875-8355 / taylor@conconi.ca

ASSET PURCHASE OFFER

August 21, 2023

La Bicicletta Bicycles Inc.
104-334 East Kent Avenue South
Vancouver BC V5X 4N6

c/o FTI Consulting Inc. (in its capacity as Trustee)
Suite 1450 – 701 West Georgia St.
Vancouver, BC V7Y 1B6

To whom it may concern:

Re: Binding Offer to Purchase Assets

We are writing to confirm the terms and conditions pursuant to which we will purchase the Purchased Assets from the Vendor (each as defined below) (the “**Transaction**”). This binding offer (the “**LOI**”) will remain open until 5:00 p.m. (Vancouver time) on August 22, 2023. Set forth below are the binding terms and conditions of this LOI:

Vendor:	La Bicicletta Bicycles Inc. (the “ Vendor ”).
Purchaser:	A newly incorporated British Columbia company (the “ Purchaser ”). The Purchaser will be funded by a group of investors led by Conconi Growth Partners and Starting Point Holdings. Members of this group include Alex Conconi, Taylor Little, and Malcolm Steenburgh.
Purchaser Address:	2484 Courtenay Street, Vancouver, BC, V6R 3X3
Purchaser Key Contact Individual and Contact Information:	Malcolm Steenburgh Msteenburgh@gmail.com 604-723-2137
Total Purchase Price:	CDN \$500,000 (the “ Purchase Price ”), payable by the Purchaser to the Vendor on the following schedule: <ul style="list-style-type: none"> - \$15,000 deposit the delivery of this LOI; and - \$485,000 on the Closing Date from the Purchaser.
Excluded Assets:	Inventory that is identified to be subject to PMSI claims prior to closing (the “ PMSI Assets ”).
Purchased Assets:	All of the Vendor’s assets relating to the Vendor’s business as currently conducted, including without limitation, all: (a) inventory, price lists, customer lists, manuals, and documentation; (b) contracts and purchase orders as selected by the Purchaser in the course of its due diligence; (c) software and other technology utilized by the Vendor including but not

	<p>limited to all web based platforms, configurations and data; (d) equipment; (e) intellectual property rights owned by the Vendor, including without limitation all rights of the Vendor to the brand name “La Bicicletta”, “La Bicicletta Bicycles”, and any variations thereof, and all other brand and trade names used in the Vendor’s business; (f) goodwill; and (g) leases relating to warehouse space located at 326 E. Kent Ave South (collectively, the “ Purchased Assets ”); but, not including the PMSI Assets per above.</p>
Exclusivity:	<p>From the date of this LOI until the Closing Date or the termination of this LOI, Vendor will not, and will not permit its representatives, officers, employees, directors, agents, shareholders, subsidiaries, or affiliates (collectively, the “ Vendor Group ”) to, directly or indirectly, solicit, initiate, or encourage the submission of any proposal or offer from any person or group of persons other than the Purchaser and its affiliates (an “ Acquisition Proposal ”) whether by business combination, amalgamation, arrangement, purchase of shares, purchase of assets, tender offer, take-over bid or otherwise, or provide any non-public information to any third party in connection with an Acquisition Proposal or enter into any agreement, arrangement or understanding requiring it to abandon, terminate or fail to consummate the Transaction with the Purchaser. The Vendor agrees to immediately notify the Purchaser if any member of the Vendor Group receives any indications of interest, requests for information or offers in respect of an Acquisition Proposal and will communicate to the Purchaser in reasonable detail the terms of any such indication, request or offer, and will provide the Purchaser with copies of all written communications relating to any such indication, request or offer. Immediately upon execution of this LOI, the Vendor shall, and shall cause the Vendor Group to, terminate any and all existing discussions (including any data room access) or negotiations with any person or group of persons other than the Purchaser and its affiliates regarding an Acquisition Proposal. The Vendor represents that no member of the Vendor Group is party to or bound by any agreement with respect to an Acquisition Proposal other than under this LOI.</p>
Excluded Liabilities:	<p>The Purchaser shall not assume and shall not be liable for any debts, liabilities or other obligations of the Vendor, including without limitation, in respect of any accounts payable, accrued liabilities, taxes or indebtedness of the Vendor.</p>
Closing Date:	<p>August 31st, 2023, or such later date as agreed by the Purchaser in writing (the “ Closing Date ”).</p>
Purchase and Sale:	<p>On the Closing Date, the Vendor shall sell, assign, transfer and convey to the Purchaser, and the Purchaser shall purchase from the Vendor, the Purchased Assets, and all right, title and interest therein and thereto, free and clear of all liens and encumbrances.</p>

Binding and Irrevocable Nature:	This is a binding and irrevocable LOI by the Purchaser and, upon acceptance by the Vendor and the Trustee, shall create legally binding obligations of each of the Purchaser, the Vendor, and (just with respect to the section below titled "Deposit") the Trustee, enforceable by each other party hereto.
Deposit:	<p>Concurrently with acceptance of this LOI by the Vendor and the Trustee, the Purchaser will immediately deliver a bank draft in the amount of CDN\$15,000 payable to FTI Consulting Inc. (the "Trustee") in trust for the benefit of the Purchaser, as a deposit for the Transaction (the "Deposit"), to be released by the Trustee in accordance with the terms of this LOI. The full remainder of the Purchase Price shall be payable upon successful completion of the Transaction per the schedule listed above.</p> <p>If the Purchaser fails to complete the Transaction in accordance with this LOI after all conditions to the Purchaser's obligation to complete have been satisfied or waived, or if the Purchaser repudiates this LOI, then at the Vendor's option, the Trustee shall deliver the Deposit to the Vendor as liquidated damages, as the Vendor's sole and exclusive remedy in connection with this LOI and the Transaction.</p> <p>If the Transaction is completed after all conditions to the Purchaser's obligation to complete have been satisfied or waived, then the Trustee shall deliver the Deposit to the Vendor, to be applied against the Purchase Price as per the schedule listed above.</p> <p>If: (a) the Purchaser is not in default of any of its obligations under this LOI and the Vendor fails to complete the Transaction in accordance with this LOI, (b) the Vendor repudiates this LOI, or (c) the Transaction is otherwise not completed by the Closing Date, then the Trustee shall refund the Deposit to the Purchaser and the Purchaser shall have no further obligation to complete the Transaction.</p>
Approvals:	The Purchaser does not require any regulatory approvals to complete the transactions contemplated herein.
Conditions to the Purchaser's Obligations:	<p>The Purchaser's obligation to complete the Transaction will be subject to the following conditions on or before the Closing Date, which may be waived by the Purchaser at its sole discretion:</p> <ol style="list-style-type: none"> 1. receipt of an approval and vesting order from the Supreme Court of British Columbia, in form satisfactory to the Purchaser (the "Approval and Vesting Order"), approving of the Transaction and providing for the vesting in the Purchaser of all right, title and interest, if any, of the Vendor in and to the Purchased Assets, free and clear of all liens, charges and encumbrances on such assets, and which such Approval and Vesting Order will not have been stayed, varied, or vacated, and no order will have been issued and no action or proceeding will be pending to restrain, enjoin, or prohibit the completion of the Transaction;

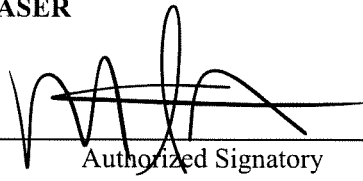
	<p>2. release of any and all personal guarantees by the Vendor's founders, being Jon and Graham (collectively, the "Founders"), that are currently held by any of the Vendor's creditors, in order to ensure the financial stability of the Founders, who will play an important role in the continuation of the operations of the business, and which is expected to be a key component of the proposed financing agreement;</p> <p>3. the Purchaser successfully engaging the Founders and other key employees under new contractor or employment agreements to enable go-forward operations;</p>
Agreement to Pursue Court Order	Immediately forthwith following acceptance of this LOI, the Vendor will make commercially reasonable efforts to apply to the Supreme Court of British Columbia for the Sale and Vesting Order, and any and all such other approvals as may be required to complete the Transaction.
Taxes:	The Purchaser shall be responsible for the payment of any provincial and local sales, transfer, recording, stamp or other similar transfer taxes that may be imposed by reason of the sale, transfer, assignment and delivery of the Purchased Assets, along with any filing fees.
As-Is, Where-Is:	The Purchaser acknowledges that: (i) it is purchasing the Purchased Assets on an "as is, where is" and "without recourse" basis and on the basis that the Purchaser has conducted such inspections of the Purchased Assets as it deems appropriate and has satisfied itself with regard to these matters; and (ii) it has inspected the Purchased Assets and will accept the same on the Closing Date, in their then current state, condition and location.
Post-Closing Cooperation:	After the Closing Date, the Vendor shall, if requested by the Purchaser, and at the Purchaser's expense, execute and deliver, or cause to be executed and delivered, all additional conveyances, transfers and other assurances as may be reasonably necessary or desirable to carry out the intent of this LOI, the Transaction, and the definitive agreements governing the Transaction and the transactions contemplated herein and therein.
Termination	This LOI will automatically terminate and be of no further force and effect upon the earlier of: (a) execution of definitive agreements governing the Transaction, or (b) mutual agreement of the Purchaser and the Vendor; provided that the Purchaser may terminate this LOI at any time following the Closing Date in the event the Transaction is not completed on or prior to the Closing Date.
Governing Law and Jurisdiction:	This LOI shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

If the foregoing is acceptable to the Vendor, please sign and return one copy of this LOI to us.

Yours truly,

PURCHASER

Per:



Authorized Signatory

The foregoing terms are hereby agreed, accepted and acknowledged this ____ day of August, 2023.

LA BICICLETTA BICYCLES INC.


Per: _____
Authorized Signatory

The Trustee hereby agrees to, accepts, and acknowledges the terms applicable to the Trustee as set forth in the section of this LOI titled "Deposit" this ____ day of August, 2023:

FTI CONSULTING INC.

Per: _____
Authorized Signatory

This is **Exhibit "B"** referred to in **Affidavit #2** of **Graham Fox**, affirmed before me at Vancouver, British Columbia, on August 29, 2023.



A Commissioner for taking Affidavits
for British Columbia

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of August 29, 2023.

BETWEEN:

LA BICICLETTA BICYCLES INC., a corporation incorporated under the laws of British Columbia

(the “**Vendor**”)

AND:

CSL SPORTS LTD., a corporation incorporated under the laws of British Columbia

(the “**Purchaser**”)

BACKGROUND

- A. The Vendor carries on the business of selling bicycles and related clothing and accessories in both retail and online marketplaces (the “**Business**”).
- B. On June 27, 2023, the Vendor filed a Notice of Intention to Make a Proposal pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), and FTI Consulting Canada Inc. was appointed as the proposal trustee (in such capacity, the “**Proposal Trustee**”).
- C. On July 25, 2023, the Supreme Court of British Columbia in Bankruptcy and Insolvency (the “**Court**”) granted an order in Action No. B-230306, Vancouver Registry (the “**NOI Proceedings**”), among other things, extending the time within which the Vendor may file a proposal to its creditors up to and including August 31, 2023.
- D. The Vendor has agreed to sell, and the Purchaser has agreed to purchase, subject to certain exceptions listed in this Agreement, all the property, assets and undertaking of the Business, as a going concern, on the terms and subject to the conditions provided in this Agreement.

NOW THEREFORE in consideration of the premises and the covenants, agreements, representations, warranties and payments contained in this Agreement, the parties agree with the others as follows:

**ARTICLE I
PURCHASE AND SALE OF PURCHASED ASSETS**

1.01 Description of Purchased Assets

Upon the terms and subject to the conditions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser, and the Purchaser agrees to purchase from the Vendor, as a going concern at Closing, free and clear of all security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise, in favour of any individual, body corporate, sole

proprietorship, partnership or trust or unincorporated association, unincorporated syndicate, unincorporated organization, or another entity, and a natural person, acting in his or her individual capacity or in his or her capacity as executor, trustee, administrator or legal representative, and any governmental authority (collectively, “**Encumbrances**”), the undertaking and all the property and assets of the Business of every kind and description wherever situate (collectively the “**Purchased Assets**”), including without limitation the following:

- (a) all furniture, fixtures, equipment, machinery, tools, vehicles, office equipment, supplies, computers, telephones and other tangible personal property;
- (b) all inventory, finished goods, raw materials, work in progress, packaging, supplies, parts and other inventories;
- (c) the accounts receivable, trade accounts, notes receivable and other debts owing to the Vendor in connection with the Business, and any security, claim, remedy or other right related to any of the foregoing;
- (d) all contracts, if any, set forth in Schedule “A” attached hereto (collectively, the “**Assigned Contracts**”);
- (e) all permits which are held by the Vendor and required for the conduct of the Business as currently conducted or for the ownership and use of the Purchased Assets;
- (f) all rights to any claim, action, suit, proceeding or governmental investigation (each, an “**Action**”) of any nature available to or being pursued by the Vendor to the extent related to the Business or the Purchased Assets, whether arising by way of counterclaim or otherwise;
- (g) all right and interest of the Vendor to all registered and unregistered trademarks, trade or brand names, copyrights, designs, restrictive covenants and other industrial or intellectual property used in connection with the Business, including, without limitation: (i) all software and other technology utilized in the business, including all web based platforms, configurations and data, (ii) the “LA BICICLETTA” Canadian trademark (registration number TMA470957) and (iii) all domain names owned by the company, including the “bicicletta.cc” and “overthebars.cc” domain names;
- (h) all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums and fees;
- (i) all of the Vendor’s rights under warranties, indemnities and all similar rights against third parties to the extent related to any Purchased Assets; and
- (j) the goodwill of the Business including, but not limited to: (i) all books and records, including books of account, ledgers and general, financial and accounting records, machinery and equipment maintenance files, customer lists, email lists, customer purchasing histories, price lists, distribution lists, supplier lists, production data, quality control records and procedures, customer complaints and inquiry files, research and development files, records and data, sales material and records (including pricing history, total sales, terms and conditions of sale, sales and pricing policies and

