First (Non-Confidential) Supplement to the Second Report of KSV Restructuring Inc. as Proposed Receiver of Drop Technologies Inc. and Related Companies

December 8, 2025

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Court File No. CV-25-00749775-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

NATIONAL BANK OF CANADA

APPLICANT

- AND -

DROP TECHNOLOGIES INC. (FORMERLY KNOWN AS DROP LOYALTY INC.), DROP TECHNOLOGIES USA INC., and DROP TECHNOLOGIES ULC

RESPONDENTS

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

FIRST (NON-CONFIDENTIAL) SUPPLEMENT TO THE SECOND REPORT OF KSV RESTRUCTURING INC. AS PROPOSED RECEIVER

December 8, 2025

1.0 Introduction

1. This report (the "**First Non-Confidential Supplemental Report**") supplements the Proposed Receiver's Second Report.

2. Unless otherwise defined herein, capitalized terms in this First Non-Confidential Supplemental Report have the meanings provided to them in the Second Report. Background information concerning these proceedings is provided in the Second Report and has not been repeated in this First Non-Confidential Supplemental Report. This First Non-Confidential Supplemental Report is subject to the restrictions in the Second Report.

1.1 Purpose of this First Non-Confidential Supplemental Report

1. Section 11 of the Second Report states that the Receiver intends to obtain in advance of the return of this motion an opinion on the validity and enforceability of NBC's security against the Debtors in the Province of Alberta (the "**Alberta Security Opinion**"). This First Non-Confidential Supplemental Report provides an update in that regard.

2.0 Security Opinion

1. At the request of the Proposed Receiver, Chaitons LLP, the Proposed Receiver's independent counsel, retained MLT Aikins LLP ("**MLT**"), a firm that practices in Alberta, to provide the Alberta Security Opinion.

2. MLT has obtained updated searches against the Debtors and Drop USA under the Alberta PPSA and has provided the Proposed Receiver with a verbal opinion that, subject to customary assumptions and qualifications, the Loan and Security Agreement dated September 14, 2017 between Silicon Valley Bank and DTI, as amended, validly creates a security interest in favour of NBC in respect of the Debtors and Drop USA in Alberta.

3. As of the of the date of this First Non-Confidential Supplemental Report, MLT was drafting its written opinion. Once finalized, a copy of the written opinion can be provided to the Court if it wishes to have a copy.

3.0 Conclusion and Recommendation

1. Subject to the Court appointing it Receiver and approving the Transaction, KSV, as Proposed Receiver, continues to recommend that it be permitted to make distributions from the Transaction consideration to NBC as such consideration is paid to the Proposed Receiver in accordance with the terms of the Transaction.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS PROPOSED RECEIVER OF
THE PROPERTIES, ASSETS AND UNDERTAKINGS OF
DROP TECHNOLOGIES INC. AND RELATED COMPANIES
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY