



This is the 4th affidavit of
Andrew Cole in this case and
was made on January 29, 2025

NO. S-248103
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
FELIX PAYMENT SYSTEMS LTD.

PETITIONER

A F F I D A V I T

I, **Andrew Cole**, business person, of 1400-355 Burrard Street, Vancouver, British Columbia,
SWEAR THAT:

1. In October 2024, I was appointed and remain the Chief Executive Officer of Felix Payment Systems Ltd. ("**Felix**"). Prior to that, I was the Chief Financial Officer of Felix from mid-2021 to October 2024. I have been involved in the restructuring efforts of Felix to date. Where necessary, I have also reviewed the books and records maintained by Felix in the ordinary course of business. As such, I have personal knowledge of the matters described in this affidavit, except where I say that my knowledge is based on information from others, in which case, I believe the same to be true.

2. This affidavit is made in support of Felix's notice of application, dated January 27, 2025 (the "**Application**"), seeking the following:

(a) an increase in the DIP Facility and a corresponding increase in the DIP Lender's Charge (each as defined below) to a maximum of \$2,650,000.

3. Capitalized terms used herein and not otherwise defined have the meanings given to them in my first affidavit, sworn November 21, 2024 (my "**First Affidavit**"), adjusted as the context may require.

I. BACKGROUND AND STATUS OF THE CCAA PROCEEDING

4. On October 15, 2024, Felix filed a notice of intention to make a proposal (the "**NOI**") under the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, which commenced the NOI proceeding (the "**NOI Proceeding**"). Alvarez & Marsal Canada Inc. ("**A&M**") was appointed to act as the proposal trustee (in such capacity, the "**Proposal Trustee**"). On November 12, 2024, this Court (sitting in it bankruptcy and insolvency) granted Felix an extension of time to file a proposal to December 30, 2024.

5. On November 25, 2024, this Court granted an initial order with respect to Felix under the CCAA, which, among other things (the "**Initial Order**"):

- (a) established a stay of proceedings against Felix for an initial period of ten (10) days (the "**Initial Stay Period**") The Initial Stay Period was extended up to and including December 6, 2024;
- (b) granted Felix a continuation of the NOI Proceeding as a proceeding under the CCAA (the "**CCAA Proceeding**");
- (c) appointed A&M as an officer of the Court to monitor the assets, business, and financial affairs of Felix (in such capacity, the "**Monitor**");
- (d) approved Felix's ability to borrow under up to a principal amount of \$400,000 under a debtor-in-possession ("**DIP**") credit ability (the "**DIP Facility**"), to finance Felix's critically required operating expenses and other general corporate purposes, post-filing expenses, and costs in accordance with the applicable cash flow forecast;
- (e) granting the Administration Charge, the Directors' Charge, and the DIP Lender's Charge (each as defined in the First Cole Affidavit) in the following priorities:
 - (i) First – the Administration Charge in favour of the Monitor, counsel to the Monitor, and the counsel to Felix up to a maximum of \$150,000;
 - (ii) Second – the DIP Lender's Charge in favour of the DIP Lender; and
 - (iii) Third – the Directors' Charge in favour of the directors and officers of Felix up to a maximum of \$150,000.

6. On December 6, 2024, this court granted an amended and restated initial order (the "**ARIO**"), which, among other things:

- (a) approved the extension of the Initial Stay Period up to and including February 28, 2025;
- (b) approved Felix's ability to borrow up to a principal amount of \$2,350,000 under the DIP Facility;
- (c) increased the quantum of the Administrative Charge up to a maximum amount of \$250,000;
- (d) approving Felix's proposed key employee retention plan (the "**KERP**") and granting a related charge (the "**KERP Charge**") up to the maximum amount of \$95,000 subordinate to the Administration Charge, the DIP Lender's Charge, and Directors' Charge; and
- (e) authorized Felix's execution of the Stalking Horse Subscription Agreement, dated December 3, 2024; and
- (f) approved a sales and investment solicitation process (the "**SISP**"), in which the Stalking Horse Subscription Agreement would service as the Stalking Horse Bid.

