

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF SYNAPTIVE MEDICAL INC.**

Applicant

**MOTION RECORD  
(Motion for KERP Approval Order,  
returnable April 25, 2025)**

April 17, 2025

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TO: THE SERVICE LIST

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TAB1

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**NOTICE OF MOTION  
(Motion for **KERP** Approval Order,  
returnable April 25, 2025)**

Synaptive Medical Inc. ("**Synaptive**") will make a motion to a judge of the Commercial List on April 25, 2025, at 11:00 a.m. (EST) for 30 minutes through Zoom videoconference details to be provided by the Court in advance of the hearing.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

- (a) An order (the "**KERP Approval Order**"), under the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the "**CCAA**"), among other things:
  - (i) approving the Key Employee Retention Plan (the "**KERP**") for 43 employees (the "**Participating Employees**") of Synaptive and its wholly-owned U.S. subsidiary, Synaptive Medical USA, Inc. ("**Synaptive USA**", and together with Synaptive, the "**Synaptive Employers**");
  - (ii) granting a priority charge in favour of the Participating Employees, ranking behind the Administration Charge, the DIP Lender's Charge and

the Directors' Charge, in the maximum amount of C\$500,000 (the "**KERP Charge**");

(iii) sealing the Confidential KERP Exhibit (as defined below) subject to further order of this Court; and

(b) Such further and other relief as this Court may deem just.

**THE GROUNDS FOR THIS MOTION ARE:**

(c) On March 19, 2025, Synaptive was granted protection under the CCAA pursuant to an initial order of this Court. Following the comeback hearing held on March 26, 2025, this Court granted: (i) an amended and restated initial order (the "**ARIO**"); and (ii) an order approving a sale and investment solicitation process ("**SISP**") in respect of Synaptive, its business and/or its assets.

(d) Capitalized terms used herein that are not otherwise defined have the meanings given to them in the affidavit of Magnus Momsen, sworn April 17, 2025 (the "**Momsen Affidavit**").

**KERP Approval Order**

(e) There is a serious, imminent risk that many of the Participating Employees will look for work elsewhere before the SISP and this CCAA proceeding are concluded. Synaptive has limited tools at its disposal to incentivize employees to remain at the company and to avoid this result, with the KERP being chief among them.

(f) In recent weeks, Synaptive has temporarily laid off 149 employees (most of whom Synaptive has since called back to work), permanently terminated 66 employees

and, prior to the commencement of this CCAA proceeding, failed to meet certain payroll obligations. These steps, along with Synaptive entering this CCAA proceeding, have resulted in uncertainty and anxiety for employees.

- (g) If Participating Employees are not provided appropriate incentives, many are likely to look for work elsewhere, which could materially disrupt Synaptive's operations or, worse, ground those operations to a halt. These issues are exacerbated by the nature of Synaptive's business—the development of cutting-edge medical technology—which requires highly skilled employees who possess not only specialized technical expertise, but also familiarity with Synaptive's complex products. Employee flight would be an incredibly value destructive result, not only for Synaptive and its creditors, but also for the surgical patients and medical professionals who rely on Synaptive's technology for successful outcomes. This is not a theoretical risk. 6 employees have left Synaptive since the commencement of this CCAA proceeding.
- (h) In order to address this risk, Synaptive has worked diligently with the DIP Lender and the Monitor to develop the KERP. The KERP facilitates and encourages the continued participation of the Participating Employees in the business, with a view to minimizing the risk of employee flight and maximizing the value of Synaptive's business throughout this CCAA proceeding.
- (i) The key terms of the KERP are:
  - (i) Aggregate Payment Amount: US\$130,378.66 and C\$315,451.10.

- (ii) Eligible Employees: Each of the 43 Participating Employees are eligible to participate in the KERP.
- (iii) Payment Structure: Single lump sum payment to each Participating Employee (each, a “**KERP Payment**”), payable on May 30, 2025.
- (iv) Conditions for Payment: Each Participating Employee will only be eligible to receive a KERP Payment if such employee continues his or her active employment with the corresponding Synaptive Employer up to May 30, 2025.
- (v) Security: Synaptive’s obligations to Participating Employees under the KERP are secured by a court-ordered charge over Synaptive’s Property (as defined in the ARIO) up to a maximum amount of C\$500,000.
- (j) As noted, the Synaptive Employers’ respective obligations to pay the KERP Payments to Participating Employees are proposed to be secured by the KERP Charge, which would be subordinate to each of the other court-ordered charges provided by the ARIO.

### **Sealing Order**

- (k) The Momsen Affidavit includes an exhibit listing each Participating Employee, the Synaptive Employer that employs him or her, his or her current annual salary and his or her proposed KERP Payment (the “**Confidential KERP Exhibit**”).
- (l) Because the Confidential KERP Exhibit contains highly sensitive personal and commercial information about employees, the proposed KERP Approval Order

includes language sealing the Confidential KERP Exhibit such that it shall not form part of the public court record pending further order of this Court.

**General**

- (m) The provisions of the CCAA, including section 11, and the inherent and equitable jurisdiction of this Court.
- (n) Rules 1.04, 1.05, 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, and section 106 and 137 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended.
- (o) Such further and other grounds as the lawyers may advise and this Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (r) the Momsen Affidavit, with exhibits, filed;
- (s) the Second Report of the Monitor, to be filed; and
- (t) such further and other evidence as the lawyers may advise and this Court may permit.

April 17, 2025

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Applicant	
	<div>ONTARIO SUPERIOR COURT OF JUSTICE  Proceeding commenced at TORONTO</div>
	<div>NOTICE OF MOTION (Motion for KERF Approval Order, returnable April 25, 2025)</div>
	<div>Torys LLP 79 Wellington St. W., Suite 3000 Box 270, TD Centre Toronto, ON M5K 1N2  Adam Slavens (LSO#: 54433J) 416.865.7333   <a href="mailto:aslavens@torys.com">aslavens@torys.com</a> Mike Noel (LSO#: 80130F) 416.865.7378   <a href="mailto:mmnoel@torys.com">mmnoel@torys.com</a>  Lawyers for Synaptive Medical Inc.</div>



TAB2

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT  
ACT, R.S.C. 1985, c. C-36, AS AMENDED*  
AND IN THE PLAN OF COMPROMISE OR ARRANGEMENT OF  
SYNAPTIVE MEDICAL INC.**

**Applicant**

**AFFIDAVIT OF MAGNUS MOMSEN  
(Sworn April 17, 2025)**

I, Magnus Momsen, of the City of San Jose, in the State of California, in the Country of the United States of America, MAKE OATH AND SAY:

1. I am the Chief Financial Officer of Synaptive Medical Inc. ("**Synaptive**"), the Applicant in this proceeding. I have been the Chief Financial Officer since I joined the company in January 2022. Before that time, I spent eleven years with Varian Medical Systems, the world's leading supplier of radiation therapy equipment, software and accessories for cancer treatment, and, prior to that, I spent 13 years with PricewaterhouseCoopers LLP in its life science and venture capital group. I received my Bachelor of Arts in Economics from the University of California and a Masters in Accounting from San Jose State University. I am also a California licensed Certified Public Accountant.

2. In my capacity as the Chief Financial Officer, I am familiar with the day-to-day operations, business affairs and books and records of Synaptive and the other entities in Synaptive's corporate group. I therefore have personal knowledge of the matters contained in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

3. I affirm this affidavit in support of Synaptive's motion under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order (the "**KERP Approval Order**"), among other things:

- (a) approving the Key Employee Retention Plan (the “**KERP**”) for 43 employees (the “**Participating Employees**”) of Synaptive and its wholly-owned U.S. subsidiary, Synaptive Medical USA, Inc. (“**Synaptive USA**”, and together with Synaptive, the “**Synaptive Employers**”);
- (b) granting a priority charge in favour of the Participating Employees, ranking behind the Administration Charge, the DIP Lender’s Charge and the Directors’ Charge (each as defined below), in the maximum amount of C\$500,000 (the “**KERP Charge**”); and
- (c) sealing the Confidential KERP Exhibit (as defined below) subject to further order from this Court.

4. Unless otherwise indicated, capitalized terms used in this affidavit and not otherwise defined shall have the meanings given to them in the affidavit I previously swore in this proceeding on March 18, 2025, in connection with Synaptive’s application for the Initial Order (as defined below). A copy of that affidavit is attached (without its exhibits) as **Exhibit “A”**.