practices), strategic plans, internal financial statements, marketing and promotional surveys, material and research and files, emails, data (including any and all information related to the Business on local hard drives and cloud based storage (including G-suite and Google drive)), and (ii) the right of the Purchaser to represent itself as carrying on the Business in continuation of and in succession to the Vendor and the right to use the name “*La Bicicletta*” or any variation thereof as part of or in connection with the Business.

1.02 Exclusions

Notwithstanding Section 1.01, the Purchased Assets shall not include the following assets (collectively, the “**Excluded Assets**”):

- (a) cash and cash equivalents;
- (b) contracts that are not Assigned Contracts (the “**Excluded Contracts**”);
- (c) the corporate seals, organizational documents, minute books, share certificate books, corporate tax returns or other records having to do with the corporate organization of the Vendor;
- (d) any goods and inventory of the Business in the Vendor’s possession that are subject to a “purchase money security interest” within the meaning of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359, specifically the goods and inventory enumerated in Schedule “B” attached hereto to the extent such purchase money security interest has priority over the security held by the Royal Bank of Canada in the Vendor’s assets; and
- (e) the rights which accrue or will accrue to the Vendor under this Agreement.

ARTICLE II PURCHASE PRICE AND ALLOCATION

2.01 Purchase Price

The aggregate purchase price for the Purchased Assets shall be CAD \$[500,000] (the “**Purchase Price**”). The Purchaser has paid prior to the date hereof a CAD \$15,000 deposit towards the Purchase Price to the Proposal Trustee (the “**Deposit**”). The Purchaser shall pay the remainder of the Purchase Price to the Proposal Trustee in trust for the Vendor at Closing by wire transfer of immediately available funds in accordance with the wire transfer instructions provided by the Proposal Trustee.

The Deposit will be held in trust by the Proposal Trustee pending the Closing. If the Closing is not completed prior to the termination of this Agreement, upon termination of this Agreement the Vendor shall cause the Deposit to be forthwith refunded in full to the Purchaser by the Proposal Trustee. If the Closing is completed, the Deposit shall remain in trust with the Proposal Trustee (as a credit towards payment of the Purchase Price) to be released to the Vendor on the Closing.

2.02 Allocation of Purchase Price

Vendor and Purchaser agree to allocate the Purchase Price among the Purchased Assets for all purposes (including tax and financial accounting) in accordance with the allocation set forth in Schedule "C", with such changes as may be reasonably requested by the Purchaser and agreed to by the Vendor, such consent not to be unreasonably withheld or delayed. Purchaser and Vendor shall file all tax returns (including amended returns and claims for refunds) and elections required or desirable under the Income Tax Act (Canada) (the "**Tax Act**") in a manner consistent with such allocation.

2.03 GST

Purchaser and Vendor shall jointly make the elections provided for under section 167(1.1) of the *Excise Tax Act* (Canada) (the "**GST Act**") so that no goods and services tax ("**GST**") will be payable in respect of the transactions contemplated by this Agreement. Purchaser and Vendor shall complete the election forms (more particularly described as GST 44 GST Election Concerning Acquisition of a Business or Part of a Business) in respect of such elections. Purchaser shall file such elections no later than the due date for Purchaser's GST return for the first reporting period in which the GST would, in the absence of filing such elections, become payable in connection with the transactions contemplated by this Agreement.

2.04 Withholding Tax

Purchaser shall be entitled to deduct and withhold from the Purchase Price all taxes that Purchaser may be required to deduct and withhold under any applicable tax law. All such withheld amounts shall be treated as delivered to Vendor hereunder.

ARTICLE III NO LIABILITIES

3.01 No Liabilities

The Purchaser shall not assume and shall not be liable for any debts, liabilities or other obligations of the Vendor of any kind, whether known or unknown, contingent, matured or otherwise, whether currently existing or hereinafter created, including in respect of the employees of the Vendor.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE VENDOR

The Vendor represents and warrants to the Purchaser as follows as of the date hereof and as of Closing, with the intent that the Purchaser will rely on these representations and warranties in entering into this Agreement, and in concluding the purchase and sale contemplated by this Agreement.

4.01 Incorporation and Authorization of Vendor; Enforceability

Vendor is a corporation incorporated and validly existing under the laws of the province of British Columbia 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. Subject to obtaining the Approval and Vesting Order (as defined below), this Agreement will constitute a legal, valid and binding obligation of the Vendor, enforceable against it in accordance with its terms except: (a) as limited by laws of general application relating to bankruptcy, insolvency and the relief of debtors; (b) as limited by rules of law governing specific performance, injunctive relief or other equitable remedies; and (c) as limited by general principles of equity.

4.02 No Conflicts; Consents

The execution, delivery and performance by Vendor of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the articles of incorporation, by-laws or any unanimous shareholder agreement of Vendor; (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Vendor or the Purchased Assets; (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any contract or other instrument to which the Vendor is a party or to which any of the Purchased Assets are subject; or (d) result in the creation or imposition of any Encumbrance on the Purchased Assets. No consent, approval, waiver or authorization is required to be obtained by Vendor from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Vendor of this Agreement and the consummation of the transactions contemplated hereby, other than the approval of the Court in the NOI Proceedings.

4.03 Sufficiency of Purchased Assets

The Purchased Assets are sufficient for the continued conduct of the Business after Closing in substantially the same manner as conducted before the Closing and constitute all of the rights, property and assets necessary to conduct the Business as currently conducted. None of the Excluded Assets are material to the Business.

4.04 Taxes

Vendor is not a non-resident of Canada within the meaning of the Tax Act.

4.05 As Is, Where Is

Except as expressly provided herein, the Purchaser acknowledges that: (i) it is purchasing the Purchased Assets on an "as is, where is" basis (without any recourse to the Vendor) and that the Purchaser has conducted such inspections of the Purchased Assets as it deems appropriate and has satisfied itself with regard to the condition of the Purchased Assets. Except as otherwise expressly provided in this Agreement, no representation, warranty or condition whether statutory, expressed or implied, oral or written, is given by the Vendor as to description, fitness or purpose, merchantability, condition, quality, suitability, durability, or marketability of the Purchased Assets and all of the same are expressly excluded. The Purchaser acknowledges and agrees that it has inspected the Purchased

Assets and has relied on its own investigations as to the matters set out above and in determining to purchase the Purchased Assets pursuant to this Agreement.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Vendor as follows, with the intent that the Vendor will rely on these representations and warranties in entering into this Agreement, and in concluding the purchase and sale contemplated by this Agreement.

