

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF LONGUEUIL

SUPERIOR COURT
Commercial Division

No. : 505-11-014522-176

IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF

DENSI CORPORATION

Debtor/Applicant

- and -

KPMG INC.

Trustee

APPLICATION FOR THE ISSUANCE OF AN ORDER
EXTENDING THE STAY PERIOD

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING
IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF
LONGUEUIL, THE APPLICANT RESPECTFULLY SUBMITS THE FOLLOWING:

1. INTRODUCTION

1. On March 6, 2017, given its insolvency, the Applicant, Densi Corporation ("Densi") filed a *Notice of Intention to Make a Proposal* (the "NOI") pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (the "BIA") and KPMG Inc. ("KPMG" or the "Trustee") was appointed as trustee to the NOI.
2. The NOI was filed with a view of initiating, with the assistance of the Trustee and under the supervision of this Court, a sale process (the "Sale Process") in respect of its assets (collectively, the "Assets"), and potentially filing thereafter, a proposal to its creditors (a "Proposal").
3. As a result of the filing of the NOI, all proceedings against, *inter alia*, Densi and its assets were automatically stayed for an initial period of thirty (30) days (i.e. until April 5, 2016) (the "Stay Period").

2. **ORDER SOUGHT**

4. For the reasons further described herein, Densi hereby seeks from this Court the issuance of an order extending the Stay Period for an additional period of forty-five (45) days from the expiry of the initial Stay Period (i.e. until May 22, 2017, as May 20th, 2017 is a Saturday).

3. **THE FILING OF THE NOI**

5. The NOI was filed in a context where, *inter alia*:
- (a) For the past few years, the printer consumable product market and aftermarket has seen a downturn in Canada, as a result of, *inter alia*, more and more businesses changing their culture by going paperless;
 - (b) Such market trends, combined with increased competition, namely from foreign companies that have begun setting up shop in North America in order to by-pass intermediaries such as Densi, have forced wholesalers and manufacturers of imaging supply products such as Densi to offer even more competitive pricing on their products, thereby reducing their profit margins, and increasing the pressure on their cash-flows;
 - (c) Over the past three (3) years, the exchange rate between the Canadian dollar and the US dollar has varied by more than thirty percent (30%) which has had an immense impact on Densi's profitability, revenue stream and cash-flow given the fact that the majority if not all of its inventory is purchased in US dollars, whereas the majority of its sales and revenues are from customers are based in Canada; and
 - (d) In addition to the foregoing, Densi's delivery costs have also significantly increased over the past few years due to, *inter alia*, increase in fuel costs;
 - (e) In 2015, Densi proceeded with a re-branding by redesigning its product packaging with the objective of attracting more business from both new and existing customers. However, this project turned to be very costly and unprofitable, namely because of certain of its suppliers' inability to deliver to Densi, in time, its product packaging as ordered, which forced the latter to incur significant time and money to repackage itself said products before they could be delivered to its customers. This resulted in, *inter alia*, loss of profit margins, loss of client business and, ultimately reputational damages; and
 - (f) Despite Densi's efforts to minimize its costs and right-size its business in order to maintain profitability, including by streamlining its operations and reducing its workforce, it ultimately came to the realization that it was no longer able to compete as an intermediary in the printer consumable product and imaging supply aftermarket.

6. As Densi was no longer able to meet its obligations as they became due, Densi was left with no viable option other than to file the NOI.

4. **THE PROPOSED SALE PROCESS**

7. On March 8, 2017, Densi was authorized by this Court to conduct a sale process (i.e. the Sale Process) in order to sell its Assets, outside of its ordinary course of business, substantially in accordance with the sale process described below:

<u>Milestones</u>	<u>Expected Timing</u>
A. Finalization of a list of prospective purchasers:	Week of March 6, 2017
B. Communication of a "teaser" and a confidential information memorandum to prospective purchasers :	Week of March 13, 2017
C. Establishment of an electronic data room, if necessary:	Starting Week of March 13, 2017
D. Discussion and meetings with potential purchasers	Week of March 20, 2017 to Week of April 24, 2017
E. Due Diligence Period	Week of March 20, 2017 to Week of April 24, 2017
F. Deadline for the filing of a letter of intent:	Week of April 24, 2017
G. Determination of successful offer(s) (if any), and negotiation with potential purchaser(s)	Week of May 1, 2017 to Week of May 8, 2017
H. Filing and presentation of a motion seeking the approval of the sale of the Assets to one or more purchaser(s):	Week of May 15, 2017
I. Closing of the sale of the Assets to one or more purchaser(s):	Week of May 22, 2017

8. As previously announced to the Court, it was and remains Densi's intention to maintain its ongoing operations during the Sale Process in order to continue generating sufficient liquidities to conduct such process, and, at the same time, maximize the value of its Assets, for the benefit of all of its creditors.