#### **A. Background**

5. On March 19, 2025, Justice Osborne granted an initial order under the CCAA in respect of Synaptive (the “**Initial Order**”), which, among other things: (i) implemented a stay of proceedings in favour of Synaptive; (ii) appointed Richter Inc. as the monitor (in such capacity, the “**Monitor**”); (iii) approved a DIP facility loan agreement (the “**DIP Term Sheet**”) with Export Development Canada (the “**DIP Lender**”) and authorized Synaptive to draw an initial amount of C\$1,000,000 thereunder; and (iv) established: (a) an administration charge in favour of the Monitor, its counsel and Synaptive’s counsel for their professional fees and disbursements (the “**Administration Charge**”); (b) a charge in favour of the DIP Lender to secure Synaptive’s obligations under the DIP Term Sheet (the “**DIP Lender’s Charge**”); and (c) a charge in favour of Synaptive’s directors and officers (the “**Directors’ Charge**”).

6. Following the comeback hearing held March 26, 2025, Justice Osborne granted: (i) an order approving a sale and investment solicitation process (“**SISP**”) in respect of Synaptive, its business and/or its assets; and (ii) an amended and restated Initial Order (the “**ARIO**”), which, among other things, increased the amount of the Administration Charge and the Directors’ Charge

and authorized Synaptive to make further borrowings under the DIP Term Sheet up to a maximum amount of C\$7,000,000.

**B. Imminent Employee Flight is a Critical Risk**

7. As I described in my March 18 affidavit, Synaptive made the difficult decision on March 4, 2025, to issue temporary layoff notices to 149 of the Synaptive Employers' 189 employees. On March 20, 2025, following the commencement of this CCAA proceeding, the Synaptive Employers permanently terminated 66 of those 189 employees and called the remainder of the temporarily laid off employees back to work. Additionally, prior to this CCAA proceeding, Synaptive had insufficient cash to meet certain of its payroll obligations, which resulted in, among other things, a missed payroll cycle.

8. Based on my discussions with the 123 remaining employees, these layoffs and missed payroll obligations have created a general feeling of uncertainty and anxiety about the future of Synaptive and its employees' roles within its business. I believe that, if employees are not immediately provided an appropriate incentive to remain with the company, many of the employees will choose to look for work elsewhere. Indeed, 6 employees have already quit their employment with Synaptive since the missed payroll and chosen to work elsewhere.

9. Employee flight is a critical risk for Synaptive. Synaptive is already very leanly staffed because of the previous employee terminations. If any one or more of the Participating Employees were to leave the company, Synaptive's operations could be materially disrupted or, worse, ground to a halt. This would be an incredibly value destructive result, not only for Synaptive and its creditors, but also for the surgical patients and medical professionals who rely on Synaptive's technology for successful outcomes.

10. These issues are exacerbated by the nature of Synaptive's business—the development of cutting-edge medical technology—which requires highly skilled employees who possess not only specialized technical expertise, but also familiarity with Synaptive's complex products. The Participating Employees Fulfill critical functions for Synaptive—in addition to the executive team, the Participating Employees' roles include, among others, MRI scientists, optical scientists, software architects, magnet and gradient scientists and clinical applications specialists. Each of the Participating Employees would be difficult or impossible to replace in the near-term. Even if a

qualified replacement was found, the time required to get that individual up to speed on Synaptive's business and products would be costly and ultimately value-destructive. Synaptive has limited tools at its disposal to incentivize employees to remain at the company and to avoid this result, with the KERP being chief among them.

**C. The KERP Provides an Appropriate Incentive**

11. In order to address this employee flight risk, Synaptive has worked diligently with the DIP Lender and the Monitor to develop the KERP. The KERP facilitates and encourages the continued participation of the Participating Employees in the business, with a view to minimizing the risk of employee flight and maximizing the value of Synaptive's business throughout this CCAA proceeding.

12. Below is a summary of the key components of the KERP:

- (a) Aggregate Payment Amount: US\$130,378.66 and C\$315,451.10.
- (b) Eligible Employees: Each of the 43 Participating Employees are eligible to participate in the KERP.
- (c) Payment Structure: Single lump sum payment to each Participating Employee (each, a "**KERP Payment**"), payable on May 30, 2025.
- (d) Conditions for Payment: Each Participating Employee will only be eligible to receive a KERP Payment if such employee continues his or her active employment with the corresponding Synaptive Employer up to May 30, 2025.
- (e) Security: Synaptive's obligations to Participating Employees under the KERP are secured by a court-ordered charge over Synaptive's Property (as defined in the ARIO) up to a maximum amount of C\$500,000.

13. As noted, the Synaptive Employers' respective obligations to pay the KERP Payments to Participating Employees are proposed to be secured by the KERP Charge, which is subordinate to each of the other court-ordered charges in this proceeding (i.e., the Administration Charge, the DIP Lenders' Charge, and the Directors' Charge).

14. I believe that this KERP is necessary and will provide appropriate incentives for the Participating Employees to remain in their current positions and assist Synaptive through the SISF and this CCAA proceeding generally. In particular, given the terminations and missed payroll obligations to date, I believe the KERP Charge is necessary to give Participating Employees confidence that they will receive payment of their respective KERP Payments.

15. On or around April 4, 2025, Synaptive delivered, or caused the applicable Synaptive Employer to deliver, letters to each Participating Employee advising him or her of the proposed KERP and KERP Charge, the terms and conditions of the proposed KERP and KERP Charge, and Synaptive's intention to bring this motion for approval of the KERP and KERP charge. Sample copies of those letters—one that was sent to a Synaptive employee and another that was sent to a Synaptive USA employee—are attached as **Exhibits "B" and "C"**, respectively.

**D. Confidential KERP Exhibit**

16. I have attached a table at **Exhibit “D”** listing each Participating Employee, his or her current annual salary and his or her proposed KERP Payment (the **Confidential KERP Exhibit**). Because the Confidential KERP Exhibit contains highly sensitive personal and commercial information about employees, the proposed KERP Approval Order includes language sealing the Confidential KERP Exhibit such that it shall not form part of the public court record pending further order of this Court.

17. I swear this Affidavit in support of the relief sought by Synaptive and for no improper purpose.

**SWORN REMOTELY** by Magnus Momsen  
at the City of San Jose, in the State of  
California, in the Country of the United States  
of America, before me on April 17, 2025, in  
accordance with O.Reg. 431/20,  
Administering Oath or Declaration Remotely.

}



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Commissioner for Taking Affidavits  
(or as may be)

**MIKE NOEL**  
(LSO#: 80130F)



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**Magnus Momsen**



This is Exhibit “A” referred to in the Affidavit of Magnus Momsen sworn by Magnus Momsen of the City of the San Jose, in the State of California, in the Country of the United States, before me at the City of San Jose, in the State of California, in the Country of the United States, on April 17, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

A handwritten signature in blue ink, appearing to read 'MIKE NOEL', with a stylized, overlapping design.

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*Commissioner for Taking Affidavits (or as may be)*

**MIKE NOEL**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT*  
*ACT, R.S.C. 1985, c. C-36, AS AMENDED*  
AND IN THE PLAN OF COMPROMISE OR ARRANGEMENT OF  
SYNAPTIVE MEDICAL INC.**

**Applicant**

**AFFIDAVIT OF MAGNUS MOMSEN  
(Sworn March 18, 2025)**

I, Magnus Momsen, of the City of San Jose, in the State of California, in the Country of the United States of America, MAKE OATH AND SAY:

1. I am the Chief Financial Officer of Synaptive Medical Inc. (“**Synaptive**”), the applicant in this proceeding. I have been the Chief Financial Officer since I joined the company in January 2022. Before that time, I spent eleven years with Varian Medical Systems, the world’s leading supplier of radiation therapy equipment, software and accessories for cancer treatment, and, prior to that, I spent 13 years with PricewaterhouseCoopers LLP in its life science and venture capital group. I received my Bachelor of Arts in Economics from the University of California and a Masters in Accounting from San Jose State University. I am also a California licensed Certified Public Accountant.