5.01 Incorporation and Authority of Purchaser; Enforceability

Purchaser is a corporation incorporated and validly existing under the law of the province of British Columbia. Purchaser 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 by Purchaser of this Agreement and the documents to be delivered hereunder and the consummation of the transactions hereby have been duly authorized by all requisite corporate action on the part of Purchaser. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by Purchaser. Subject to obtaining the Approval and Vesting Order (as defined below), this Agreement will constitute a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms except: (a) as limited by laws of general application relating to bankruptcy, insolvency and the relief of debtors; (b) as limited by rules of law governing specific performance, injunctive relief or other equitable remedies; and (c) as limited by general principles of equity.

5.02 No Conflicts; Consents

The execution, delivery and performance by Purchaser of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the articles of incorporation, by-laws or any unanimous shareholder agreement of Purchaser; or (b) violate or conflict with or result in any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Purchaser. No consent, approval, waiver or authorization is required to be obtained by Purchaser from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Purchaser of this Agreement and the consummation of the transactions contemplated hereby.

ARTICLE VI COVENANTS

6.01 Conduct of Business

Until Closing, the Vendor shall conduct the Business diligently and only in the ordinary course and will use its commercially reasonable efforts to preserve the Purchased Assets intact and to preserve for the Purchaser its relationship with its suppliers, customers and others having business relations with it.

6.02 Change of Name

The Vendor shall, on the Closing Date, change its name to a name that does not include any of the words "*La Bicicletta*" or "Over the Bars"

6.03 Access by Purchaser

The Vendor shall give to the Purchaser and Purchaser's counsel, accountants and other representatives reasonable access, during normal business hours throughout the period prior to Closing, to all of the properties, books, contracts, commitments and records of the Vendor relating to the Business and the Purchased Assets, and shall furnish to the Purchaser during that period all such information as the Purchaser may reasonably request.

6.04 Procure Consents

The Vendor shall diligently take all reasonable steps required to obtain, before Closing, all consents to the assignments of the Assigned Contracts and any other of the Purchased Assets for which a consent is required.

6.05 Employees

The Purchaser shall, in its sole and absolute discretion, be at liberty to offer employment to any existing employees of the Vendor on terms similar to or substantially similar to their current terms or otherwise. For clarity, the Purchaser shall have no liability for any employees of the Vendor that do not accept an offer of employment from the Vendor, or that are not offered such employment.

ARTICLE VII SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

7.01 Vendor's Representations, Warranties and Covenants

All representations, warranties, covenants and agreements made by the Vendor in this Agreement or under this Agreement shall, unless otherwise expressly stated, survive Closing, and shall continue in full force and effect for the benefit of the Purchaser.

7.02 Purchaser's Representations, Warranties and Covenants

All representations, warranties, covenants and agreements made by the Purchaser in this Agreement or under this Agreement shall, unless otherwise expressly stated, survive Closing, and shall continue in full force and effect for the benefit of the Vendor.

ARTICLE VIII CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE PURCHASER

8.01 Conditions to Obligations of Purchaser.

All obligations of the Purchaser under this Agreement are subject to the fulfillment at or before Closing of the following conditions:

- (a) the Vendor's representations and warranties contained in this Agreement and in any certificate or document delivered under this Agreement or in connection with the transactions contemplated by this Agreement will be true at and as of Closing as if such representations and warranties were made at and as of such time;

- (b) the Vendor will have performed and complied with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it before or at Closing;
- (c) the Purchaser having entered into employment or contractor agreements with each of Graham Fox and Jon Bula (together, the “**Principals**”), in form and substance satisfactory to the Purchaser;
- (d) the Purchaser having received evidence in form and substance satisfactory to the Purchaser, acting reasonably, of the full and final release of any and all guarantees granted by the Principals in connection with the Business, including without limitation the personal guarantees granted by the Principals, and each of them, to the Royal Bank of Canada and the Business Development Bank of Canada, as applicable;
- (e) there shall not have occurred any material damage or material adverse effect to the Purchased Assets or Business between the date of this Agreement and the Closing; and
- (f) the Vendor will have delivered all of the Vendor’s deliverables on Closing in accordance with section 11.02 of this Agreement.

Each of the foregoing conditions is for the exclusive benefit of the Purchaser and any such condition may be waived in whole or part by the Purchaser at or before Closing by delivering to the Vendor a written waiver to that effect signed by the Purchaser.

ARTICLE IX CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE VENDOR

9.01 Conditions to Obligations of Vendor.

All obligations of the Vendor under this Agreement are subject to the fulfilment, before or at Closing, of the following conditions:

- (a) the Purchaser’s representations and warranties contained in this Agreement will be true at and as of Closing as though such representations and warranties were made as of such time;
- (b) the Purchaser will have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it at or before Closing; and
- (c) the Purchaser will have delivered all of the Purchaser’s deliverables on Closing in accordance with section 11.03 of this Agreement.

Each of the foregoing conditions is for the exclusive benefit of the Vendor and any such condition may be waived in whole or part by the Vendor at or before Closing by delivering to the Purchaser a written waiver to that effect signed by the Vendor.

ARTICLE X
MUTUAL CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE PARTIES

10.01 Conditions to Obligations of the Parties.

All obligations of the Purchaser and the Vendor under this Agreement are subject to the fulfilment, before or at Closing, of the following conditions:

- (a) an order of the Court in the NOI Proceedings, in substance acceptable to the parties and the Proposal Trustee, approving this Agreement and, subject to the payment of the Purchase Price, providing for the vesting in the Purchaser of the right, title and interest, if any, of the Vendor in and to the Purchased Assets, free and clear of any and all Encumbrances (the “**Approval and Vesting Order**”) will have been granted and will not have been stayed, varied or vacated, and no order will have been issued and no action or proceeding will be pending to restrain or prohibit the completion of the transactions contemplated by this Agreement; and
- (b) there will have been no action taken under any applicable law, or by any governmental authority or court, which would make it illegal or would otherwise directly or indirectly restrain, enjoin, or prohibit the completion of the transactions contemplated by this Agreement.

The parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser.