II. REVISED CASH FLOW FORECAST

7. With the assistance of the Monitor, Felix has undertaken an updated cash flow analysis to determine the quantum of funding required to finance their operations over the 7-week period through to the week ending March 2, 2025 (the "**Revised Cash Flow Forecast**"). The Revised Cash Flow Forecast is attached hereto as **Exhibit "A"**.

8. The Revised Cash Flow Forecast indicates that Felix requires an increase in the DIP Facility and a corresponding increase in the DIP Lender's Charge from \$2,350,000 to \$2,650,000, representing an increase of \$300,000 from the previously approved DIP Facility (the "**DIP Increase**").

III. THE PROPOSED DIP INCREASE

9. As set out in the Revised Cash Flow Forecast, Felix requires the DIP Increase to ensure that it has the liquidity required to meet its obligations and continue its business operations during

the Stay Period. However, with the DIP Increase, Felix will have sufficient liquidity to meet its obligations during the Stay Period.

10. Felix has negotiated an amendment to the DIP Facility to contemplate the DIP Increase. Attached hereto as **Exhibit "B"** is copy of the Amending Agreement.

11. The DIP Increase is necessary to provide Felix sufficient liquidity to, among other things, administer the SISF, continue Felix's operations during these CCAA proceedings, and maintain the value of Felix's assets during this time. Additional unexpected costs and a delayed payment have caused sufficient variation from the last cash flow forecast that the DIP Increase is necessary.

Delayed Receivable from Customer

12. Throughout 2024, Felix worked on technology upgrades for the LA Clippers basketball team (the "**Customer**"). Most recently, Felix conducted work in Q4 of 2024.

13. On January 21, 2025, Felix experienced a system-wide outage, which disrupted their delivery of services. Felix is attending to the outage, but as a result, receivables, including from the Customer, may be delayed and additional costs are anticipated to be incurred to address the long term solution.

14. Given concerns raised by the Customer about the commencement of the Chapter 15 Proceedings and the system outage, the Customer has not yet provided payment for all services rendered. As of the date of this Affidavit, approximately \$200,000 remains outstanding.

15. Felix anticipates the Customer will ultimately pay the outstanding amounts, but the delay in payment has caused short-term cash flow constraints. The DIP Increase is necessary to bridge the gap until the outstanding invoice is paid.

Additional Restructuring Costs

16. Felix anticipates increased expenses over the budgeted amounts as a result of the company's general restructuring efforts and specifically, the Chapter 15 Proceedings (as defined below).

17. Felix hired a new Chief Technology Officer (the "**CTO**") in December 2024. The CTO has reviewed the work of Felix's technology team and is restructuring the team's work, including

commencing new projects and refocusing on certain products. Felix believes these changes will create significant long-term value for the company, which justify the additional costs that are incurred in the short-term.

18. To gain the protection of a stay of proceedings in the United States, Felix filed a chapter 15 petition in the United States Bankruptcy Court for the Eastern District of North Carolina for foreign recognition of these CCAA proceedings (the "**Chapter 15 Proceedings**") on January 7, 2025. While the commencement of the Chapter 15 Proceedings was anticipated, there have been additional counsel requirements in relation to the Chapter 15 Proceedings, which have resulted in increased costs.

19. The DIP Increase is necessary to address these anticipated additional restructuring costs.

IV. CONCLUSION

20. Since the granting of the ARIO, Felix has acted in good faith and with due diligence to, among other things, stabilize the Business, apprise their stakeholders of the CCAA Proceeding, liaise with its vendors, and advance its restructuring efforts. In that time, Felix has maintained its ordinary course operations. With the benefit of the DIP Increase, Felix will be able to continue the Business' ordinary course operations and pursue its restructuring objectives for the benefit of its stakeholders.

