ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CL-26-00000484-0000 **DATE: November 19, 2026**

NO. ON LIST: 2

TITLE OF PROCEEDING: XPLORE INC.

BEFORE: JUSTICE DUNPHY

PARTICIPANT INFORMATION

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Name of Person Appearing	Name of Party	Contact Info

ENDORSEMENT OF JUSTICE DUNPHY:

[1] This was the comeback hearing for the Applicants at which point they were seeking an amended and restated initial order. Most of the issues presented for approval this morning were presaged in the materials filed in support of the Initial Order but were addressed this morning for "final" approval following the interim approval granted by the Initial Order.

[2] There were a large number of stakeholders present or represented at this morning's hearing, itself a testament to the breadth and effectiveness of the efforts made to give stakeholders notice of and information about this proceeding.

[3] At the conclusion of the hearing and after reviewing paragraph by paragraph the proposed amendments to the Initial Order, I indicated that I would be signing the order and issuing brief reasons. The order has been signed and these are my reasons.

(a) Stay Extension: The applicants asked for an extension to February 5, 2027 which is a little more than two months including the Christmas/New Year's break. It is clear that a successful restructuring is going to require considerably longer than that. The applicants hope to be before me in December with a sales process approval request at which time they may reschedule the stay expiry date relative to the milestones in that process. The stay extension may be modified at that time and of course at any time by further order of the court on notice.

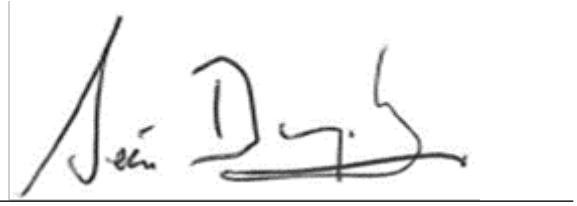
(b) Expansion of DIP, Director's Charge and Administration: each of these charges were conceptually approved at a "minimum necessary" level for the purposes of the Initial Order but with notice of the applicant's intention to expand those approvals to the "full amount" at this hearing. If this restructuring is to succeed, it requires significant financing to continue a build out that is not completed. It is a large enterprise with many moving parts. There are no stakeholders advocating for the process to be terminated. These three priority charges reflect the funding needed to develop a successful restructuring and to protect critical parties needed to move in that direction and to keep the business functioning smoothly. Concerns about the ring-fencing of funding at the Fibre level of the corporate structure were addressed in the negotiated language in the order dealing with the final DIP approval. All of these steps had the broad support of the stakeholders following consultation. None resisted my approval of any of these although there were parties who raised concerns at a more general level that I will refer to below.

(c) KERP – The applicants indicated at the outset that a KERP would be brought forward for approval and this was done today. The names of the recipients and the amounts for each were disclosed to the Court in a Confidential Appendix to Mr. Aziz's affidavit that I was asked to seal permanently. I have agreed to approve the KERP and the sealing order requested. The Monitor's report and extensive experience in this area all provide cogent reasons why a KERP is an important aspect of maintaining stability in a complex going-concern restructuring process that will likely take a relatively long period of time as far as restructurings go given the complexity of the enterprise and the significant additional investments needed going forward. While the names and exact amounts proposed to be given are not disclosed, I am of the view that stakeholders have sufficient information to assess the proposal and its potential impact upon them. The total amount at issue ($3.2 million) can be compared to the total size of the DIP ($154million), the claim and priority ranking of individual stakeholders. While privacy of the affected employees whom the applicants wish to incent to remain committed to a potentially lengthy restructuring process will be protected, the fact that the programme is directed only at senior executives is disclosed and that is not an infinitely large category. The payments are also staged over time to align the incentive with the

desired performance. The Sherman Estate test is readily satisfied here – the public disclosure enables an adequate assessment opportunity to all stakeholders none of whose interests extend to the privacy concerns of the employees in question and to the legitimate commercial interest of the applicants in maintaining a harmonious and motivated workforce generally.

(d) PWP – I have also approved the engagement of a financial consultant for the applicants. The precise terms of their engagement is considered commercially sensitive. While purists might suggest that open disclosure might achieve efficiencies or lower prices in the market for advisors generally, the fact is that not every advisor is "right" for every mandate, a very significant component of the parties at interest and most proximately impacted by the expense (the large majority of secured creditors and DIP lenders whose funds or security will be impacted) have been involved in the negotiation, the Monitor has been consulted and recommends it. I of course have seen the unredacted agreement and am able to compare it generally to similar arrangements. The work fee is disclosed in sufficient detail to consider impact upon stakeholders. While the success-based element of the fees is not disclosed to the full body of stakeholders, these are only "earned" when success is achieved where success can be assessed in light of its full cost and benefit. As with the KERP, I am of the view that the public interest in disclosure has been adequately served on balance and the privacy interests of the impacted party in commercially sensitive information warrants the sealing of the Confidential Appendix in relation to this engagement letter as well.

(e) Other parties – I heard from an recently terminated employee who is understandably distressed at losing separation payments in addition to losing his job. Such issues must be addressed with the applicants and Monitor at first instance. Two contractors addressed the court about their concerns about preserving their lien rights going forward. The applicants confirmed that they are in no way seeking to use the stay of proceedings to impact parties' substantive rights and priority. There do not appear to be any imminent deadlines that are being impacted by the stay of proceedings. The parties need to have dialogue with the applicants and the Monitor about how best to address their concerns and it would be preferable to come to the court after those discussions have been held. None of the parties who informed me of their concerns substantively objected to the motion before me today so much as indicating that they may need to appear before me down the road after discussions have been held. Mr. Bissell appeared on behalf of a creditor who simply wanted to alert me that they have concerns they are addressing with the applicants about aspects of the DIP that may or may not come back before me in future. Noted.



Date: Nov 19, 2026

Sean Dunphy