9. As will be further discussed below, Densi continues to believe that the Sale Process and the continuation of its operations during the Sale Process will allow it to yield better results than any conceivable "go-dark" scenario. Indeed, in the event of a liquidation under a bankruptcy scenario where all operations would be terminated, it is expected that the value of the Assets would likely be substantially reduced, if not depleted, to the detriment of all of its creditors.

5. **THE PROGRESS MADE SINCE THE FILING OF THE NOI**

10. Since the filing of the NOI, the Trustee has prepared and sent:

- (a) a notice to all known creditors of Densi advising them of the filing by Densi of the NOI and of the stay of proceedings resulting therefrom; and
- (b) a notice of stay of proceedings to such persons with whom Densi was involved in litigation proceedings as at the date of the filing of the NOI.

11. On March 17, 2017, in order to preserve its rights during the Sale Process and avoid the expenditure of potentially unnecessary legal fees, Densi sought and obtained from this Court, an order staying, until June 22, 2017, all proceedings in the Court file No. 505-17-008344-154 in which Densi is plaintiff and cross-defendant. In seeking such order, Densi argued, and both the Court and the defendant and cross-applicant in such litigation proceedings agreed and understood that, even if such party was to be successful in its contested claim against Densi, its entitlement to any eventual distribution (as an alleged unsecured creditor of Densi) would depend on the value of Densi's Assets, which is to be assessed in the context of the Sale Process. The Court and this parties also agreed and understood that if the Sale Process was to not yield the desired results, all costs otherwise spent in connection with the above litigation proceedings would likely be wasted, not only to the detriment to the parties to such litigation proceedings, but also to the detriment of Densi's creditors, who would, for all intents and purposes finance these litigation proceedings.

12. In addition to the foregoing, during the week of March 13, 2017, Densi, with the assistance of the Trustee, began preparing:

- (a) a list of approximately eighty (80) prospective purchasers potentially interested in purchasing its Assets (collectively, the "**Prospective Purchasers**"); and
- (b) the "*teaser*" (the "**Teaser**") and the confidential information memorandum (the "**CIM**"), the purpose of which is to provide to the Prospective Purchasers relevant information concerning Densi and its Assets.

13. On March 22, 2017, *prior* to the official launch of the Sale Process, three (3) Prospective Purchasers approached the Trustee and/or Densi to advise it of their interest in potentially submitting a bid in respect of Densi's assets, and, more specifically, in respect of its intellectual property.

14. On March 24, 2017, the Sale Process was launched as the Trustee sent to all Prospective Purchasers copy of the Teaser and of the CIM, a copy of which is communicated herewith as **Exhibit R-1**.
15. As appears from the Teaser, all parties interested in submitting an offer in respect of all or part of Densi's Assets were invited to do so by no later than May 5, 2017 (the "**Bid Deadline**").
16. Concurrently with the above, Densi also began reaching out directly to some of these Prospective Purchasers who it believes may have a particular interest in purchasing its Assets.