21. I believe that the relief sought in the Application and described above is in the best interests of Felix and its stakeholders. Such relief will advance the purposes of the CCAA Proceeding and is supported, in each case, by the Monitor.

SWORN BEFORE ME at Vancouver,
British Columbia, this 29th day of January,
2025.



A Commissioner for taking Affidavits for
British Columbia



ANDREW COLE

VICTORIA ANGELA TORTORA
Barrister & Solicitor
McCarthy Tétrault LLP
SUITE 2400 - 745 THURLOW STREET
VANCOUVER, B.C. V6E 0C5
DIRECT 604-643-5993

This is **Exhibit "A"** referred to in **Affidavit #4** of **Andrew Cole**, sworn before me at Vancouver, British Columbia, this 29th day of January 2025.

A handwritten signature in black ink, appearing to be 'J. A. 3A' or similar, written over a horizontal line.

A Commissioner for taking Affidavits
for British Columbia

Felix Payment Systems Ltd.
Third CCAA Cash Flow Forecast
For the 6-Week Period Ending March 2, 2025¹
SC-1D 0000s

| Week ending | Notes | Week 1 26-Jan | Week 2 2-Feb | Week 3 9-Feb | Week 4 16-Feb | Week 5 23-Feb | Week 6 2-Mar | Total |
|--------------------------------------|-------|------------------|-----------------|-----------------|------------------|------------------|-----------------|----------|
| Receipts | | | | | | | | |
| Sales | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other receipts | | - | 9 | - | - | - | - | 9 |
| Total receipts | | - | 9 | - | - | - | - | 9 |
| Operating disbursements | | | | | | | | |
| Payroll | 2 | 1 | 200 | - | 141 | - | 146 | 489 |
| KERP | 3 | - | - | - | - | - | 64 | 64 |
| Office rent | 4 | - | 27 | - | - | - | 27 | 54 |
| Insurance | 5 | 4 | 1 | - | - | 4 | 1 | 10 |
| Subscriptions | 6 | 16 | 2 | 2 | 1 | 20 | 1 | 43 |
| Security certification | 7 | 1 | 6 | - | - | - | 5 | 12 |
| Utilities and other | | 6 | 1 | 1 | 1 | 1 | 1 | 10 |
| Contingency | 8 | - | - | 25 | - | 50 | 50 | 125 |
| Total operating disbursements | | 29 | 237 | 28 | 144 | 75 | 295 | 807 |
| Other disbursements | | | | | | | | |
| Hardware and other miscellaneous | 9 | 1 | - | - | - | 40 | - | 41 |
| Trade payables | 10 | - | 91 | - | 35 | 20 | - | 146 |
| Professional fees | 11 | 150 | 43 | 96 | 85 | - | - | 375 |
| DIP fee | | - | - | - | - | - | - | - |
| Total disbursements | | 180 | 372 | 124 | 264 | 135 | 295 | 1,369 |
| Net cash flow | | (180) | (363) | (124) | (264) | (135) | (295) | (1,360) |
| Cash position | | | | | | | | |
| Beginning cash balance | | 239 | 409 | 46 | 322 | 59 | 324 | 239 |
| Net cash flow | | (180) | (363) | (124) | (264) | (135) | (295) | (1,360) |
| DIP draws (repayment) | 12 | 350 | - | 400 | - | 400 | - | 1,150 |
| End cash balance | | \$ 409 | \$ 46 | \$ 322 | \$ 59 | \$ 324 | \$ 29 | \$ 29 |
| Operating DIP balance | | | | | | | | |
| Opening DIP balance | | \$ 1,512 | \$ 1,862 | \$ 1,884 | \$ 2,284 | \$ 2,284 | \$ 2,684 | \$ 1,512 |
| DIP draws (repayment) | | 350 | - | 400 | - | 400 | - | 1,150 |
| Accrued interest | 12 | - | 22 | - | - | - | 39 | 61 |
| Ending DIP balance | | \$ 1,862 | \$ 1,884 | \$ 2,284 | \$ 2,284 | \$ 2,684 | \$ 2,723 | \$ 2,723 |

**Felix Payment Systems Ltd.
Third CCAA Cash Flow Forecast
Notes and Assumptions**

1. The cash flow statement (the "CCAA Cash Flow Forecast") has been prepared by management ("Management") of Felix Payment Systems Ltd. (the "Company") to set out the liquidity requirements of the Company during the *Companies' Creditors Arrangement Act* proceedings (the "CCAA Proceedings").