2. In my capacity as the Chief Financial Officer, I am familiar with the day-to-day operations, business affairs and books and records of Synaptive and the other members of the Synaptive Group (as such term is defined below). I therefore have personal knowledge of the matters contained in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

3. All references to currency in this Affidavit are references to United States dollars unless otherwise indicated. For ease of reference, this Affidavit is organized as follows:

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## I. OVERVIEW

4. Synaptive is a Canadian medical technology champion in need of urgent relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). It is known globally for its technological excellence and its best-in-class patient results. The ongoing trade tensions with the United States, the threat of tariffs, retaliatory tariffs, and newly imposed tariffs have contributed to a liquidity crisis for Synaptive. Along with the continuing support of Export Development Canada, the breathing room and tools provided by the CCAA are needed to navigate this sensitive time and to achieve a restructuring for the benefit of the company and its myriad stakeholders.

5. This Affidavit is sworn in support of an application under the CCAA before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for an order (the “**Initial Order**”) in respect of Synaptive. If granted, the Initial Order would, among other things:

- (a) declare that Synaptive is a “debtor company” to which the CCAA applies;
- (b) appoint Richter Inc. (“**Richter**”, or the “**Proposed Monitor**”) to monitor the assets, business, and affairs of Synaptive (if appointed in such capacity, the “**Monitor**”);
- (c) stay, for an initial period of not more than 7 days (the “**Initial Stay Period**”), all proceedings and remedies taken or that might be taken in respect of Synaptive, the Monitor or certain of Synaptive’s directors and/or officers (collectively, the “**Directors and Officers**”), or affecting Synaptive’s business (the “**Business**”) or any of Synaptive’s current and future assets, undertakings, and properties of every nature and kind whatsoever and wherever situate, including all proceeds thereof (collectively, the “**Property**”), except with the written consent of Synaptive and the Monitor, or with leave of the Court (the “**Stay of Proceedings**”);
- (d) authorize Synaptive to continue to utilize the Cash Management System (defined below) and to maintain the banking arrangements currently in place for Synaptive;
- (e) authorize Synaptive to: (i) enter into the DIP Term Sheet (defined below) and approve Synaptive’s ability to borrow under the interim financing facility set out therein (the “**DIP Financing Facility**”) with Export Development Canada (“**EDC**”, and in such capacity, the “**DIP Lender**”) as lender, up to an initial maximum

amount of C\$1,000,000 (the “**Initial Amount**”); and (ii) comply with its obligations under the DIP Term Sheet; and

(f) grant the following charges (collectively, the “**Charges**”) over Synaptive’s Property:

- (i) the Administration Charge (defined below) up to a maximum amount of C\$250,000;
- (ii) the DIP Lender’s Charge (defined below); and
- (iii) the Directors’ Charge (defined below) up to a maximum amount of C\$1,100,000.

6. If the proposed Initial Order is granted, Synaptive intends to bring a motion to be heard within 7 days thereafter (the “**Comeback Hearing**”) seeking:

(a) an order (the “**SISP Approval Order**”), among other things:

- (i) approving a sale and investment solicitation process (“**SISP**”) for a transaction in respect of Synaptive’s Property and/or Business and authorizing Synaptive to implement the SISP pursuant to the procedures, terms and conditions set forth therein (the “**SISP Procedures**”);
- (ii) authorizing and directing the Monitor and Synaptive to perform their respective obligations and do all things reasonably necessary to perform their obligations under the SISP Procedures; and
- (iii) declaring that Synaptive, the Monitor and the DIP Lender, and their respective affiliates, partners, directors, employees, agents, and controlling persons shall have no liability or obligation whatsoever for any act or omissions related to the process contemplated by the SISP Procedures; and

(b) an amended and restated Initial Order (the “**ARIO**”), among other things:

- (i) authorizing Synaptive to borrow under the DIP Financing Facility up to a maximum principal amount of C\$7,000,000 (the “**Maximum Amount**”) in accordance with the DIP Term Sheet;

- (ii) increasing the maximum amount of the Administration Charge to C\$500,000; and
- (iii) providing an extension of the Stay of Proceedings.

7. Synaptive has run into a liquidity crisis. It is a Canadian-grown, Toronto-based medical device company focused on developing cutting-edge neurosurgical and imaging products that provide a complete neurosurgery solution—from pre-operative imaging, planning and diagnosis to surgical interventions and post-operative care. Critically, Synaptive’s technology saves the lives of brain and spine surgery, cancer and stroke patients, leads to better outcomes and, ultimately, improves the qualities of life of patients following these significant medical events.

8. However, Synaptive’s sales have not adequately supported its cost structure and its losses, while shrinking, are significant. Its ongoing research and development (“**R&D**”) efforts, costs associated with maintaining its substantial intellectual property (“**IP**”) portfolio, significant employee base and working capital needs have been a significant drain on its cash position. The recent market uncertainty caused by trade tensions and the threat of tariffs has caused these challenges to boil over.

9. Synaptive has already exhausted its out-of-court options to resolve these operational and financial challenges. It has undertaken a variety of initiatives since 2023 to find a long-term financing solution for these challenges, including by engaging Royal Bank of Canada (“**RBC**”) in October 2023 to conduct a process to seek financing and/or investment.

10. Indeed, in late 2024, Synaptive reached an agreement with EDC and another investor that would have resulted in it raising \$25 million through the issuance of new equity. This proposal was not accepted by the requisite number of Synaptive’s existing shareholders, and, as a result, the total additional funding needed beyond the two lead investors was not secured. As recently as March 2025, Synaptive was on the verge of achieving a sustainable refinancing that would have addressed its liquidity and positioned it for operational success, with the support of EDC. The recent market uncertainty could not have come at a worse time. Those efforts failed and precipitated the present restructuring efforts, which importantly have the continued support of EDC.

11. Despite Synaptive's diligent efforts to resolve these challenges, it is insolvent and does not have the necessary liquidity to sustain its operations going forward or to pay its obligations generally as they come due. Synaptive is in default of approximately \$103 million of secured debt obligations, and its seniormost creditor, EDC, is in a position to enforce its security against Synaptive's property. Synaptive requires CCAA protections to avoid the likeliest alternative scenario: the cessation of its operations and the value-destructive liquidation of its assets, to the detriment of its stakeholders.

12. Importantly, Synaptive comes prepared with a map of the road ahead in this CCAA proceeding. It has worked extensively with EDC, in consultation with the Proposed Monitor, to prepare a value-maximizing SISP to solicit offers for a sale of and/or investment in Synaptive's Property, Business and/or shares, along with a DIP facility that would provide Synaptive with both an immediate injection of cash on day 1 to meet its liquidity needs through to the comeback hearing, and, following the comeback hearing, sufficient funding to operate the Business and implement the proposed SISP Procedures (all of which is subject to this Court's approval).

13. Synaptive requires immediate protection under the CCAA to prevent enforcement actions, normalize its operations and allow for an orderly sale/investment process. In light of, among other things, the nature of Synaptive's business and the stakeholders involved, the framework and flexibility provided by the CCAA would provide the most effective, efficient and equitable method through which to rescue Synaptive's business for the benefit of its creditors, employees and other stakeholders including, importantly, neurosurgery patients. I believe that this path forward gives Synaptive its only realistic opportunity to achieve that outcome.

## **II. BACKGROUND**

### **A. Corporate History**

14. Synaptive is a Canadian medical technology company. It was incorporated in Ontario on April 30, 2012, with a vision of leveraging high-tech solutions to improve surgical outcomes and qualities of life for neurosurgery patients. For much of its early years, it focused on laying the groundwork for this vision through initial R&D efforts, resulting in patent filings to support the development of its IP. The Company had no sales during this initial period.

15. In 2014, Synaptive made its initial filings for its first product, BrightMatter Plan—an advanced surgical planning software solution that provides real-time 3D rendering of medical scan images (such as MRI scans) and tools for reviewing, manipulating and annotating those images. BrightMatter received approval from the U.S. Food and Drug Administration (“**FDA**”) in June 2014. Later that year, Synaptive acquired the assets of ClearCanvas Inc. (“**ClearCanvas**”), which had worked with Synaptive prior to the acquisition to develop a number of products.

16. Over the subsequent years, Synaptive continued to release new products and improved versions of its existing products, including a robotic digital exoscope first released in 2015 as BrightMatter Drive (with the current generation released in 2023 as Modus X, described below) and a mid-field MRI machine first released in 2020.

17. In 2016 Synaptive made its first sale outside of North America, with the installation of a BrightMatter Drive system in Pakistan. As of today’s date, Synaptive has customers in fifteen countries.

## **B. Corporate Structure**

18. Synaptive is organized under the Ontario *Business Corporations Act*. Its registered office is located at 555 Richmond Street West, Toronto, Ontario. A copy of Synaptive’s corporate profile current as of March 12, 2025 is attached as **Exhibit “A”**.