6. **GROUND FOR THIS APPLICATION**

17. In light of the foregoing, Densi requires an extension of the Stay Period in order to, *inter alia*, complete the Sale Process, maximize the chances of receiving one or several offer(s) by the Bid Deadline, and assess whether it is feasible, under the circumstances to make a viable proposal to its creditors.
18. Based on the expected timing of the various milestones to be achieved as part of the Sale Process, as described in paragraph [7] hereof, the extension of the Stay Period until May 22, 2017 should allow Densi to complete the Sale Process, and present to the Court an Application to the Court seeking the approval of one or more sale transaction(s) in respect of its Assets, to the extent that one or more offer(s) is or are received by the Bid Deadline.
19. In the meantime, all creditors of Densi will be able to be kept apprised of the progress of the Sale Process by communicating with the Trustee.
20. Densi further submits that no creditor will be materially prejudiced as a result of the extension of the Stay Period. In fact, to the contrary, absent an extension of the Stay Period:
 - (a) Densi will likely be forced to shut-down its operations, terminate all of its employees, effective immediately, and file or be deemed to have filed a voluntary assignment in bankruptcy;
 - (b) the Sale Process will be abruptly terminated; and
 - (c) all of Densi's Assets, including its inventory, will likely need to be liquidated in the context of a bankruptcy scenario, on a piecemeal basis, where their value is expected to be significant reduced.
21. On March 24, 2017, Densi obtained a preliminary assessment from Service FL who confirmed, on a preliminary basis, that the value of Densi's inventory will be almost completely depleted in a bankruptcy scenario, despite its book value. A copy of a letter from Service FL dated March 24, 2017 confirming the above is communicated herewith, under seal, as **Exhibit R-2**.

22. As things currently stand, Densi not only continues to generate sales of inventory in the ordinary course of business, but also a profit margin on those sale, which would otherwise not be possible under a bankruptcy scenario.
23. Therefore, Densi respectfully submits that given its actual and anticipated levels of sales in inventory in the upcoming weeks, in is in the interest of all of its stakeholders that it continues to operate at least until the Bid Deadline in order to maximize those sales and profits.
24. Otherwise, should the present proceedings be turned into bankruptcy proceedings, it is expected that the position of Densi's creditors will materially deteriorate.
25. Densi submits that it has acted and continues to act in good faith and with due diligence, with a view of potentially securing one or more offer(s) in respect of its Assets, for the benefit of its creditors.
26. Densi understands that the Trustee intends to file, in advance of the hearing on the present Application, a report to the Court supporting the extension of the Stay Period, as requested herein.
27. Densi respectfully submit that this Application should be granted in accordance with its conclusions, as it is well founded in fact and in law.

WHEREFORE, MAY THIS COURT:

GRANT this *Application for the Issuance of an Order Extending the Stay Period* (the "**Application**").

EXTEND the stay period resulting from the filing by Densi Corporation of a Notice of Intention to Make a Proposal until May 22, 2017.

THE WHOLE WITHOUT COSTS, save and except in case of contestation.

Montreal, **March 27, 2017**


STIKEMAN ELLIOTT LLP

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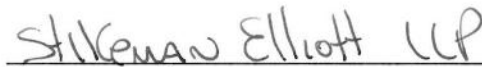
NOTICE OF PRESENTATION

TO: the Service List

TAKE NOTICE that the *Application for the Issuance of an Order Extending the Stay Period* will be presented for adjudication before one of the Honourable Judges of Superior Court, sitting in practice in and for the District of Longueuil, in the Longueuil Courthouse, 1111, blvd. Jacques-Cartier East, on **March 30, 2017** at **9 a.m.** in **Room 1.17** of the Longueuil Courthouse.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, **March 27, 2017**



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<p style="text-align: center;">LIST OF EXHIBITS (in support of the Motion for the issuance of an order extending the stay of proceedings)</p>

<u>EXHIBITS</u>	<u>DESCRIPTION</u>
Exhibits R-1:	Copy of the Teaser and of the CIM;
Exhibits R-2: <i>under seal</i>	Copy of a letter from Service FL;

Montreal, **March 27, 2017**


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Exhibit R-1

Contact Information

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Unique opportunity

Densi Corporation (hereinafter the “**Densi**” or the “**Company**”), started a restructuring process on March 6, 2017, by the filing of a notice of intention to file a proposal (hereinafter the “**NOI**”) pursuant to Section 50.4 (1) of the *Bankruptcy and Insolvency Act* (hereinafter the “**BIA**”).

KPMG inc. has been appointed as trustee to the NOI.

As part of its restructuring process, Densi, with the support and supervision of KPMG, solicits offers for the purchase of its **intellectual property**, subject to the approval of the Superior Court of Québec.

Company profile

Densi is a corporation incorporated under the *Canada Business Corporation Act*, having its principal place of business at 1100 Parent Street, in the city of Saint-Bruno-de-Montarville.

Founded in 1979, Densi is a privately owned distributor of imaging supplies and parts for business copiers, printers, multi-function printers and other imaging equipment.