The CCAA Cash Flow Forecast is presented on a weekly basis from January 20, 2025 to March 2, 2025 (the "Forecast Period") and represents Management's best estimate of the expected results of operations during the Forecast Period. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary, even if the assumptions materialize, and such variations may be material. There are no representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized. The projections are based upon certain estimates and assumptions discussed below and may be amended from time to time during the CCAA proceedings. Upon such amendments, Management will update its cash flow forecast accordingly as included herein.

2. Payroll costs of \$489,000 comprise ongoing payroll costs over the Forecast Period.
3. Key employee retention plan payments of \$64,000 represents the final milestone payments for the plan.
4. Office rent of \$54,000 is for the February and March rent payments in respect of the Company's office in Vancouver, British Columbia.
5. Insurance costs of \$10,000 includes cyber insurance and commercial liability insurance policy premiums.
6. Subscription costs of \$43,000 represent on-going software subscriptions and expected annual renewal payments to maintain business operations.
7. Security certification costs of \$12,000 represent payments on internal testing work required to advance certain certifications.
8. Contingency of \$125,000 has been included in the forecast to account for any additional professional fees or operating expenses.
9. Hardware and other miscellaneous costs of \$41,000 primarily relate to the purchase of new laptops and servers to maintain business operations.
- 10 Trade payables of \$146,000 represents payment on certain pre-filing accounts payable to select vendors for continuity of essential service contracts and certifications.
11. Professional fees of approximately \$375,000 over the Forecast Period include legal counsel to the Company, the Monitor and its counsel, and counsel to the DIP Lender, as well as fees for the Chapter 15 filing.
12. The First Lien Lenders (as defined in the Pre-Filing Report of the Proposed Monitor) have provided debtor in possession financing to the Company (the "DIP Facility"). Total draws of \$1,150,000 are expected through the Forecast Period.

Interest on the DIP Facility is calculated at a rate of 18% per annum, with interest accruing to the principal balance of the DIP Facility on the first day of each month.

This is **Exhibit "B"** referred to in **Affidavit #4**
of **Andrew Cole**, sworn before me at
Vancouver, British Columbia, this 29th day of
January 2025.



A Commissioner for taking Affidavits
for British Columbia

SECOND AMENDING AGREEMENT

This First Amending Agreement (this "**Amendment**") is entered into this 28th day of January, 2025.

AMONG:

Felix Payment Systems Ltd.

as Borrower

- and -

**Jake Boxer, the CA Mordy Legacy Trust and PEL
Chartered Professional Accountants Inc.**

as DIP Lender

WHEREAS, the Borrower and the DIP Lender entered into a DIP Facility Term Sheet dated November 19, 2024, as amended by a first amending agreement dated December 3, 2025 (as may be further amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified to the date hereof, the "**DIP Term Sheet**");

AND WHEREAS, the parties hereto wish to amend the DIP Term Sheet on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Interpretation.

- (a) Capitalized terms used not otherwise defined in this Amendment shall have the respective meanings assigned to them in the DIP Term Sheet.

2. Amendments to the DIP Term Sheet.

The DIP Term Sheet is hereby amended as follows:

- (a) The Section titled "DIP FACILITY" of the DIP Term Sheet is hereby deleted in its entirety and replaced with:

A non-revolving loan (the "**DIP Facility**") up to the maximum principal amount of \$2.65 million (the "**Maximum Amount**"), including an initial advance in an amount of \$350,000 (the "**Initial Advance**").