19. Synaptive is the ultimate parent company of each of the other entities in its corporate group, the names and jurisdictions of which are summarized below (collectively, the “**Non-Applicant Entities**”, and together with Synaptive, the “**Synaptive Group**”). Additionally, the Synaptive Group’s organizational chart, along with additional corporate information on each entity, is attached as **Exhibit “B”**.

<b>Subsidiary</b>	<b>Jurisdiction</b>
Synaptive Medical (Barbados) Inc.	Barbados
Synaptive Medical USA, Inc.	United States (Delaware)
Synaptive Medical International SA	Switzerland



Synaptive Medical (UK) Ltd.	United Kingdom
Synaptive Medical Pte. Ltd	Singapore
Synaptive Medical (Germany) GmbH	Germany
Synaptive Medical (Australia) Pty Ltd.	Australia
Synaptive Medical Denmark ApS	Denmark

20. Synaptive’s centre of main interest is Canada. All significant assets and operations of the Synaptive Group are located in Canada. Key decisions are made in Canada and major contracts are negotiated and/or approved from Canada. While certain of the non-applicant entities in the Synaptive Group, including Synaptive Medical USA, Inc. (“**Synaptive USA**”), employ Synaptive’s non-Canadian employees, none of those entities have any material assets or business.

21. Moreover, most employees are located in Canada (though the majority of medical device systems sold by Synaptive are deployed in the United States and are serviced by U.S.-based employees of Synaptive USA). The Synaptive Group’s presence in other countries is limited and represents only a small portion of its business. Except as otherwise discussed herein, each of the other entities in the Synaptive Group exist primarily for the purpose of employing individuals in the jurisdiction of the given entity.

22. That being said, the Synaptive Group’s business is interdependent across its entities. A number of other intercompany agreements exist among the Synaptive Group, including cost sharing and distribution agreements between Synaptive and Synaptive Barbados, as well as sales representative agreement between Synaptive and Synaptive USA, Synaptive and Synaptive Switzerland, and Synaptive Switzerland and Synaptive Singapore.

23. While Synaptive does not currently plan to seek recognition of this CCAA proceeding or similar relief in other jurisdictions, it may do so if necessary or desirable to achieve a restructuring or sale on terms that maximize value for creditors.

### **III. SYNAPTIVE'S BUSINESS**

#### **A. Synaptive Develops and Sells Cutting-Edge Medical Devices and Platforms**

24. Synaptive is a Canadian medical device company driven by its mission of enabling better outcomes for neurosurgery patients through innovative tools, platforms and other solutions. Synaptive's products ensure that neurosurgeons and other healthcare professionals are delivered the right information at the right place and the right time, before, during and after surgical procedures. Synaptive achieves this goal through its advanced software algorithms, robotics and optical technologies designed to improve efficiencies while focusing on clinical outcomes.

25. Each of Synaptive's key product lines and platforms is discussed in turn.

##### **1. *Modus X***

26. Launched in March 2023, Modus X is Synaptive's next-generation robotic digital microscope that sets a new standard for automated optical power in surgical visualization. It is a fully-automated, hands-free robotic exoscope featuring advanced 3D optics to support a wide range of surgical approaches and workflows during neurosurgery, spinal surgery and similar operations. An independent study indicates that implementing the Modus X in a surgical workflow can result in an approximate average 19% reduction in operative time, 40% reduction in the length of a patient's stay and 79% reduction in patient blood loss.

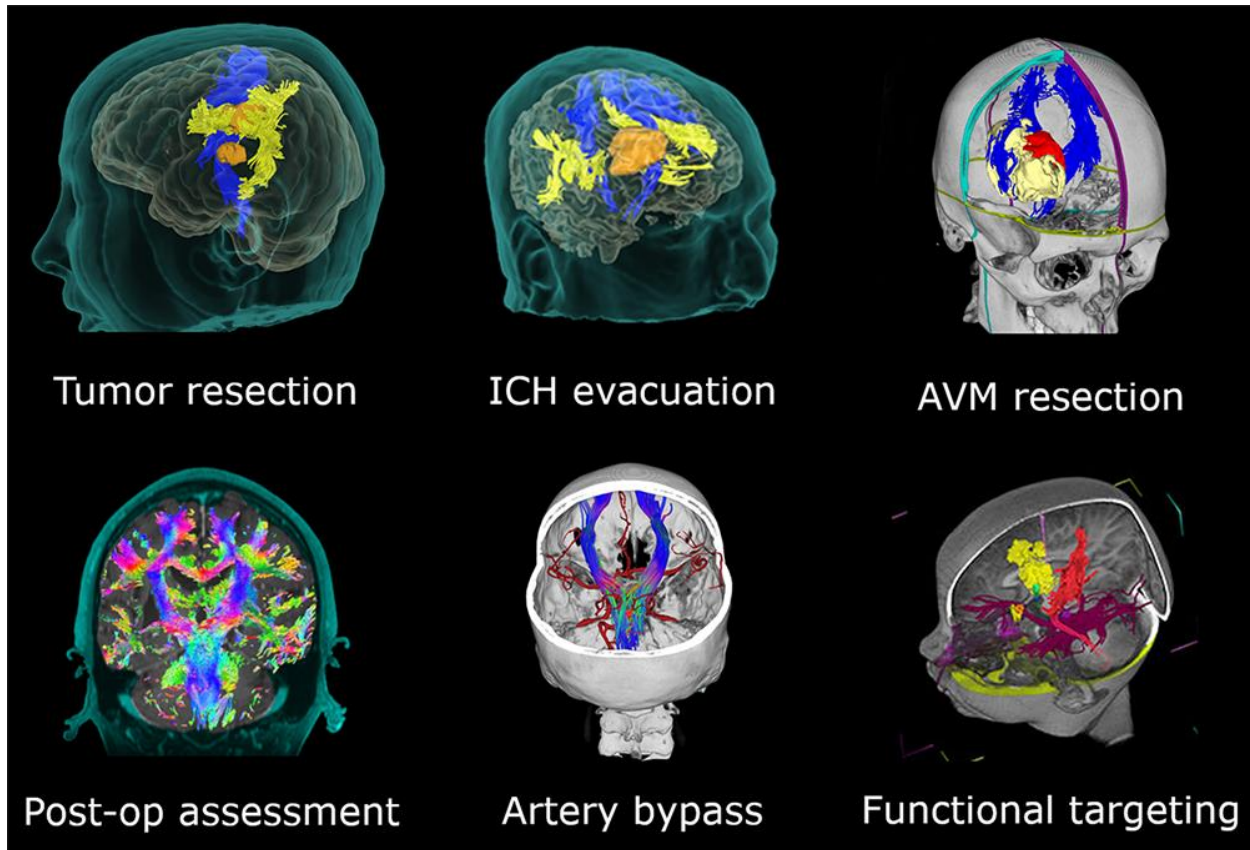
27. An illustrative photograph of the Modus X being used during a surgical operation is reproduced below:



## 2. *Modus Plan*

28. Modus Plan is the successor to BrightMatter Plan, the first of Synaptive's surgical products that launched in 2014. It is designed to assist surgeons in creating pre-operative plans by providing the surgeon with a high-fidelity, dynamic image of the entire brain. This gives surgeons real-time access to information about a patient's brain structure and allows the surgeon to explore multiple surgical approaches and help provide guidance during surgery.

29. Illustrative samples of brain images generated using Modus Plan are reproduced below:



### 3. *Modus Nav*

30. Modus Nav (originally called “BrightMatter Guide”) was launched in April 2015. It is a hardware and software solution designed to complement Modus Plan by tracking a surgeon’s instruments in real time, providing him or her with a dynamic map of the patient’s brain during surgery and the location of their tools within this map. Modus Plan can, for example, determine an optimal approach through a patient’s brain to a tumor, help define the boundaries of the tumor’s resection (i.e., removal) and track the patient recovery following surgery. Modus Nav helps the surgeon to navigate in real time within the brain using the tractography maps from Modus Plan.

### 4. *Synaptive MRI*

31. Synaptive MRI is an innovative MRI (i.e., magnetic resonance imaging) platform, launched in April 2020, which generates high-quality images using a lower magnetic field strength than Synaptive’s competitors. MRI machines typically generate very high-strength magnetic fields using large, cryogenically-cooled electromagnets to produce a scan of the patient’s body. Synaptive MRI uses a novel, cryogen-free superconducting magnet that operates at a lower

strength, meaning the MRI machine is smaller and can be installed in a wider variety of locations, including operating rooms, emergency rooms and intensive care units, potentially broadening demand.

