

Tru Labels Inc.

Sale Process Summary

(Bid Deadline: December 14, 2018)

Purpose

1. By order of Justice Hainey on November 6, 2018 (the “**Order**”), Harris & Partners Inc. (the “**Receiver**”) was appointed receiver and manager of all of the assets, undertakings and property of Tru Labels Inc. (“**Tru Labels**” or the “**Company**”). A copy of the Order is attached to this document at Appendix “A”.
2. Pursuant to paragraph 3 (j) and (k) of the Order, the Receiver is conducting a formal sales process (the “**Sale Process**”) to sell the going concern value of Tru Labels including the right, title and interest of the Receiver in the business and all or substantially all of its assets (the “**Property**”).
3. This document provides interested parties (an “**Interested Party**”) with the rules and procedures governing the Sale Process.

Interpretation

4. In this document any reference to a date (for example “before December 14, 2018”) includes that day.

Bidding Procedures

5. The Receiver will publicly advertise the Sale Process and has prepared a list of Interested Parties. The Receiver will try to contact every party on this list and anyone the Receiver learns could be an Interested Party.
6. Along with this Sale Process summary, the Receiver will provide Interested Parties a teaser package that includes: a solicitation email summarizing the acquisition opportunity and a

form of confidentiality agreement (“CA”) that Interested Parties must sign to gain access to confidential information and to perform due diligence. Anyone may request the Sale Process summary or teaser email/package by contacting the Receiver.

7. To participate in the Sale Process, the Receiver must receive from an Interested Party by email, fax or hand delivery (a “**participant**”) the following:
 - (a) a signed CA,
 - (b) if the Receiver requests, proof satisfactory to the Receiver that the Interested Party has the financial ability to close a transaction for the Property; and
 - (c) a document signed by the Interested Party:
 - (i) disclosing if the Interested Party is acting in concert with others (or confirming it is not),
 - (ii) unless the Receiver waives this requirement in writing, confirming the Interested Party is not acting as a broker, agent or other representative of any other person and is considering a transaction with the Receiver only for its own account
8. Participants may access the Receiver’s online data room (the “**Data Room**”) setup for this Sale Process to review financial information, sales data and other confidential information and data. Participants may meet Tru Labels key employees, the Receiver or any other person relevant to the Sale Process who the participant may request and the Receiver is able to arrange.
9. Participants may set up a visit to the Tru Labels premises with the authorization and permission of the Receiver.

“As is Where Is”.

10. The sale of Tru Labels’ Property will be on an “as is, where is” basis without representations or warranties of any kind, nature or description by the Receiver or Tru Labels, except to the extent set forth in the definitive sale agreement with a Successful Bidder (see definition below). By submitting a bid, each bidder shall be deemed to

acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Property prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid, and that it did not rely upon any written or oral statements, representations, warranties, or guarantees, express, implied, statutory or otherwise, regarding the Property or the completeness of any information provided in connection therewith, except as expressly stated in this Sale Process or as set forth in a definitive sale agreement signed by the Receiver and the Successful Bidder.

Bidding Procedures

11. The bidding procedures are as follows (the “**Bidding Procedures**”):

- (a) participants must submit bids (each a “**bid**”) to purchase the Property in writing to the Receiver no later than Noon (Toronto time) on December 14, 2018 (the “**Bid Deadline**”).
- (b) a bid must include: the Deposit (see below), a completed copy of form of sale agreement (the “**Sale Agreement**”) included in the Data Room disclosing, at a minimum, the purchase price, the identification of the bidder, evidence of corporate authority to close a transaction (if any) and proof satisfactory to the Receiver of the bidder’s financial ability to fund the purchase price.
- (c) The Receiver, in its sole discretion, is authorized to accept a ‘credit bid’ whereby a secured lender may bid the value of its secured claim to offset the purchase price provided that any and all prior ranking secured interests are fully satisfied in the bid.
- (d) participants should email their bids to Harris & Partners Inc., Attention: Adam Fisher (email: adam@harrispartners.ca).
- (e) by submitting a bid, participants acknowledge its bid is irrevocable until the Receiver selects a Successful Bidder or advises the participant that its bid was not

accepted.

- (f) participants making a bid must wire transfer to the Receiver a cash deposit equal to 10% of the purchase price of the participant's bid (the "**Deposit**"). If a wire transfer is not practical, the Receiver may agree to an alternative form of Deposit.

Qualified Bids

- 12. The Receiver will consider a bid a "**Qualified Bid**" if it is submitted before the Bid Deadline and meets the following requirements:
 - (a) the participant has paid the Deposit to the Receiver, in trust;
 - (b) the participant has fully completed and signed a Sale Agreement that includes the following information:
 - (i) a detailed listing and description of the Property to be included in the sale; and
 - (ii) details of any liabilities to be assumed by the Qualified Bidder as part of the purchase price;
 - (c) The Receiver does not object to any conditions. At a minimum, no bid may be conditional on:
 - (i) obtaining financing
 - (ii) the outcome of unperformed due diligence; or
 - (iii) the approval of any shareholders, directors or any other corporate governance-related approvals;
 - (d) it states the anticipated closing date with any critical milestones;
 - (e) it identifies whether a vesting order from the Ontario Superior Court of Justice is required;
 - (f) it outlines any anticipated regulatory and other approvals required to close the

transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

- (g) it identifies every contract (including executory contracts and leases) the bidder wishes to assume and provides a complete and detailed proposal for the treatment of any related cure costs (and provides adequate assurance of future performance thereunder) and whether an assumption or assignment of such contract is a condition of closing;
 - (h) it contains any other information reasonably requested by the Receiver; and
 - (i) The Receiver has the identity of every person or entity sponsoring or participating in the bid and the complete terms of such participation.
13. The Receiver may waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids.

Post-Bidding Procedures

- 14. If the Receiver receives 2 or more Qualified Bids, the Receiver may:
 - (a) accept a Qualified Bid (the “**Successful Bid**” and the Qualified Bidder making the Successful Bid is the “**Successful Bidder**”) and take any necessary steps to finalize a transaction with the Successful Bidder;
 - (b) select Qualified Bidders (the “**Selected Bidders**”) to continue negotiations with a view to finalizing an agreement with one Selected Bidder. The Receiver will notify those Qualified Bidders who are not Selected Bidders; or
- 15. The Receiver has sole discretion to select the Successful Bid. In doing so, the Receiver may consider any relevant factor in its business judgment.

Retention of Deposit and Other Terms

16. The Receiver will retain all Deposits in trust. The Successful Bidder's deposit will be applied towards the purchase price on closing. The Receiver will return Deposits of Qualified Bidders who are not the Successful Bidder within 5 business days of the Receiver accepting a Successful Bid.
17. If the Successful Bidder breaches its obligations under this Sale Process, the Successful Bidder will forfeit its Deposit as liquidated damages (not as a penalty).
18. The Receiver may amend the terms of this Sale Process and extend any deadlines if deemed appropriate.

Contact

For all submissions, inquiries and matters in connection with the Sale Process, please contact the Receiver:

Receiver

Adam Fisher

Harris & Partners Inc.
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Toronto, ON L3R 9W9
e-mail: adam@harrispartners.ca