ARTICLE XI
CLOSING

11.01 Closing

Subject to the terms and conditions of this Agreement, the purchase and sale of the Purchased Assets will be completed (the “**Closing**”) at the offices of Fasken Martineau DuMoulin LLP, legal counsel to the Purchaser, in the City of Vancouver, or by the electronic exchange of documents as mutually agreed by the parties, on the date on which the conditions precedent set out in sections 8.01, 9.01 and 10.01 are satisfied or waived (the “**Closing Date**”).

11.02 Closing Deliverables of the Vendor

At the Closing the Vendor will deliver or cause to be delivered to the Purchaser:

- (a) assignments in form and substance satisfactory to Purchaser (the “**IP Assignments**”) duly executed by Vendor, transferring all of Vendor's right, title and interest in and to the domain name registrations and trademark registrations included in the Purchased Assets to Purchaser;
- (b) an assignment and assumption agreement in form and substance satisfactory to Purchaser (the “**Assignment and Assumption Agreement**”) duly executed by Vendor, effecting the assignment to and assumption by Purchaser of the Assigned Contracts;

- (c) all consents or approvals obtained by the Vendor for the purpose of validly assigning the Assigned Contracts;
- (d) the tax elections required by Section 2.02 duly executed by Vendor;
- (e) an acknowledgement of receipt of the Purchase Price in accordance with section 2.01 of this Agreement, duly executed by the Vendor;
- (f) a fully executed copy of the certificate to be filed in the NOI Proceedings by the Proposal Trustee and delivered to the Purchaser confirming that the Purchaser has paid the Purchase Price and that all conditions precedent to his Agreement have been satisfied or waived, all in accordance with the Approval and Vesting Order (the “**Proposal Trustee’s Certificate**”); and
- (g) 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.

11.03 Closing Deliverables of the Purchaser

At the Closing the Purchaser will deliver or cause to be delivered to or at the direction of the Vendor:

- (a) the Purchase Price in the manner set forth herein;
- (b) the IP Assignments, duly executed by Purchaser;
- (c) the Assignment and Assumption Agreement, duly executed by Purchaser;
- (d) the tax elections required by Section 2.02 duly executed by Purchaser; and
- (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.

ARTICLE XII TERMINATION

12.01 Termination

This Agreement may be terminated at any time before the Closing:

- (a) by the mutual written consent of Vendor and Purchaser;
- (b) by Purchaser by written notice to Vendor if: (i) Purchaser is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Vendor under this Agreement that would give rise to the failure of any of the conditions specified herein and such breach, inaccuracy or failure has not been cured by Vendor within five (5) days of Vendor’s receipt of written notice of such breach from Purchaser; or (ii) any of the conditions set forth in Section 8.01 or Section 10.01 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by August 31st, 2023 (the “**Outside Date**”), unless such failure shall be due to the failure of Purchaser

to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing; or

- (c) by Vendor by written notice to Purchaser if: (i) Vendor is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Purchaser under this Agreement that would give rise to the failure of any of the conditions specified herein and such breach, inaccuracy or failure has not been cured by Purchaser within five (5) days of Purchaser's receipt of written notice of such breach from Vendor; or (ii) any of the conditions set forth in Section 9.01 or Section 10.01 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Date, unless such failure shall be due to the failure of Vendor to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing.

12.02 Effect of Termination.

In the event of the termination of this Agreement in accordance with this Article XII, this Agreement shall forthwith become terminated and of no further force and effect and there shall be no liability on the part of any party hereto except: (a) as set forth in this Article XII and Article XIII; and (b) that nothing herein shall relieve any party hereto from liability for any wilful breach of any provision hereof.

ARTICLE XIII GENERAL

13.01 Further Assurances.

Following the Closing, each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the documents to be delivered hereunder.

13.02 Notice

All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 13.02:

If to Vendor: **LA BICICLETTA BICYCLES INC.**
c/o McCarthy Tetrault LLP

-12-

745 Thurlow St., Suite 2400
Vancouver, BC V6E 0C5
Email: lwilliams@mccarthy.ca/pjawanda@mccarthy.ca/
jkrclark@mccarthy.ca
Attention: Lance Williams, Pavan Jawanda and Jenna Clark

If to Purchaser: **CSL SPORTS LTD.**
Email: alex@conconi.ca, msteenburgh@gmail.com and
taylor@conconi.ca
Attention: Alex Conconi, Malcom Steenburgh and Taylor Little

with a copy to: Fasken Martineau DuMoulin LLP
2900 – 550 Burrard Street, Vancouver, BC, V6C 0A3
Email: abharmal@fasken.com
Attention: Ally Bharmal

If to Proposal
Trustee: **FTI CONSULTING CANADA INC.**, in its capacity as
Proposal Trustee
701 W Georgia Street, #1450
Vancouver BC V7Y 1B6
Email: tom.powell@fticonsulting.com
Attention: Tom Powell

13.03 Entire Agreement

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there are no representations, warranties or other agreements between the parties, express or implied, in connection with the subject matter of this Agreement except as specifically set out in this Agreement or in any of the other agreements and documents delivered under this Agreement. No Party has been induced to enter into this Agreement in reliance on, and there will be no liability assessed, either in tort or contract, with respect to, any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term in this Agreement or in any of the other agreements and documents delivered under this Agreement.

13.04 Amendment

No amendment of this Agreement will be binding unless made in writing by all the parties to this Agreement.

13.05 Assignment

This Agreement may not be assigned by any party without the prior written consent of the other party, which consent may be arbitrarily withheld.

13.06 Time of the Essence

Time will be of the essence of this Agreement.

13.07 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the courts of the Province of British Columbia.

13.08 Successors and Assigns

This Agreement will enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. Any action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be brought in the courts of the province of British Columbia located in Vancouver, and each party irrevocably submits and agrees to attorn to the exclusive jurisdiction of such courts in any such action or proceeding.

13.09 Headings

The headings appearing in this Agreement are inserted for convenience of reference only and will not affect the interpretation of this Agreement.

13.10 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

AS EVIDENCE OF THEIR AGREEMENT the parties have executed this Agreement as of the day and year first above written.

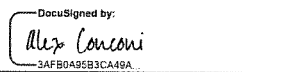
LA BICICLETTA BICYCLES INC.

By 

Name: *Graham Fox*

Title: *CEO*

CSL SPORTS LTD.

By 

Name: Alexander Conconi

Title: Director

SCHEDULE "A"
ASSIGNED CONTRACTS

Nil.