Densi:

- ❖ Has more than 38 years in the business;
- ❖ Represents approximately 200 manufacturers;
- ❖ Densi Branded Products available in 20 countries located on 3 continents;
- ❖ Carries approximately 8000 products;
- ❖ Currently has approximately 1,150 active customers; and,
- ❖ Owns recognized brands.

Intellectual properties, including the following:

- ❖ Densi Corporation tradenames;
- ❖ Densi Corporation trademarks;
- ❖ List of clients;
- ❖ All other intellectual properties, including transaction website www.densi.com and phone number.



DENSI

DENSITONE

Densi will also consider offers in bulk for the sale of all of its assets.

Contact Information

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Important notice

This document contains basic information, statements and estimates provided to KPMG Inc. by the Company and its management.

This document contains certain statements, estimates and projections with respect to the anticipated future performance of the Company. Such statements, estimates and projections reflect various assumptions made by the management of the Company concerning anticipated results, which assumptions may or may not prove to be correct. No representation is made as to the accuracy of such statements, estimates and projections.

Any person including any purchaser referred to in this document or any business or assets referred to herein must satisfy himself as to all matters relating to that Company or such business assets including all the information and statement contained herein.

KPMG Inc. on behalf of itself and all other member firms of KPMG, and all partners, staff and agents thereof, does not accept responsibility for any information contained herein and disclaims all liability to any person or entity arising out of or in connection with such information. KPMG Inc. is a division of KPMG LLP which is authorized and regulated by the Financial Services Authority for investment business activities.

1. The Comprehensive Economic and Trade Agreement (CETA) is a proposed trade agreement between Canada and the European Union



DENSI CORPORATION

March 24, 2017

CALL FOR TENDERS

Information Memorandum

kpmg.ca



KPMG Inc.
KPMG Tower
Suite 1500
600, de Maisonneuve Blvd. West
Montréal (Québec) H3A 0A3

Telephone (514) 840-2100
Fax (514) 840-2187
Internet www.kpmg.ca

March 24, 2017

Notice to potential bidders

Subject: DENSI CORPORATION

We hereby present the information memorandum in connection with the private call for tenders.

Should you have any questions, please do not hesitate to contact Maxime Codere at 514-940-7528.

KPMG INC.

Dev A. Coossa, CIRP, LIT
Partner

Maxime Codere, CPA, CA, CIRP, LIT
Vice-president



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1 Notice to reader

Densi Corporation (hereinafter the “**Densi**” or the “**Company**”), started a restructuring process on March 6, 2017, by the filing of a notice of intention to file a proposal (hereinafter the “**NOI**”) pursuant to Section 50.4 (1) of the *Bankruptcy and Insolvency Act* (hereinafter the “**BIA**”). KPMG Inc. was appointed Trustee to the NOI (hereinafter the “**Trustee**” or “**KPMG**”).

As part of its restructuring process, Densi, with the support and supervision of KPMG, solicits offers for the purchase of its intellectual property (hereinafter the “**Assets**”), subject to the approval of the Superior Court of Québec (hereinafter the “**Court**”).

The Assets are described in **Appendix B**.

Densi will also consider offers in bulk for the sale of all of its assets.

This document has been prepared solely for the convenience of prospective purchasers (hereinafter “**Purchaser**” or collectively “**Purchasers**”) to assist them in their determination of whether they wish to submit a proposal offer to purchase the Assets.

Densi expressly advises, and the Purchaser acknowledges, that the Purchaser will not and should not solely rely on the information contained in this information memorandum in its consideration to submit an offer purchase all or part of the Assets.

KPMG has not independently verified any of the information contained herein and makes no express or implied representation or warranty as to the accuracy or completeness of such information. Nothing contained in this document is or should be relied upon as a representation with respect to the Assets.

Each Purchaser must rely upon on its own inspection and investigation in order to satisfy itself as to title, merchantability, encumbrances, description, fitness for purpose, quantity, condition, existence, value or any other matter or thing whatsoever relating to the Assets to be purchased.

The information contained herein has been prepared for the sole purpose of presenting to Purchaser an opportunity to purchase the Assets and such information is to be held in confidence and is not to be reproduced or used for any other purpose or disclosed to third parties without Densi’s prior written consent.

Neither this document, nor its delivery to any Purchaser, shall constitute an offer to sell any of the Assets.