## **5.     *Service Program***

32.     Synaptive also has a service offering that encompasses installation, upgrades, support, repair, preventative maintenance, operational assistance and training, among other things.

### **B.     Customers**

33.     The majority of Synaptive's initial customers have been hospitals with neurosurgery centers in the U.S. market. This is an important market segment, because U.S. surgeons are often viewed as leaders in their field. Synaptive has provided equipment to neurosurgeons from leading U.S. neurosurgical centers, such as Aurora St. Luke's Medical Center, Cedars-Sinai, Houston Methodist, Mount Sinai, Swedish Medical Center, University of Michigan, Henry Ford Health System, University of Pennsylvania Medical Center and Dartmouth-Hitchcock. Beyond this, Synaptive has also provided equipment to leading hospitals in Canada, Europe, Australia, Pakistan and South-East Asia.

### **C.     Suppliers**

34.     Synaptive relies on a number of suppliers for components, materials, equipment, and services related to its products and programs. Key suppliers include JENOPTIK Medical GmbH, Sony Electronics Inc., VadaTech, IPro, Universal Robotics, Beckoff, MDA, Advance Medical Designs, Advance Motion, Harbec Inc., QSDM Inc., Uniserve Communications, Inc. and Pacer Air Freight Ltd.

35.     Synaptive's dependence on these suppliers is part of the reason why this CCAA proceeding is necessary. Without the stay of proceedings and other relief detailed below, Synaptive could soon face a material interruption in the supply of products and services from its suppliers. This would impair Synaptive's ability to manufacture products and meet the demands of its customers, harming its business. Identifying and qualifying additional or replacement suppliers for any of the components or materials used in Synaptive's products, or obtaining additional inventory if required, may not be possible and could, in any event, involve significant additional costs. For

these reasons, among others, the CCAA stay of proceedings will be a key component of restructuring and sale process efforts.

#### **D. Cash Management**

36. In the ordinary course of business, the Synaptive Group utilizes an integrated, centralized cash management system to collect and disburse funds (collectively, the “**Cash Management System**”). The Cash Management System is similar to those commonly employed by corporate entities of comparable size and complexity to the Synaptive Group and provides a cost-effective and efficient means of managing the group’s finances.

37. Part of the Cash Management System includes general accounts, through which customer payments are collected, and accounts through which payroll and supplier payments are disbursed. Synaptive maintains bank accounts in Canada, the U.S., Australia and Germany.

#### **E. Regulatory Oversight**

38. Synaptive’s North American operations are subject to regulatory oversight. In Canada, Synaptive’s products cannot be sold without Health Canada approvals. In the U.S., Synaptive’s products and operations are subject to extensive and rigorous regulation by the FDA under the *Federal Food, Drug, and Cosmetic Act* and its implementing regulations, guidance documents, and standards.

39. Synaptive’s international sales are subject to the applicable regulatory requirements in the countries in which products are sold. The regulatory review process varies from country to country. Certain jurisdictions may require the submission of clinical data.

40. For example, “CE” marks are required to sell products in most Western European countries and are also accepted in some countries outside of Western Europe. Synaptive has received CE marks in the European Union, Switzerland and the U.K. for each of its Modus family of products and accessories.

41. An integral part of Synaptive’s regulatory efforts has been the updating of Synaptive’s ISO and MDR certificates for ongoing compliance with European requirements. This certificate

surveillance audit was conducted in December 2024 and the certificate was issued and remains valid until June 2026.

42. Finally, Synaptive is subject to healthcare fraud and abuse regulation in the jurisdictions in which it operates. This includes, without limitation, applicable anti-kickback legislation, false claims legislation, physician payment reporting legislation and patient privacy regulations.

#### IV. ASSETS OF THE SYNAPTIVE GROUP

43. Financial statements are prepared for the Synaptive Group on a consolidated basis. Due to the Synaptive Group's organizational structure, as well as the nature of the assets and operations (or lack thereof) of certain entities within such structure, there are no stand-alone audited financial statements available for Synaptive's subsidiaries. The Synaptive Group is largely intertwined and conducts operations primarily through Synaptive and assets are almost exclusively held in the Canadian entity.

44. The most recent audited financial statements, being for the calendar year ended December 31, 2020, are attached as **Exhibit "C"**. In addition, a copy of the Synaptive Group's unaudited balance sheet and income statement for the calendar year ended December 31, 2024, being the most recent available period, is attached as **Exhibit "D"**.

45. As of December 31, 2024, the Synaptive Group's total assets had a book value of approximately \$39.8 million. The assets of the Synaptive Group consisted of the following:

Assets (approximate as at December 31, 2024)	
Current Assets	
Cash and equivalents	\$ 1,055,974
Trade receivables	4,040,915
Other current receivables	274,859
Inventories	18,759,747
Prepaid expenses and deposits	2,567,418

<b>Total Current Assets</b>	<b>\$ 26,698,913</b>
Property and equipment, net	1,298,208
Right-of-use assets	8,015,272
Goodwill	2,085,000
Intangible assets	1,738,168
<b>Total Non-Current Assets</b>	<b>\$ 13,136,648</b>
<b>Total Assets</b>	<b>\$ 39,835,561</b>

**A. Synaptive**

**1. *Facilities and Leases***

46. Synaptive currently operates out of a primary location at 555 Richmond Street West, Toronto, Ontario, and is in the process of moving to a new headquarters at 5055 Satellite Drive, Mississauga, Ontario, under a lease that expires on September 30, 2034 as part of its cost saving efforts and manufacturing scalability. Synaptive also leases a small manufacturing location in London, Ontario, which expires on July 31, 2028 and a small distribution, maintenance and storage facility in Memphis, Tennessee, which expires on December 31, 2026. All international employees work from their homes.

**2. *Insurance***

47. Synaptive maintains insurance coverage that it believes to be consistent in practice with other similar manufacturers in the medical device industry, including general liability insurance (\$10 million); product liability insurance (\$10 million); errors and omissions insurance, including cyber security (\$5 million); property insurance (\$19.2 million); cargo insurance (\$1 million); crime insurance (\$1 million) and director's and officer's liability insurance (\$18 million). Each of the foregoing insurance policies expire on March 31, 2025. While Synaptive is in discussions with its insurance provider to renew and/or replace this coverage, no such renewal/replacement has happened to date.



### **3. *Intellectual Property***

48. Given the high value and strategic importance of IP in the medical technology sector, Synaptive has focused on building a core portfolio of owned and licensed IP. Synaptive's current IP strategy involves both filing for patents to cover new approaches in technology while partnering with appropriate third parties to obtain licensing access to helpful or complementary IP.

49. Synaptive is building a broad patent portfolio, with specific emphasis in the areas of multi-modal image registration, navigation systems and accessories, MRI and optical imaging systems. Synaptive's patents also cover other advanced medical imaging technologies that can be applied to a variety of medical procedures.

50. To date, Synaptive has filed over 1,275 patent applications in a number of key jurisdictions, including Canada, the U.S., Europe, China and Japan. Synaptive has received 839 patents, with over 330 grants in the U.S. alone. Synaptive also licenses 43 patents, 37 of which have been granted.

### **4. *Other Material Assets***

51. Synaptive's other material assets consist of the following:

- (a) inventories, consisting of raw materials, work-in progress, and finished goods in connection with Synaptive's product lines;
- (b) property and equipment, consisting of furniture and equipment, computer and research equipment, leasehold improvements, and tradeshow and demonstration equipment; and
- (c) intangible assets consisting of computer software, software technology, license agreements, including with the University of Western Ontario, Stryker Corporation and Sunnybrook Research Institution, and patents.