SCHEDULE "B"
EXCLUDED PMSI ASSETS

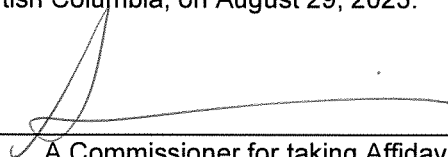
1. Ford T250 with security in favour of Ford Credit Canada Leasing, Division of Canada Road Leasing Company, evidenced by British Columbia Personal Property Registry base registration number 566832M;
2. All software, licences, or upgrades supplied or financed by CWB National Leasing Inc., and subject to the security granted in favour of CWB National Leasing Inc., evidenced by British Columbia Personal Property Registry base registration number 319056N
3. All goods or inventory supplied or financed by Dorel Industries, Inc. trading name Cycling Sports Group Canada, and subject to the security granted in favour of Dorel Industries, Inc. trading name Cycling Sports Group Canada, evidenced by British Columbia Personal Property Registry base registration number 129881P; and,

All goods or inventory supplied or financed by LTP Sports Group Inc. and Live to Play Sports after April 2016 and subject to the security granted in favour of LTP Sports Group Inc. and Live to Play Sports evidenced by British Columbia Personal Property Registry base registration number 126365L, and subject to the priority agreement between LTP Sports Group Inc. and Live to Play Sports and RBC, registered pursuant base registration number 374836J.

SCHEDULE "C"
PURCHASE PRICE ALLOCATION

Purchase Price	\$500,000.00
Allocated as follows:	
Release of Guarantee from Jon Bula	\$101,600.00
Release of Guarantee from Graham Fox	\$101,600.00
Inventory	\$291,700.00
Fixed Assets	\$5,000.00
Goodwill	\$100.00

This is **Exhibit "C"** referred to in **Affidavit #2** of **Graham Fox**, affirmed before me at Vancouver, British Columbia, on August 29, 2023.

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a long horizontal stroke.

A Commissioner for taking Affidavits
for British Columbia



PRIORITY AGREEMENT

THIS AGREEMENT dated as of the 28 day of April 2016

AMONG:

ROYAL BANK OF CANADA (the "BANK")
OF THE FIRST PART

and LA BICICLETTA BICYCLES INC. (the "Customer")
OF THE SECOND PART

and LTP SPORTS GROUP INC. (the "Lender")
OF THE THIRD PART

WHEREAS the Bank has lent money or made other financial accommodations to the Customer and may in the future loan further monies or make further financial accommodations to the Customer;

AND WHEREAS the Lender has lent money or made other financial accommodations to the Customer and may in the future loan further monies or make further financial accommodations to the Customer;

AND WHEREAS the parties hereto have agreed to enter into this Agreement in order to set out the respective priorities of the Lender Security and the Bank Security.

NOW THEREFORE for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE 1 - DEFINITIONS

1.01 In this Agreement, (including the premises hereto and this clause) the following terms shall have the following meanings:

"Bank Security" means all security of every nature and kind (other than security over real property), now or hereafter granted by the Customer to the Bank, including, without limitation, any and all liens, charges, security interests and assignments;

"Inventory" and "Proceeds" shall have the meanings attributed to them in the PPSA;

"Lender Inventory" means, from time to time, all new inventory acquired by or on behalf of the Customer, the purchase of which is financed by the Lender and that is subject to a security interest in favour of the Lender, including, without limitation, the inventory described in Schedule "A" attached hereto;

"Lender Security" shall mean all security of every nature and kind (other than security over real property), now or hereafter granted by the Customer to the Lender, including, without limitation, any and all liens, charges, security interests and assignments;

"PPSA" means the Personal Property Security Act of **British Columbia**; and

"Security" means collectively the Bank Security and the Lender Security.

ARTICLE 2 - CONSENTS

- 2.01** The Bank hereby consents to the creation and issuance by the Customer to the Lender of the Lender Security and to the incurring by the Customer of the indebtedness and obligations secured thereby.
- 2.02** The Lender hereby consents to the creation and issuance by the Customer to the Bank of the Bank Security and to the incurring by the Customer of the indebtedness and obligations secured thereby.

ARTICLE 3 - SUBORDINATION AND POSTPONEMENT

- 3.01** The Bank Security and the Lender Security shall have the following priorities as against one another:
- (a) the Bank hereby agrees that the Bank Security is hereby postponed and subordinated in all respects to the Lender Security on the Lender Inventory and Proceeds thereof;
 - (b) the Lender hereby agrees that the Lender Security is hereby postponed and subordinated in all respects to the Bank Security on all present and after-acquired property of the Customer other than the Lender Inventory and Proceeds thereof;
 - (c) notwithstanding the provisions of Sections (a) and (b) above, the Lender further agrees that the Lender Security related to any item forming part of the Lender Inventory, and all Proceeds of that item, shall be postponed and subordinated in all respects to the Bank Security related to that item and the Proceeds thereof, effective upon the Lender having been paid by the Customer in full for such item; and
 - (d) with the exception of monies deposited in any accounts designated as trust accounts by the Customer for the benefit of the Lender, the Lender shall not be entitled, notwithstanding anything to the contrary in this Agreement, to make a claim against any monies which are deposited in or disbursed from any account of the Customer maintained with the Bank, except for monies deposited therein after the time the Bank has received written notice from the Lender that it is enforcing its security against the Customer and which the Bank has determined are not subject to the security interest and priority of the Bank.
- 3.02** Subject to Sections 3.04 and 3.06, the subordinations and postponements contained herein shall apply in all events and circumstances regardless of:
- (a) the date of execution, attachment, delivery, registration, perfection or re-perfection of any security interest held by the Bank or the Lender;
 - (b) the date of any advance(s) or re-advance(s) made to the Customer by the Bank or the Lender;
 - (c) the time at which any notice is delivered by the Bank to the Lender or vice versa, pursuant to applicable law;
 - (d) the date of default by the Customer under any of the Bank Security or the Lender Security, the dates of crystallization of any floating charges held by the Bank or the Lender or the date of any acts or proceedings taken to enforce any of the Security; or
 - (e) any priority granted by any principle of law or any statute, including the Bank Act (Canada) or any personal property security act or like statute.
- 3.03** Any proceeds of insurance, expropriation or realization received by the Customer, the Bank or the Lender in respect of the assets of the Customer charged by the Bank Security or the Lender Security shall be dealt with according to the preceding provisions hereof as though such proceeds of insurance, expropriation or realization were paid or payable as proceeds of realization of the collateral for which they compensate.
- 3.04** If any of the Bank Security or the Lender Security is found to be unenforceable, invalid, unregistered or unperfected against any party other than the Bank or the Lender by a court of competent jurisdiction and all appeals from any such finding have been heard and determined or the period for making any such appeal has expired without an appeal being made, the foregoing provisions of this Article 3 shall not apply to such security.
- 3.05** The Bank and the Lender shall allow each other, and their employees, agents and contractors access at all reasonable times and upon prior written notice, to any property and assets of the Customer upon which such other party has a charge or security interest to inspect the same, and access to, so as to make copies of or extracts from, any books of account and all records, ledgers, reports, documents and other writings relating to such property and assets, and to permit such other party at all reasonable times to remove any property and assets of the Customer upon which its charge or security interest has priority under this Agreement from the premises of the Customer, without interference, provided that such other party shall promptly repair any damage caused to the premises by the removal of any such property or assets.
- 3.06** Notwithstanding the provisions of Section 3.02 above, the subordination and postponement granted by the Bank in favour of the Lender in this Agreement are conditional upon the Lender obtaining a subordination and postponement agreement with respect to the Lender Inventory from each secured party that has registered security (whether by way of a financing statement or otherwise) against the Customer in the Lender Inventory prior to the date of this Agreement.

