

Form 39.08

2026

Hfx. No. 551716

Supreme Court of Nova Scotia

IN THE MATTER OF: The *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”)

AND IN THE MATTER OF: An Application by CFFI Ventures Inc. (“**CFFI**”) for creditor protection under s. 11 of the CCAA, and other relief

**Affidavit of Richard Hugh
sworn on June 3, 2026**

I, Richard Hugh, make oath and give evidence as follows:

1. I am the Executive Managing Director and Co-Chief Investment Officer of Columbus Capital Corp. (“**Columbus**”), a venture capital firm founded in 2004. Columbus has a successful track record of investments in telecommunications, software development, real estate, aerospace, defence, technology hardware, and financial services.
2. I am also the Chief Executive Officer of World Energy GH2, a Newfoundland and Labrador-based renewable energy company. I am a Chartered Accountant. I previously worked at Deloitte and BDO before joining Royal Bank of Canada’s investment banking group in New York City, where I was responsible for covering Technology, Media and Telecommunications companies within the Corporate Finance Origination group. Prior to joining Columbus, I was the Senior Vice President, Head of Corporate Development & Investor Relations at Cable & Wireless, where I led the company’s mergers and acquisitions group. I obtained a Bachelor of Arts degree and a Master of Accounting degree from the University of Waterloo in the 1990s.
3. I am also a director of Cormorant Utility Services Limited (“**Cormorant**”). Pursuant to the Initial Order of this Court issued on March 13, 2026, Cormorant and its subsidiaries were designated “Non-Filing Affiliates” of CFFI and have been subject to a stay of proceedings since that date. The stay has been extended twice by this Court at CFFI’s request and is currently set to expire on June 15, 2026.
4. Brendan Paddick (“**Mr. Paddick**”), the Chief Executive Officer of Columbus, holds 35.2% of Cormorant’s shares on a fully diluted basis. CFFI holds 39.8% of Cormorant’s shares on

a fully diluted basis. CFFI seeks to dispose of its interest in Cormorant under a proposed Sale and Investment Solicitation Process (the “**Proposed SISP**”).

5. I swear this affidavit in my capacities as a director of Cormorant and as an executive of Columbus. I provide this evidence in support of Mr. Paddick’s position that: (a) the stay of proceedings against Cormorant and its subsidiaries should be lifted; and (b) an independent sales process outside of the Proposed SISP should be conducted for CFFI’s shares in Cormorant.
6. Before finalizing my affidavit, I spoke to Cormorant’s President & Chief Executive Officer, Richard Jackson, as well as Cormorant’s Executive Vice President & Chief Financial Officer, Paul Lobb, whose views about an independent sales process regarding CFFI’s shares in Cormorant are generally aligned with my own.
7. I have personal knowledge of the evidence set out in this affidavit, except where otherwise stated to be based on information and belief.
8. Where information in this affidavit is not based on my own personal knowledge, I state the source of that information and my belief as to its truth.

Business and Shareholders of Cormorant

9. Cormorant is a privately held company incorporated under the *Canada Business Corporations Act*. It provides specialized electrical and high-voltage services to the utility power sector through a number of Ontario-based operating companies.
10. Cormorant and its operating companies provide services to essential utilities such as Hydro One, including: (a) transmission and distribution engineering, procurement, and construction; (b) substation engineering, procurement, and construction; (c) underground cable engineering, procurement, and construction; (d) electrical design, testing, commissioning, refurbishment, and maintenance; (e) design and manufacturing of prefabricated substation buildings, switchgear, supervisory control and data acquisition systems, and inverters; and (f) tracked vehicle manufacturing.
11. I have reviewed the affidavit of Brittany Bartlett (“**Ms. Bartlett**”) sworn on February 14, 2026 in support of CFFI’s Application, in which she states that CFFI owns 53.1% of the issued and outstanding shares of Cormorant. While that figure may be accurate, Ms. Bartlett does not clarify that it reflects CFFI’s ownership on a non-diluted basis. On a fully diluted basis, CFFI’s ownership is 39.8%.

12. Mr. Paddick and SFPC Quantum LP (“**SFPC Quantum**”) are the other equity shareholders of Cormorant. On a fully diluted basis, Mr. Paddick owns 35.2% and SFPC Quantum owns 10%, of Cormorant’s equity through unexercised warrants. The remaining 15% of Cormorant’s shares form part of a management incentive pool.

The Stay of Proceedings for Non-Filing Affiliates

13. I have reviewed the Initial Order of this Court dated March 13, 2026, which designated the following Cormorant entities as Non-Filing Affiliates and imposed a stay of proceedings on them pursuant to section 11.02 of the CCAA (the “**Stay of Proceedings**”):
 - a. Cormorant Utility Services Limited;
 - b. PowerTel Utilities Contractors Limited;
 - c. Cormorant Utilities Development Corp. Ltd.;
 - d. PowerTraxx Vehicles Inc.;
 - e. Eptcon Ltd.;
 - f. Eptcon Canpower Inc.;
 - g. Eptcon USA II Inc.;
 - h. Eptcon Bondco Inc.;
 - i. Cormorant Infinity Power Solutions Limited; and
 - j. Cormorant ECS Inc.