2 Introduction

Densi is a corporation incorporated under the *Canada Business Corporation Act*, having its principal place of business at 1100 Parent Street, in the city of Saint-Bruno-de-Montarville.

Founded in 1979, Densi is a privately owned company and a wholesale distributor of imaging supplies and parts for business copiers, printers, multi-function printers and other imaging equipment.

The majority of Densi's revenues are generated through the sale of merchandise to resellers via its online B2B store, which allows its customers to search its entire inventory of products, see real-time pricing and availability and place orders 24 hours per day, seven days a week.

Densi:

- 38 years in business;
- Represents approximately 200 manufacturers;
- Brand and Products present in 20 countries located on 3 continents;
- Carries approximately 8000 products;
- Currently has more than 1,150 active customers; and,
- Owns recognized brands:



DENSITONE

3 Sale Procedures

Densi will consider offers to purchase its Assets, on an “as-is, where-is” basis, and without any warranty of any kind, whether express or implied.

Purchasers interested in evaluating a potential transaction regarding the purchase of Densi’s Assets may be provided access to relevant information and documentations upon executing the confidentiality agreement (NDA) appended at Appendix C hereto.

Densi’s representatives will make themselves available to answer any questions or queries which Purchasers may have.

All offers must be submitted in accordance with the Terms and Conditions of Sales detailed in Article 4 of this Information Package, as well as for the offer form enclosed in Appendix A.

The offers must be received on or before Friday May 5, 2017 at 2:00 PM Eastern Daylight Time (hereinafter “EDT”).

The offers must be received at the office of KPMG at the address below:

KPMG INC. Attn. Maxime Codere, CPA, CA, CIRP, LIT
600 de Maisonneuve Blvd. West, suite 1500
Montréal (Québec) Canada H3A 0A3

All contact by Purchasers should be made directly with the representative of KPMG referred below:

Maxime Codere, CPA, CA, CIRP, LIT
Vice-president
Telephone: (514) 940-7528
Fax: (514) 840-2121
Email: mcodere@kpmg.ca

The offers will be opened on **Friday May 5, 2017 at 3:00 PM EDT** at the office of KPMG in the presence of the representatives of Densi and the Purchasers wishing to be present.

All offers submitted to the Densi in accordance with the Terms and Conditions of Article 4 of the Information Package will be considered. If a party does not submit an offer in accordance with the Terms and Conditions of Sale described in Section 4 of this information memorandum, Densi will not be obligated in any way to consider said offer.

Purchasers are cautioned that the highest offer may not necessarily be accepted, nor will any of the offers submitted necessarily be accepted. Any offer will be subject to a formal purchase and sale agreement to be agreed and entered into with Densi, and will be subject to approval by the Court.

4 Terms and Conditions of Sale

1. Densi will consider written offers to purchase the Assets.

All offers must be marked "TENDER- DENSI CORPORATION » and must be received at the offices of KPMG at the following address on or before Friday May 5, 2017 at 2:00 PM EDT:

KPMG INC.

To the attention of Maxime Codere, CPA, CA, CIRP, LIT
600 de Maisonneuve Blvd. West, suite 1500
Montréal (Québec) H3A 0A3

2. All Purchasers submitting an offer declare, by the deposit of an offer, having inspected, examined and being satisfied with the Assets subject to the offer (including their title) and acknowledge that no representation, warranty, term, condition, understanding or collateral agreement, statutory or otherwise, is expressed or can be implied, with respect to title, merchantability, condition, description, fitness for purpose, quality, quantity or any other thing, affecting any of the Assets or in respect of any other matter or thing whatsoever except as expressly stated herein.
3. Without limiting the foregoing, each party submitting an offer acknowledges and agrees that each Asset is specifically offered on an "as is, where is" basis as each Asset will exist on the closing date..

Each party submitting an offer acknowledges that KPMG is not required to inspect or count, or provide any inspection or counting, of the Assets or any part thereof and such party shall be deemed, at its own expense, to have relied entirely on its own judgement, inspection and investigation. It shall be the sole responsibility of a Purchaser to obtain, at its own expense, any consent to such transfer and any further documents or assurance which is necessary or desirable in the circumstances. KPMG shall not be liable for any incorrect description, defect or condition of any of the Assets, and each person submitting an offer shall make no claim against KPMG or any of its directors, officers or employees in connection with the proposal for the purchase of any of the Assets.