## **V. THE SYNAPTIVE GROUP'S INDEBTEDNESS**

52. As of December 31, 2024, the Synaptive Group's total liabilities had a book value of approximately \$130 million. The liabilities of the Synaptive Group consisted of the following:

<b>Liabilities (approximate as of December 31, 2024)</b>	
Current Liabilities	
Accounts payable and accrued liabilities	\$ 15,286,740
Long-term debt (current portion)	5,684,182
Lease liabilities (current portion)	798,917
Income taxes payable	-
Deferred revenue	6,692,807
<b>Total Current Liabilities</b>	<b>\$ 28,462,646</b>
Long-term debt	94,700,562
Lease liabilities	7,509,000
<b>Total Liabilities</b>	<b>\$ 130,672,208</b>

53. Additionally, the Synaptive Group’s key long-term funded debt as at March 10, 2025 is summarized in the following table:

<b>Key Secured Debt Obligations</b>			
Facility	Creditor	Priority	Approximate Amount Outstanding
Espresso Facility	Export Development Canada	First	\$6,020,000
EDC Convertible Notes	EDC and the other holders listed in Exhibit “L”	Second	Aggregate of \$59,778,028
BDC Convertible Notes	BDC Capital Inc. and the other holders listed in Exhibit “N”	Third	Aggregate of \$7,231,496
Subordinated Convertible Notes	The holders listed in Exhibit “P”	Fourth	Aggregate of \$30,875,636
<b>Total</b>			<b>\$103,905,160</b>

**A. Secured Debt**

**1. Espresso Loan Facility**

54. On or around December 23, 2020, Synaptive, as borrower, entered into a loan facility and security agreement (as amended from time to time, the “**Espresso Loan Agreement**”) with Espresso Capital Ltd. (“**Espresso Capital**”), pursuant to which Espresso Capital committed, subject to the terms and conditions therein, to advance \$5,000,000 to Synaptive (the “**Espresso Facility**”). Espresso Capital acted as the administrative and collateral agent and Espresso Venture Debt LP (“**Espresso Venture**”) acted as the lender under the Espresso Facility.

55. As continuing security for Synaptive’s obligations under the Espresso Facility: (i) Synaptive granted Espresso Capital a security interest in all of its personal property under the Espresso Loan Agreement; and (ii) Synaptive executed an intellectual property security agreement dated December 23, 2020, in favour of Espresso Capital, under which Synaptive granted Espresso Capital a security interest in all of its intellectual property (the “**Synaptive IP Security Agreement**”).

56. In support of Synaptive’s obligations under the Espresso Facility, Synaptive USA and Espresso Capital signed a guarantee dated December 23, 2020 (the “**Synaptive USA Guarantee**”), whereby Synaptive USA guaranteed all of all Synaptive’s obligations under the Espresso Facility. Synaptive USA also executed an intellectual property security agreement dated December 23, 2020, in favour of Espresso Capital, under which Synaptive granted Espresso Capital a security interest in all of its intellectual property (the “**Synaptive USA IP Security Agreement**”).

57. On April 18, 2023, Espresso Capital, Espresso Venture and Synaptive entered into a first amendment to the Espresso Loan Agreement, under which they agreed to amend certain interest and other commercial terms of the Espresso Facility.

58. On August 30, 2023, Espresso Venture and Espresso Capital assigned to EDC all of their right, title and interest in and to, among other things, the Espresso Loan Agreement, the Synaptive IP Security Agreement, the Synaptive USA Guarantee and the Synaptive USA IP Security Agreement (the “**Espresso Assignment**”). Following the Espresso Assignment, EDC and

Synaptive entered into a second amendment to loan facility and security agreement on July 22, 2024 (such amendment, the “**Second Amended Espresso Loan Agreement**”).

59. The Second Amended Espresso Loan Agreement, among other things, separated the Espresso Facility into two tranches: (i) a first tranche of \$1,500,000, which Espresso Capital advanced prior to the Espresso Assignment Agreement; and (ii) a second tranche of \$3,500,000, which EDC advanced in three payments in July, August and September 2024 in the amounts of \$1.75 million, \$1 million and \$750,000. The Espresso Facility bears interest at a rate of 20% from and after July 22, 2024. The Espresso Facility was originally scheduled to mature on December 23, 2023 (in respect of the first tranche) and December 16, 2024 (in respect of the second tranche), but these date were both subsequently extended on various occasions, most recently to March 12, 2025.

60. Copies of the Espresso Assignment, the Second Amended Espresso Loan Agreement, the Synaptive IP Security Agreement, the Synaptive USA Guarantee and the Synaptive USA IP Security Agreement are attached as **Exhibits “E” to “I”**, respectively.

61. As of March 10, 2025, Synaptive’s indebtedness under the Espresso Facility is approximately \$6,020,000.

## **2. EDC Convertible Notes**

62. Between November 1, 2022 and December 23, 2024, Synaptive issued a total of 75 convertible promissory notes (collectively, the “**EDC Convertible Notes**”) to various investors in an aggregate amount of \$49,684,800. EDC acted as the lead investor under the EDC Convertible Notes and advanced an aggregate principal amount of \$40,000,000 thereunder.

63. The EDC Convertible Notes bear interest at a rate of 10% per annum, subject to the terms thereof, and were originally scheduled to mature on February 6, 2025; however, this date was extended to March 12, 2025. Each EDC Convertible Note is convertible into shares of Synaptive if the conditions described therein have been met. As security for its obligations under the EDC Convertible Notes, Synaptive granted each holder a security interest in substantially all of its personal property.

64. The EDC Convertible Note held by EDC has been amended or amended and restated seven times since it was first entered into on November 1, 2022. A copy of EDC's fourth amended and restated EDC Convertible Note (being the most recent amended and restated version of the note), together with the seventh amendment thereto (being the most recent amendment to the note) are attached as **Exhibits "J" and "K"**, respectively. The fourth amended and restated EDC Convertible Note was erroneously titled the "third" amended and restated EDC Convertible Note.

65. Additionally, a table summarizing the holders of EDC Convertible Notes, including the holder, the date of the note and the amount advanced to Synaptive is attached as **Exhibit "L"**.

66. As at March 10, 2025, Synaptive's aggregate indebtedness under the EDC Convertible Notes, including accrued and unpaid interest, was approximately \$59,778,028.

### **3. *BDC Convertible Notes***

67. Between December 23, 2020 and February 1, 2021, Synaptive issued a total of 66 convertible promissory notes (collectively, the "**BDC Convertible Notes**") to various investors in an aggregate amount of \$14,792,678.46. BDC Capital Inc. ("**BDC**") acted as the lead investor under the BDC Convertible Notes and advanced a principal amount of \$5,000,000 thereunder.

68. The BDC Convertible Notes bear interest at a rate of 8.55%. They were originally scheduled to mature on December 23, 2023, but this date was subsequently extended on various occasions, most recently to March 12, 2025. Each of the BDC Convertible Notes are convertible into shares of Synaptive if the conditions described therein have been met. As security for its obligations under the BDC Convertible Notes, Synaptive granted each holder a security interest in substantially all of its personal property.

69. In June 2021, holders of 61 BDC Convertible Notes, with an aggregate principal amount of \$9,911,678.46, converted into Class B Preferred shares of Synaptive (and which were subsequently converted to Common shares on February 6, 2023), leaving 5 BDC Convertible Notes outstanding, with an aggregate principal amount of \$5,119,000.

70. A copy of the BDC Convertible Note held by BDC is attached as a sample at **Exhibit "M"**, and a table summarizing the holders of BDC Convertible Notes (for greater certainty, excluding

those BDC Convertible Notes that were converted into equity), including the holder, the date of the note and the amount advanced to Synaptive is attached as **Exhibit “N”**.

71. As at March 10, 2025, Synaptive’s aggregate indebtedness under the BDC Convertible Notes, including accrued and unpaid interest, was approximately \$7,231,496.

#### **4. Subordinated Convertible Notes**

72. Between October 5, 2021 and December 10, 2024, Synaptive issued a total of 107 subordinated convertible promissory notes (collectively, the “**Subordinated Convertible Notes**”) to approximately 95 investors in an aggregate amount of \$23,711,493. The Subordinated Convertible Notes bear interest at a rate of 10% per annum and were originally scheduled to mature on October 31, 2024; however, the maturity date was subsequently extended on various occasions, most recently to March 12, 2025. Each Subordinated Convertible Note is convertible into shares of Synaptive if the conditions described therein have been met.

73. As security for its obligations under the Subordinated Convertible Notes, Synaptive granted each holder a security interest in substantially all of its personal property. However, the security interest of each Subordinated Convertible Note was postponed and subordinated to the EDC Convertible Notes.

74. A copy of a sample investor’s Subordinated Convertible Notes is attached as at **Exhibit “O”**, and a table summarizing the holders of Subordinated Convertible Notes, including the holder, the date of the note and the amount advanced to Synaptive is attached as **Exhibit “P”**.