- (b) Schedule "B" to the DIP Term Sheet is deleted in its entirety and replaced with the Cash Flow Projections attached to this Amendment as Schedule "B".
- 3. Limited Effect. Except as expressly provided herein, all of the terms and provisions of the DIP Term Sheet and the other DIP Credit Documentation are and shall remain in full force and effect and are hereby ratified and confirmed by the Borrower. The amendments contained herein shall not be construed as a waiver or amendment of any other provision of the DIP Term Sheet or the other DIP Credit Documentation or for any purpose except as expressly set forth herein or a consent to any further or future action on the part of the Borrower that would require the waiver or consent of the DIP Lender.
- 4. Conditions Precedent. This Amendment shall become effective upon the date (the "Effective Date") on which the DIP Lender shall have received:
 - (a) This Amendment, duly executed and delivered by the parties hereto;
 - (b) A copy of an Order of the Court increasing the amount of the DIP Lender's Charge to \$2,650,000; and
 - (c) Such other information and documents as may reasonably be required by the DIP Lender and its counsel in connection with this Amendment.
- 5. Representations and Warranties. The Borrower hereby represents and warrants to the DIP Lender (before and after giving effect to this Amendment) that:
 - (a) The Borrower has the corporate power and authority, and the legal right, to execute, deliver and perform this Amendment and to obtain extensions of credit under the DIP Term Sheet as amended by this Amendment (the "Amended DIP Term Sheet").
 - (b) The Borrower has taken all necessary corporate action to authorize the execution, delivery and performance of this Amendment and to authorize the extensions of credit on the terms and conditions of the Amended DIP Term Sheet.
 - (c) This Amendment has been duly executed and delivered on behalf of the Borrower. This Amendment and the Amended DIP Term Sheet constitute the legal, valid and binding obligations of the Borrower and are enforceable against the Borrower in accordance with their terms.
 - (d) Each of the representations and warranties made by Borrower herein or in or pursuant to the DIP Credit Documentation is true and correct on and as of the date of this Amendment, as if made on and as of such date.
 - (e) No Event of Default has occurred and is continuing, or will result from this Amendment or any extension of credit under the Amended DIP Term Sheet.

6. Successors and Assigns. This Amendment is binding upon and shall enure to the benefit of the parties to the DIP Term Sheet, and each of their respective permitted successors and permitted assigns.
7. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive courts of the Province of British Columbia, waives any objections on the ground of venue or forum *non conveniens* or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.
8. Counterparts and Facsimile. This Amendment may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Amendment delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Amendment.

[Signature Page Follows]

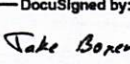
IN WITNESS HEREOF, the Borrower hereby executes this Agreement as of the date first written above.

FELIX PAYMENT SYSTEMS LTD.

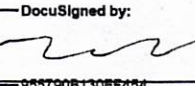
By:  DocuSigned by:
7FF2C4AE01A54B5
Name: Andrew Cole
Title: CEO

IN WITNESS HEREOF, the DIP Lender hereby executes this Agreement as of the date first written above.

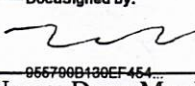
JAKE BOXER

By:  DocuSigned by:
B32F20F7134B467...
Name: Jake Boxer

CA MORDY LEGACY TRUST

By:  DocuSigned by:
9557906130EF434...
Name: Doug Mordy
Title: Authorized Signatory

**PEL CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**

By:  DocuSigned by:
056790B430EF454...
Name: Doug Mordy
Title: Authorized Signatory

SCHEDULE "B"
UPDATED CASH FLOW PROJECTIONS
(see attached)

Felix Payment Systems Ltd.

Third CCAA Cash Flow Forecast

For the 6-Week Period Ending March 2, 2025¹

\$ CAD '000s

| Week ending | Notes | Week 1 26-Jan | Week 2 2-Feb | Week 3 9-Feb | Week 4 16-Feb | Week 5 23-Feb | Week 6 2-Mar | Total |
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