4. The Assets will be available for inspection as described in section 3 (Sale Procedures).
5. Densi and KPMG shall not be required to provide or produce any document, title, statement or other document or proof of right to those already in his possession.
6. All offers must be signed by a duly authorized officer of the entity making the proposal.
7. All offers must specified the value allocated to each lot.
8. Where a proposal offer is subject to a condition, the offer shall state both the amount of the offer where the condition set forth in the offer is accepted by Densi and the amount of the offer where the condition is not accepted.
9. Where an offer is subject to a condition and the offer states only one amount, that amount shall be considered to be the amount of the offer even if the condition set forth in the offer is not accepted by Densi.

10. All offers must be accompanied by a bank draft or certified cheque payable to "KPMG INC. *In Trust*" in an amount equal to 15% of the gross purchase price offered for the Assets, which will be held in trust by KPMG. **If the transaction obtains the approval of the Court**, this draft or cheque shall be deemed a non-refundable cash deposit (the "**Deposit**") and shall be held and applied against the purchase price at closing.

In addition, where the gross purchase price exceeds \$500,000, the Purchaser must provide documented evidence that it has the necessary financial resources to consummate the proposed transaction.

11. Densi reserves the right to amend or terminate the sale process at any time. The highest or any offer will not necessarily be accepted and the acceptance of any offer is at Densi sole and absolute discretion.
12. Densi can, in its sole discretion, waive any or all of the "**Terms and conditions of Sale**", or to its notice of sale by tender.
13. If any offer is accepted by Densi, subject to the approval of the Court, Densi will notify the Purchaser within 5 working days, by notice in writing either delivered or email or by registered mail addressed to the Purchaser having submitted such offer at the address set forth in its offer, such notice to be deemed effectively given and received when deposited in the post office or when delivered or submitted by email as the case may be.
14. All deposits in respect of offers not accepted by Densi shall be returned to the parties having paid such deposits by prepaid registered mail, addressed to the party at the address set forth in its offer, without interest thereon.
15. Upon approval of a transaction by the Court, the Purchaser will have 10 business days following the issuance of an approval order by the Court to take possession of the Assets and make the full payment of the balance of the purchase price, including applicable taxes.
16. Densi shall remain in possession of and retain all rights, title and interest to the Assets until the purchase price has been paid in full.
17. If a Purchaser fails to comply with these Conditions of Sale, its deposit and all payments made thereon shall be forfeited to the Densi, who will be entitled to resell the Assets to another party and claim from the Purchaser any loss or damages resulting from such Purchaser's failure to comply with the Conditions of Sale and close the sale transaction contemplated in its offer to Densi.
18. The submission of a proposal offer to Densi shall constitute an acknowledgment that the Purchaser has reviewed, understood, acknowledged and agreed to the terms of the accompanying "**Notice to Reader**", as well as these "**Terms and Conditions of Sale**".
19. Any sale of the Assets will be made without any warranty and at the risk of the Purchaser.
20. The balance of the purchase price will be paid by cash, certified check or bank draft, upon closing.

21. All applicable federal or provincial taxes in connection with the sale including provincial sales tax (PST) and Goods and Service Tax (GST), if any shall be over and above the purchase price and shall be in all cases the responsibility of the Purchaser.
22. The validity and interpretation of the Conditions of Sale and offer submitted or any agreement executed pursuant thereto shall be governed by the laws of Quebec.
23. Subject to paragraph 20, the purchase price for the Assets will be kept in trust by KPMG in an account at a financial institution and bearing interest, to be dealt according to the law.

Dated at Montréal, Québec, this 24th day of March 2017.

Appendix A : Form of Tender

To: Densi Corporation

Attention: KPMG INC. (Maxime Codere, CPA, CA, CIRP, LIT)
600 de Maisonneuve Blvd. West, suite 1500
Montréal (Québec) H3A 0A3

1. _____
(Name of the party issuing Proposal)

2. _____
(Address of Party)

3. _____
(Person to be contacted) (Phone number) (Fax number)

4.	Amount offered – Lot 1: Intellectual property (excluding the list of clients)	_____	\$
	Amount offered – Lot 2: List of active clients	_____	\$
	TOTAL	_____	\$

5. Please find enclosed my (our) certified check / my (our) bank draft payable to KPMG INC. In Trust, of an amount of \$ _____ which corresponds to 15% of the total above given.