ARTICLE 4 - COVENANTS OF CUSTOMER

- 4.01** The Customer hereby consents to the terms of this Agreement, and confirms to and agrees with the Bank and the Lender that so long as the Customer remains obligated or indebted to the Bank and the Lender, it shall hold its assets so charged in favour of, and for the Bank and the Lender in accordance with their respective interests and priorities as set out in this Agreement.
- 4.02** The Customer will permit the Bank and the Lender, and their employees, agents and contractors access at all reasonable times, to any property and assets of the Customer upon which the Bank or the Lender, as applicable, has a charge or security interest to inspect the same, and access to, so as to make copies of or extracts from, any books of account and all records, ledgers, reports, documents and other writings relating to such property and assets, and to permit the Bank and the Lender at all reasonable times to remove any property and assets of the Customer upon which its charge or security interest has priority under this Agreement, from the premises of the Customer, without interference, provided that the Bank or the Lender, as applicable, shall promptly repair any damage caused to the premises by the removal of any such property or assets.

ARTICLE 5 - GENERAL

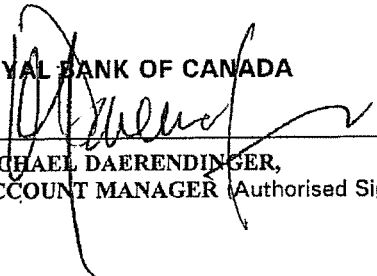
- 5.01** From time to time upon request, the Bank and the Lender may advise each other of the particulars of the indebtedness and obligations of the Customer to each other and all security held by each of them.
- 5.02** The Bank, the Lender and the Customer shall do, perform, execute and deliver all acts, deeds and documents as may be necessary from time to time to give full force and effect to the intent of this Agreement; provided, however, that no consent of the Customer shall be necessary to any amendment of the terms hereof by the Bank and the Lender unless the interests of the Customer are directly affected thereby. The Lender appoints the Bank as its agent to execute and register under the PPSA or relevant personal property security legislation such financing statements or other statements as may be permitted to register this Agreement.
- 5.03** The Bank and the Lender agree that they will use their reasonable best efforts to give prompt written notice to each other of any action taken by them against the Customer to enforce their security. Such notice shall be given prior to or forthwith after taking such action, but failure to give such notice will not give either party any cause of action or right to damages or other remedy against one another, provided that nothing in this Section 5.03 is intended to waive or relieve against the specific notice requirements of Section 3.01(d) of this Agreement.
- 5.04** This Agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns; provided, however, that neither the Bank nor the Lender shall assign or transfer any of the Bank Security or the Lender Security without obtaining from the assignee or transferee an agreement to be bound by the provisions of this Agreement and without obtaining an acknowledgment from the assignee or transferee that this Agreement shall apply to both financing advanced prior to and subsequent to the date of the assignment or transfer.
- 5.05** Any notice required or permitted to be given pursuant to this Agreement shall be in writing and shall be addressed and delivered to the parties at their addresses listed on the signature pages hereto. Notices may be sent by fax or served personally and in each case shall be deemed to be received on the day so transmitted by fax or personally delivered.
- 5.06** Any amendment or supplement of this Agreement shall be in writing, and provided that such amendment or supplement does not result in the Customer incurring any increased liabilities, shall be signed by the Bank and the Lender, without requiring the execution of such amendment or supplement by the Customer.
- 5.07** This Agreement may be terminated by either the Bank or the Lender at any time by the terminating party giving the other party 30 days notice in writing of such termination. Such termination shall in no manner effect a termination of this Agreement with respect to any existing loan or advances made to the Customer by either the Bank or the Lender or the security interest of either the Bank or the Lender in any assets of the Customer obtained prior to the effective date of such termination, and neither the Bank nor the Lender shall be required to provide further loans or supply further credit to the Customer subsequent to the effective date of such termination.
- 5.08** This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof.
- 5.09** This Agreement shall be governed by and construed in accordance with the laws of the Province of **British Columbia**.

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of the duly authorized officers.

ADDRESSES:

**VAN BC - BROADWAY COMMERCIAL
505 WEST BROADWAY**

**VANCOUVER
BC, V5Z 1E7**

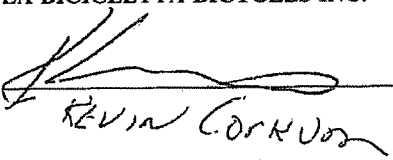
ROYAL BANK OF CANADA


MICHAEL DAERENDINGER,
ACCOUNT MANAGER (Authorised Signature)

(Authorised Signature)

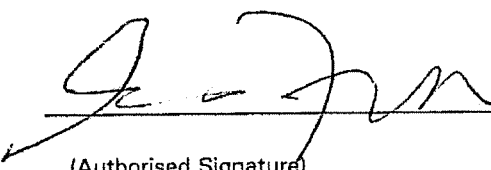
233 WEST BROADWAY

**VANCOUVER
BC, V5Y1P5**

LA BICICLETTA BICYCLES INC.


KEVIN CORKIN
(Authorised Signature)

(Authorised Signature)



(Authorised Signature)

(Authorised Signature)

1465 KEBET WAY

**PORT COQUITLAM
BC, V3C6L3**

LTP SPORTS GROUP INC.

(Authorised Signature)

(Authorised Signature)

(Authorised Signature)

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of the duly authorized officers.

ADDRESSES:

VAN BC - BROADWAY COMMERCIAL
505 WEST BROADWAY

VANCOUVER
BC, V5Z 1E7

ROYAL BANK OF CANADA

MICHAEL DAERENDINGER,
ACCOUNT MANAGER (Authorised Signature)

(Authorised Signature)

233 WEST BROADWAY

VANCOUVER
BC, V5Y1P5

LA BICICLETTA BICYCLES INC.

(Authorised Signature)

(Authorised Signature)

1465 KEBET WAY

PORT COQUITLAM
BC, V3C6L3

LTP SPORTS GROUP INC.