75. As at March 10, 2025, Synaptive’s aggregate indebtedness under the Subordinated Convertible Notes, including accrued and unpaid interest, was approximately \$30,875,636.

#### **5. Credit Card Facility**

76. Synaptive also has two long-standing credit card facilities with RBC (the “**Credit Card Facilities**”)—one for Canadian dollars and another for U.S. dollars. RBC holds cash collateral in a blocked account as security for Synaptive’s obligations under the Credit Card Facilities. As at March 10, 2025, Synaptive’s indebtedness under the Credit Card Facilities were approximately C\$127,166 and US\$50,000.

**B. Accounts Payable**

77. As of December 31, 2024, the Synaptive Group had accounts payable and other liabilities of approximately \$15.2 million, most of which is owed to trade creditors. These trade debts are unsecured and relate to goods and services supplied to the Synaptive Group. Some of the Synaptive Group's largest trade creditors include, among others: Pacer Air Freight Ltd., PricewaterhouseCoopers LLP, JENOPTIK Medical GmbH, Uniserve Communications, Total Benefit Solutions LLC, ARCH Medical Solutions – Sparta, Deloitte Management Services LP, Panaxium SAS and Paradigm Capital.

**C. Regional Relief Recovery Loan**

78. On June 29, 2020, Synaptive entered into a loan agreement with the Federal Economic Development Agency for Southern Ontario for proceeds of C\$500,000 from the Regional Relief and Recovery Fund—a program designed to assist businesses with the impact of the pandemic. The loan is interest free, with monthly repayments commencing on January 15, 2023. The loan matures on December 15, 2027.

79. As at March 10, 2025, the outstanding balance under this loan was C\$291,667.

**D. Employee Wages**

80. The Synaptive Group's gross payroll is approximately \$220,000 and C\$650,000 every two weeks. As at March 14, 2025, Synaptive owed \$139,276 and C\$527,152 of wages in arrears, \$562,600 of accrued vacation pay and C\$44,297 of CPP and EI contributions in respect of its current and temporarily laid off employees.

**E. Taxes**

81. Synaptive expects that, while not presently due and payable, source deductions will be triggered upon payment of the employee wage amounts described in the previous paragraph. Synaptive is otherwise current on its Canadian tax obligations.

## **F. Landlords**

82. As noted above, Synaptive is a tenant under a lease for its office located in 555 Richmond Street, Toronto. Synaptive is approximately two months behind on rental payments (i.e., it did not make a payment for February rent and has not prepaid March rent).

## **G. Litigation**

83. On May 28, 2024, a former Synaptive USA salesperson filed a Charge of Discrimination with the U.S. Equal Employment Opportunity Commission. The parties attended a mediation session on December 9, 2024 and, on February 18, 2025, executed a settlement agreement whereby Synaptive USA agreed to pay \$75,000. This amount remains outstanding.

## **H. PPSA Registrations**

84. Synaptive's counsel conducted a search as against Synaptive in the Ontario personal property security registration system. A copy of the summary of that search, which is current as at March 11, 2025, is attached as **Exhibit "Q"**.

## **I. Share Capital**

85. Synaptive's authorized share capital consists of an unlimited number of Common Shares, 99,578,281 of which are issued and outstanding as of March 14, 2025. Key shareholders include General Atlantic, Sensegain, Avina Acquisition Corp, Linamar Corporation, Daniel Bordessa, Cameron Piron, Tim Macready, David Gallop, Gal Sela, Audible Capital Corp, Wes Hodges, Cannonball Capital Inc., Ludwig and Valerie Piron, Synaptic Cleft LLC, and Quadrille Technologies III FPCI.

## **VI. DIRECTORS AND OFFICERS**

86. All Synaptive board meetings are held in Toronto. Synaptive's minute books are stored electronically. The members of Synaptive's board of directors (the "**Board**") are Tim Scannell, Jing Yang, Richard Hausmann, Daniel Bordessa and Cameron Piron.

87. The members of Synaptive's executive management team, including their names, titles and residency, are set out in the following table:



Name	Title	Residency
Cameron Piron	President	Canada
Dylan White	Secretary, Chief Legal Officer	Canada
Shawn Campbell	SVP, Operations	Canada
Magnus Momsen	Chief Financial Officer	United States
Chris Marrus	Chief Commercial Officer	United States

## **VII. EMPLOYEES**

88. The Synaptive Group currently employs 40 individuals on an active basis. Additionally, in connection with its cost-saving efforts (described below), the Synaptive Group made the difficult decision to issue temporary layoff notices to 149 of its valued employees on March 4, 2025, with a tentative recall date scheduled for March 24, 2025.

89. Additionally, the Synaptive Group has a direct sales force in the U.S. and Canada with distributor managers in Australia and Europe. This sales force consists of 11 employees in the U.S. and 1 employee in Canada. The Synaptive Group also employs salespeople in Lebanon and Australia who are responsible for setting up distribution agreements in the Middle East, Pakistan, and South Asia. The Synaptive Group's Canadian sales leader is located in Ontario, while its U.S. sales leader is located in Houston, Texas.

### **A. Employee Benefits**

90. The Synaptive Group maintains various benefits for its employees. These include group life benefits, accidental death and dismemberment benefits, dependent life insurance benefits, short-term disability benefits, long-term disability benefits, contract employee assistance program benefits, extended health care benefits, a global medical assistance/best doctors plan, and dental care benefits.

91. In addition, the Synaptive Group maintains a pension plan for its employees in the form of an RRSP in Canada and 401(k) plan in the U.S.

## **VIII. RECENT FINANCIAL DIFFICULTIES AND SYNAPTIVE'S INSOLVENCY**

### **A. History of Challenges Facing the Synaptive Group**

92. Synaptive has faced significant and growing financial difficulties in recent years. Synaptive's sales have not adequately supported its cost structure, and the result has been a deterioration in Synaptive's financial position combined with mounting losses. For the year ended December 31, 2024, the Synaptive Group had consolidated revenues of approximately \$19.0 million and an approximate net loss of \$29.6 million.

93. Numerous factors have caused a substantial drain on Synaptive's cash position, including costs associated with Synaptive's ongoing R&D efforts, costs associated with maintaining Synaptive's substantial IP portfolio and costs associated with its significant employee base. As a result, Synaptive lacks the liquidity needed to meet its ongoing payment obligations.

94. Synaptive's business is capital-intensive. It continues to devote a substantial portion of its resources to research and development of surgical technologies, including devices, components, software, tools, and systems for a range of fields. To date, Synaptive has not demonstrated sufficient revenues to pay for this growth and has been dependent on financing to fund its ongoing operations. Increased sales, working capital and further development and cost reductions are needed to achieve sustainability and profitability.

95. The issues faced by Synaptive are compounded by the nature of sales in the surgical technology sector. Long sales lead times create quarterly fluctuations in Synaptive's revenue. Additionally, most of Synaptive's customers are health care providers that rely on third-party payers—such as government and private health insurers—to reimburse the costs of the procedures in which Synaptive's products are used. Continuing efforts by these third-party payers to contain or reduce costs impedes capital spending by Synaptive's customers and can hinder Synaptive's access to steady revenue.

96. Despite Synaptive's significant efforts described below, it has been unable to successfully restructure its operations and raise capital outside of formal insolvency proceedings. Synaptive is now insolvent and unable to meet its liabilities as they become due. As a result of Synaptive's

financial challenges, it has been unable to meet its payroll obligations, working capital needs and other amounts.

97. These problems have been compounded in recent months by the market uncertainty caused by the threat of tariffs with and against the U.S.—the largest market for Synaptive’s products. These tariffs have a significant impact on the cost of Synaptive’s products, which are manufactured exclusively in Canada and compete with other companies that manufacture in the U.S. or other countries not subject to equivalent tariffs.

98. Indeed, Synaptive has been in default of its obligations under its secured facilities since October 2022 when it first defaulted under the Espresso Facility. While Synaptive has been a party to forbearance arrangements since that time, which have been amended from time to time, it has not been able to cure those defaults. The most recent forbearance period expired on March 12, 2025, meaning EDC is now in a position to enforce its security against Synaptive’s property.

99. Without the protection of the CCAA, a shut-down of operations is inevitable. This would be detrimental to Synaptive’s stakeholders, including its lenders, employees, suppliers, and customers. CCAA protection will allow Synaptive to maintain operations while providing it with the necessary time to facilitate the implementation of a sale or investment process with respect to its property and business.