Conditions:

6. This Proposal is submitted pursuant to the Terms and Conditions of Sale included in the Information Memorandum dated March 24, 2017.





Authorized signing Officer

Date

Appendix B : Assets

LOT 1 - Intellectual properties, including the following¹:

- 1- Densi Corporation tradenames;
- 2- Densi Corporation trademarks, as follow:

Application Number/ Numéro de l'application	Registration Number/No de l'enregistrement	Status/ Statut	Registered	Applicant	Logos	Next renewal/ Prochain délai
1683870	TMA958,539	Registered / Enregistrée	2016-12-21	Densi Corp		2031-07-21
1596911	TMA906,489	Registered / Enregistrée	2015-06-17	Densi Corp		2030-06-17
1736627	DEM 1736627	Formalized / Formalités accomplies		Densi Corp		
1413163	TMA759877	Registered / Enregistrée	2010-02-18	Densi Corp		2025-02-18

- 3- All other intellectual properties, including transactional website www.densi.com and phone number but excluding the List of active clients

LOT 2 - List of active clients¹:

Densi has more than 1,150 active customers in 4 countries located on 3 continents.

¹ Some of the Assets are subject of limited License Agreement



Appendix C : Confidentiality Agreement (NDA)

CONFIDENTIALITY AGREEMENT

THIS AGREEMENT made the ____ day of _____,2017.

BETWEEN:

Densi Corporation a corporation incorporated and subsisting under the Canada Business Corporation Act, and having its principal place of business at 1100 Parent Street, in the city of Saint-Bruno-de-Montarville, province of Quebec J3V 6L8 (hereinafter referred to as the “Company”)

and

**[NAME OF COMPANY WHO IS BEING ASKED TO SIGN
CONFIDENTIALITY AGREEMENT]**

a corporation incorporated and subsisting under the laws of _____, and having its principal place of business at _____

(hereinafter referred to as the “Recipient”)

WHEREAS the Company and the Recipient intend to initiate discussions in order to evaluate a possible transaction (the “Transaction”).

AND WHEREAS in the course of evaluating the Transaction, it may become necessary for the Recipient to obtain access to information and/or documentation that the Company considers to be of a confidential nature.

AND WHEREAS the Company wishes to define its rights and obligations with respect to any and all information provided to the Recipient in connection with the Transaction.

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

1. “Confidential Information” shall be defined as any and all data and information in any format or form, electronic, written or oral, relating to the business, affairs or operations of the Company, which at any time may be communicated or revealed to the Recipient, either directly or indirectly, including, but not limited to, contracts, reports, memoranda, legal documentation, financial data, present or future business plans or strategies, customer data, technology, design and techniques, and any information related to the negotiations in connection with the Transaction, or any other information or documentation designated as such by the Company.

Confidential Information will not include information which:

- (a) has rightfully been in the possession of the Recipient prior to the date of disclosure of such information by the Company;
 - (b) has been in the public domain prior to the date of disclosure of such information by the Company;
 - (c) later becomes part of the public domain by publication or by other means except by means of an unauthorized act or omission on the part of the Recipient;
 - (d) is lawfully obtained by the Recipient from a third party independent of the Company who, to the knowledge of the Recipient, is not bound by any confidentiality obligation *vis-à-vis* the Company; or
 - (e) is required to be disclosed by order of a court or governmental or regulatory authority.
2. The Recipient acknowledges that there are no representations or warranties, whether express or implied, as to the accuracy or completeness of the Confidential Information.
 3. The Recipient agrees to provide the Confidential Information only to those of its directors, officers, employees, consultants, agents, advisors or representatives directly concerned with the evaluation of the Transaction who need to know the Confidential Information so as to enable the Recipient to evaluate the Transaction (collectively, the "Representatives") and who agree to be bound by this agreement. The Recipient agrees to be responsible for and accepts liability in respect of any breach of this agreement, including the unauthorized disclosure or use of any Confidential Information, by any of its Representatives.
 4. The Recipient and its Representatives shall receive and maintain the Confidential Information in the strictest of confidence and shall only use the Confidential Information for the limited purpose of enabling the Recipient to evaluate the Transaction and for no other purpose or use, and shall not disclose such Confidential Information or any part thereof to any other person or entity except with the Company's prior written consent and shall not be entitled to use, file or disclose in any other way the Confidential Information in any court proceedings.
 5. The Recipient and its Representatives agree that the Confidential Information is and shall remain the property of the Company and that they shall not copy or reproduce any written materials containing Confidential Information without the Company's prior written consent, except as may be necessary for the purposes set out in Section 3.