Jalene Pat

(Authorised Signature)

Therese Soucy

(Authorised Signature)

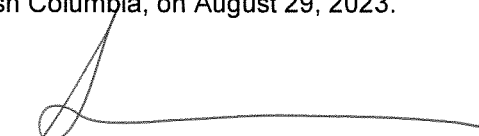
SCHEDULE "A"

Description of Lender Inventory

A PURCHASE MONEY SECURITY INTEREST IN ALL THE DEBTOR'S PRESENT AND AFTER ACQUIRED INVENTORY, NOW OR HEREAFTER SUPPLIED BY OR ON BEHALF OF THE SECURED PARTY TO OR FOR THE BENEFIT OF THE DEBTOR.

PROCEEDS - GOODS, INVENTORY, CHATTEL PAPER, SECURITIES, DOCUMENT OF TITLE, INSTRUMENTS, MONEY, INTANGIBLES AND ACCOUNTS (ALL AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT, AND ANY REGULATIONS THERUNDER AND ANY AMENDMNETS THERETO) AND INSURANCE PROCEEDS.

This is **Exhibit "D"** referred to in **Affidavit #2** of **Graham Fox**, affirmed before me at Vancouver, British Columbia, on August 29, 2023.



A Commissioner for taking Affidavits
for British Columbia



E-FORM 3405 (08.2016)

TOR-BUSINESS SERVICE CENTRE
36 YORK MILLS RD 4TH FLR
TORONTO ON M2P 0A4

Date: June 25, 2018

SPECIALIZED BICYCLE COMPONENTS CANADA INC.
20975 RUE DAOUST
STE-ANNE-BELLEVUE QC H9X0A3

Dear Sirs:

RE: LA BICICLETTA BICYCLES INC. (together with its successors and assigns, the "Debtor")
Our Ref # 156-183-774

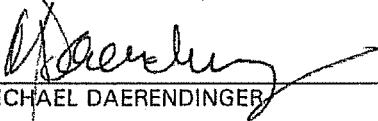
Royal Bank of Canada (the "Bank") is providing/may in the future provide credit facilities and other products and services to the Debtor.

In order to induce the Bank to continue to provide/provide those credit facilities, products and services, would you please, by signing and returning to us, the enclosed duplicate copy of this letter, confirm that:

- (a) Any security interest you may have, now or in the future, in any property of the Debtor, present or future, is hereby postponed and subordinated to the security interest of the Bank in any such property.
- (b) The postponement and subordination contained herein shall apply in all events and circumstances regardless of the date of execution, attachment, registration or perfection of any security interest held by the Bank or you, the date of any advance or advances made to the Debtor by the Bank or you, the date of any default by the Debtor under any agreement with the Bank or you, or the date of crystallization of any floating charge held from the Debtor by the Bank or you, or any priority granted by any principle of law or any statute.
- (c) Any proceeds of insurance or expropriation received by the Debtor, the Bank, or you, with respect to any collateral in which we have a security interest, shall be dealt with as though such proceeds of insurance or expropriation were paid or payable as proceeds of realization of the collateral for which they compensate.
- (d) This letter shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

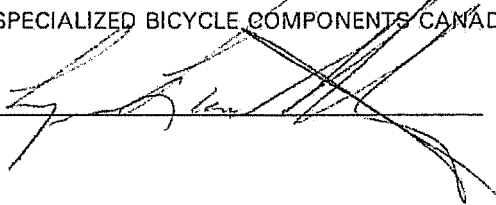
Yours truly,

ROYAL BANK OF CANADA

Per: 
MICHAEL DAERENDINGER

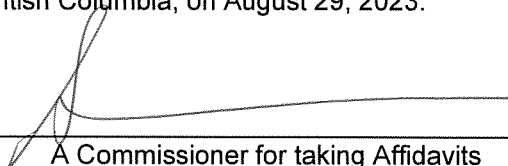
I/We hereby confirm our agreement with the provisions of this letter.

SPECIALIZED BICYCLE COMPONENTS CANADA INC.

Per: 

Per: _____

This is **Exhibit "E"** referred to in **Affidavit #2** of **Graham Fox**, affirmed before me at Vancouver, British Columbia, on August 29, 2023.

A handwritten signature in black ink, consisting of a stylized initial 'A' followed by a long horizontal line.

A Commissioner for taking Affidavits
for British Columbia



VAN BC-BROADWAY CFS
1055 W GEORGIA ST., 4TH FLOOR
VANCOUVER, BC V6E 3S5

Date: May 6, 2021

CYCLES LAMBERT HLC
1000, RUE DES RIVEURS
LÉVIS, QC G6Y 9G3

Dear Sirs:

RE: LA BICICLETTA BICYCLES INC. (together with its successors and assigns, the "Debtor")
Our Ref # 156-183-774

Royal Bank of Canada (the "Bank") is providing/may in the future provide credit facilities and other products and services to the Debtor.

In order to induce the Bank to continue to provide/provide those credit facilities, products and services, would you please, by signing and returning to us, the enclosed duplicate copy of this letter, confirm that:

- (a) Any security interest you may have, now or in the future, in any property of the Debtor, present or future, is hereby postponed and subordinated to the security interest of the Bank in any such property.
- (b) The postponement and subordination contained herein shall apply in all events and circumstances regardless of the date of execution, attachment, registration or perfection of any security interest held by the Bank or you, the date of any advance or advances made to the Debtor by the Bank or you, the date of any default by the Debtor under any agreement with the Bank or you, or the date of crystallization of any floating charge held from the Debtor by the Bank or you, or any priority granted by any principle of law or any statute.
- (c) Any proceeds of insurance or expropriation received by the Debtor, the Bank, or you, with respect to any collateral in which we have a security interest, shall be dealt with as though such proceeds of insurance or expropriation were paid or payable as proceeds of realization of the collateral for which they compensate.
- (d) This letter shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

Yours truly,

ROYAL BANK OF CANADA

Per: 

MICHAEL DAERENDING

I/We hereby confirm our agreement with the provisions of this letter.

LA BICICLETTA BICYCLES INC.

Per: 

Manon Lajoie

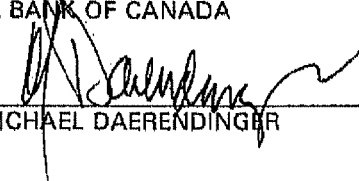
Digitally signed by Manon Lajoie
DN: cn=Manon Lajoie, o=CA,
email=rlajoie@hclbke.ca, CA
Date: 2021.05.10 15:26:07 -0400

CYCLES LAMBERT HLC

Per: _____

Yours truly,

ROYAL BANK OF CANADA

Per: 
MICHAEL DAERENDINGER

I/We hereby confirm our agreement with the provisions of this letter.

LA BICICLETTA BICYCLES INC.

Per: **Manon Lajoie** Digitally signed by Manon Lajoie
DN: cn=Manon Lajoie, o, ou,
email=lajoie@lajoie-jeff.com, ca=CA
Date: 2022.03.10 15:28:09 -0400
CYCLES LAMBERT HLC

Per: _____