Although the Stay of Proceedings was initially to remain in effect only until March 23, 2026, this Court has twice extended it at CFFI’s request. The Stay of Proceedings is currently set to expire on June 15, 2026.

Prejudice to Cormorant from the Stay of Proceedings

14. I have reviewed the affidavit of Ms. Bartlett sworn on May 28, 2026 in support of CFFI’s motion. I disagree with her evidence that a further extension of the Stay of Proceedings will not result in any prejudice. Cormorant and its subsidiaries have sustained, and continue to sustain, significant prejudice as a result of the Stay of Proceedings and the two extensions already granted.
15. By virtue of being designated as Non-Filing Affiliates and being subject to the Stay of Proceedings, Cormorant and its subsidiaries are part of the CCAA proceedings in respect of CFFI. Cormorant’s designation as a Non-Filing Affiliate is materially impacting its operations and severely jeopardizing its financial health. I am aware of two lenders who recently paused their due diligence efforts indefinitely in relation to potential financing activities given the ongoing CCAA proceedings.

16. The extended Stay of Proceedings has also created uncertainty regarding the ultimate beneficial owner of Cormorant as it relates to CFFI's equity stake in Cormorant. I understand this uncertainty is the principal issue negatively impacting Cormorant's ability to advance its critical refinancing transaction with prospective lenders. Further, Cormorant has been required to incur substantial monthly amendment fees in connection with its credit facilities with SFPC Quantum in order to defer payments of principal. Cormorant will likely continue incurring such fees if it remains subject to the Stay of Proceedings and the CCAA proceedings. In addition, Cormorant's exposure to SFPC Quantum continues to grow as the latter incurs legal fees attributable to Cormorant's involvement in the CCAA proceedings. These circumstances are forcing Cormorant to utilize precious working capital, which will continue to strain its financial resources and hinder its ability to complete its refinancing transaction. It is critical for Cormorant to advance its refinancing transaction immediately.
17. The uncertainty created by the Stay of Proceedings and the CCAA proceedings has also had a material negative impact on Cormorant's ability to secure project bonding, a critical element to securing new business. Without adequate bonding, Cormorant has been subject to requests for letters of credit and/or additional cash holdbacks, which have further strained working capital, disqualified Cormorant from securing new projects, and placed its current projects at risk due to potential default on the terms of its contracts. These hardships have created a material risk of financial loss to Cormorant.
18. Other operational issues for Cormorant have also arisen from the Stay of Proceedings and the CCAA proceedings. Cormorant has been unable to secure long-term directors' and officers' liability insurance. The prolonged uncertainty is also impacting employee morale and retention, as well as other day-to-day aspects of Cormorant's operations.
19. Cormorant's designation as a Non-Filing Affiliate under the CCAA proceedings in respect of CFFI has also unjustly burdened Mr. Paddick with additional potential liability as it relates to the Equity Commitment Letter dated September 30, 2022 which was jointly and severally committed to by CFFI and Mr. Paddick. The Stay of Proceedings precludes SFPC Quantum from taking action against CFFI with respect to this agreement. Given the joint and several nature of the agreement, the Stay of Proceedings unfairly burdens Mr. Paddick with CFFI's commitment under this agreement.


An Independent Sales Process for CFFI's Shares in Cormorant is Appropriate

20. I have reviewed CFFI's Proposed SISF. I am concerned that the Proposed SISF does not contain an adequate process for determining the fair market value of CFFI's shares in


Cormorant independently of CFFI's other assets. In my experience as a finance professional, I believe it is highly unlikely that any arm's length, third party offers representing fair market value will be submitted under the Proposed SISP. In my experience, maximum transaction value on sales processes is achieved when a fair, independent, and transparent auction process is implemented.

- 21. Unlike the Proposed SISP, which is primarily oriented towards a sale of all of CFFI's assets, I believe that an independent sales process for CFFI's shares in Cormorant will generate broader, genuine interest from prospective purchasers, which Cormorant's management has already received on an unsolicited basis. An independent process will allow for a wider range of options to be considered, such as new debt or equity financing or a refinancing transaction. The ability of all shareholders and management to evaluate a broader menu of transaction alternatives will maximize the value that can be realized for Cormorant, its shareholders, employees, and CFFI's shares in Cormorant.
- 22. At a minimum, an independent sales process will allow for the value of the shares to be properly assessed, without the risk of dilution by CFFI's broader asset portfolio.
- 23. I have had discussions with various members of Cormorant's management team, and I understand that their views about an independent sales process for CFFI's shares in Cormorant are generally aligned with my own.

SWORN remotely by Richard Hugh, stated)
 as being in the City of Fort Lauderdale, in)
 the State of Florida, in the United States of)
 America, before me at the City of Toronto,)
 in the Province of Ontario, on June 3, 2026,)
 in accordance with O. Reg. 431/20,)
 Administering Oath or Declaration)
 Remotely.)

Signed by:

 A6AA34D711E34ED...

Richard Hugh

Signed by:

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Commissioner for Taking Affidavits
 Oliver Flis (LSO #87232S)