6. At the option of the Company and upon its request, the Recipient and its Representatives shall promptly return or destroy all notes, memoranda, correspondence, documents and any other material containing or derived from Confidential Information, including all copies thereof, either furnished hereunder or prepared by the Recipient or its Representatives. Any destruction of such Confidential Information shall be confirmed in writing upon the request of the Company.
7. Without the prior written consent of the Company, the Recipient will not disclose to any person, except as may be necessary for the purposes set out in Section 3, the fact that the Confidential Information has been made available to the Recipient, that discussions or negotiations are taking place, or any other facts with respect to the Transaction, including the status thereof, except as required by law, and then only upon furnishing the Company with immediate written notice.
8. The Recipient agrees that a breach of any of the covenants set out herein shall have material adverse consequences to the Company and that damages arising from the said breach may be difficult to quantify. Accordingly, the Recipient agrees that should it, or any of its Representatives, breach any provision herein, in addition to any other right or remedy at law or in equity, the Company shall be entitled to an immediate injunction or other appropriate order to restrain any such breach by the Recipient without quantifying the damage sustained by the Company.
9. Until the earlier of:
 - (a) a definitive agreement regarding the Transaction having been executed by the Recipient and the Company; or
 - (b) two years from the date of this agreement;

the Recipient and its affiliates (including any corporate entity or person affiliated with, associated with, controlled by, in control of, or under common control with the Recipient) shall not initiate or maintain contact, except in the ordinary course of business, with any officer, director, employee, customer, supplier, competitor or sales representative of the Company, except with the express written permission of the Company. The Recipient and its affiliates further agree for the same period not to solicit for employment or contract for services any personnel now employed by the Company without the prior written permission of the Company, except that the Recipient shall not be precluded from hiring or employing any such person who (i) initiates discussions regarding such employment without any direct solicitation by the Recipient; (ii) responds to any public advertisement or other form of general solicitation placed by the Recipient; or (iii) has been terminated by the Company prior to commencement of employment discussions between the Recipient and such person.

10. The Recipient agrees to indemnify, defend, and hold the Company harmless from and against any and all loss, cost, expense, liability, claim or cause of action, including legal fees and other costs of litigation incurred in connection with such claims, which the Company may incur or be subject to arising from the breach of any provision of this agreement by the Recipient.
11. If any provision of this agreement is determined to be invalid or unenforceable in whole or in part, it shall be deemed not to affect the validity of the remaining provisions and each section of this agreement is hereby declared to be a separate and distinct provision.
12. Unless specifically terminated by a written agreement between the parties, this agreement shall remain in full force and effect for a period of two years from the date hereof.
13. This agreement will not be assigned by any party hereto without the prior written consent of the other party.
14. This agreement will be governed by and construed in accordance with the laws of the Province of Québec and the parties irrevocably attorn the jurisdiction of the courts of the Province of Québec.
15. This agreement constitutes the entire agreement between the parties and supersedes any and all prior understandings with regard to the subject matter hereof and will be binding upon the parties and their respective successors and assigns

IN WITNESS WHEREOF this agreement has been executed by the parties.

DENSI CORPORATION

by: _____
Name:
Title:

**[NAME OF COMPANY RECEIVING
INFORMATION]**

by: _____
Name:
Title:

Exhibit R-2
(Under seal)

SUPERIOR COURT
(Commercial Division)

N°.: 505-11-014522-176

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF LONGUEUIL

IN THE MATTER OF THE NOTICE OF
INTENTION OT MAKE A PROPOSAL OF

DENSI CORPORATION

Applicant

- and -

KPMG INC.

Trustee

BS0350

File: 136521-1006

APPLICATION FOR THE ISSUANCE OF AN
ORDER EXTENDING THE STAY PERIOD
Notice of Presentation, List of Exhibits and
Exhibits R-1 and R-2

ORIGINAL

Mtre. Danny Duy Vu

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ddvu@stikeman.com

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