## **B. Responses to Challenges**

100. In response to the financial difficulties described above, Synaptive has undertaken extensive efforts to cut costs, seek additional sales, and raise additional financing.

101. To reduce costs, Synaptive has reduced the number of R&D initiatives it is pursuing and has significantly reduced spending on R&D consultants and material, as well as other discretionary spending across other parts of its business. Synaptive has also consolidated its operating facilities and sub-leased redundant space. Finally, Synaptive made the difficult decision on March 4, 2025, to temporarily lay off 149 of its 189 valued employees, with a tentative recall date scheduled for March 24, 2025.

102. To increase sales, Synaptive has, among other things, improved product performance, partnered with institutions in clinical publications, reduced costs to produce its products, reduced prices on certain products, entered into agreements with European and Asian distributors, and entered into a co-marketing agreement with Stryker Corporation to sell Synaptive's planning software in North America. Because of the obstacles described above that Synaptive faces in its market, these operational responses have had only minor success to date. However, Synaptive is continuing to look for ways to expand its sales network.

103. Synaptive has also made efforts to secure funding and raise additional capital, but these efforts have been largely unsuccessful. In October 2023, Synaptive engaged RBC to act as placement agent for a preferred share financing of up to \$50 million. RBC made outreach efforts throughout 2023 and 2024 with a large number of potential investors, including potential strategic partners. However, RBC was unable to secure a commitment from any party to act as lead investor. Synaptive continued to fund its operations during this period in part by issuance of additional convertible debt.

104. Throughout 2024, Synaptive also engaged independently with various groups of investors, including EDC, to secure a long-term financing solution. These discussions continued throughout the year and ultimately resulted in Synaptive signing a term sheet with EDC and another co-investor in November 2024 (as amended in February 2025), which would have resulted in at least \$25 million of new equity in Synaptive being issued to investors. However, Synaptive was unable to secure the sufficient number of consents it needed from its existing shareholders as well as source all of the remaining capital required beyond the two lead investors to move forward with this strategy.

105. As set out above, Synaptive does not have the means to repay amounts owing under its debt instruments and requires additional funding to continue as a going concern. It will only be able to receive this funding through these CCAA proceedings. The only financing available to Synaptive is the debtor-in-possession loan described below, which cannot be finalized until Synaptive obtains the Initial Order it seeks in these proceedings.

**C. Cash Flow Forecast**

106. I understand that a projected cash flow statement for Synaptive for the 2-week period from March 17, 2025 through the period ending March 28, 2025 (the “**Cash Flow Statement**”) will be attached to the Proposed Monitor’s pre-filing report, to be filed in this matter (the “**Proposed Monitor’s Report**”), and that the Proposed Monitor’s Report will provide further commentary regarding the Cash Flow Statement.

107. The Cash Flow Statement demonstrates that, given the assumptions described therein, Synaptive will not have sufficient liquidity to fund its operations during the Initial Stay Period without immediate access to the Initial Amount of C\$1,000,000 under the DIP Financing Facility.

108. The Cash Flow Statement was prepared in consultation with the Proposed Monitor and is accompanied by the prescribed representations in accordance with the CCAA.

**IX. RELIEF SOUGHT**

109. This section of the affidavit provides a summary of the relief that Synaptive seeks in this application. The descriptions provided herein are based on my understanding of such relief from my discussions and correspondence with Synaptive’s counsel, EDC and its counsel and the Proposed Monitor.

**A. Relief Sought at the Initial Hearing on this Application**

**1. *Stay of Proceedings under the CCAA***

110. Synaptive requires a broad Stay of Proceedings to prevent, among other things, exercise of contractual remedies by its creditors, suppliers, vendors, landlords and other contractual counterparties.

111. The Stay of Proceedings is intended to stabilize and preserve the value of Synaptive’s business and provide the breathing room required to conduct the SISF. At the initial hearing of this application, Synaptive requests a stay up to and including March 26, 2025 (i.e., the comeback date).

## **2. *Approval of the DIP Financing Facility and the Initial Amount***

112. To facilitate this CCAA proceeding, the DIP Lender has agreed to provide financing to Synaptive in a maximum amount of the Initial Amount during the first 7 days of this CCAA proceeding (i.e., C\$1,000,000), and the Maximum Amount following the Comeback Hearing (i.e., C\$7,000,000).

113. On March 18, 2025, Synaptive and the DIP Lender entered into a DIP facility loan agreement (the “**DIP Term Sheet**”), a copy of which is attached as **Exhibit “R”**. The DIP Term Sheet requires that, among other things, any funds advanced be secured by a charge on Synaptive’s Property (the “**DIP Lender’s Charge**”), subordinate only to the Administration Charge and ranking ahead of the Directors’ Charge.

114. The DIP Term Sheet provides for Synaptive to borrow from the DIP Lender on, among other things, the following commercial terms:

- (a) DIP Financing Facility and Initial Amount: A non-revolving, secured credit facility: (i) up to the Initial Amount of C\$1,000,000 during the first 7 days of this CCAA proceeding; and (ii) up to the Maximum Amount of C\$7,000,000 following the issuance of the ARIO.
- (b) Term: Amounts owing under the DIP Term Sheet shall be due and payable on the earliest of the following: (i) June 20, 2025; (ii) the closing of any sale of substantially all of the Property or Business; (iii) the implementation of a plan of compromise or arrangement in respect of Synaptive; (iv) the date on which the Initial Order or the ARIO expires without extension, or on which the CCAA proceeding is terminated; and (v) the occurrence of an Event of Default (as defined in the DIP Term Sheet).
- (c) Interest: All amounts outstanding under the DIP Term Sheet bear interest at a rate of 15% per annum; and
- (d) Fees: An exit fee in the amount of C\$350,000, representing 5% of the Maximum Amount, which will be non-refundable and fully earned as of the date of the DIP Term Sheet and payable on the Maturity Date (as defined in the DIP Term Sheet).

115. Along with other customary covenants, conditions precedent, and representations and warranties made by Synaptive, the Initial Amount under the DIP Financing Facility is subject to this Court authorizing Synaptive to borrow such amount under the DIP Financing Facility and the Court's approval of the corresponding DIP Lender's Charge (as defined below).

116. Synaptive will also be seeking a charge on Synaptive's Property (the "**DIP Lender's Charge**") to secure the Initial Amount owing under the DIP Financing Facility plus all accruing interest and fees under the DIP Financing Facility. The proposed DIP Lender's Charge would rank second in priority, in accordance with the priority set out in the proposed Initial Order.

117. At the Comeback Hearing, Synaptive intends to seek further authorization to borrow the Maximum Amount under the DIP Financing Facility.

### **3. *Continued Use of the Cash Management System***

118. In order to continue operations in the ordinary course, Synaptive requires continued access to its Cash Management System, including to its bank accounts. This relief is required to ensure that Synaptive can continue to make ordinary course payments in accordance with the Cash Flow Statement and avoid disruptions to its ongoing business.

### **4. *The Proposed Monitor***

119. Synaptive seeks the appointment of Richter as Monitor. Richter has consented to act as Monitor of Synaptive in this CCAA proceeding, subject to Court approval.

120. Richter became involved with Synaptive in August 2023 as a financial advisor. Richter's role as financial advisor has included reviewing the company's financial position, reviewing, assessing and monitoring Synaptive's weekly cash flow forecasts, supporting discussions with EDC, working with Synaptive's management team on assessing restructuring plans, monitoring progress with respect to its various financing initiatives including with RBC, reviewing amendments to Synaptive's numerous forbearance agreements and other matters.

121. In preparation for this CCAA proceeding, Richter has assisted in reviewing the Cash Flow Statement and has participated in strategic discussions regarding Synaptive's financial and liquidity position, available options, and the relief requested by Synaptive in connection with this

CCAA proceeding. Richter has also assisted Synaptive in the preparation of the SISP and the review of the terms of the DIP Term Sheet. As a result of its engagement to date, Richter has developed an intimate knowledge of Synaptive's business and challenges. None of Richter nor its affiliates has ever acted as auditor to any member of the Synaptive Group.

## **5.     *Administration Charge***

122. Synaptive is seeking a charge on Synaptive's Property in priority to all other charges, in the maximum amount of C\$250,000 (the "**Administration Charge**") to secure the fees and disbursements of the Monitor, counsel to the Monitor and counsel to Synaptive, in each case incurred in connection with services rendered to Synaptive both before and after the commencement of this CCAA proceeding. This amount is necessary to protect the beneficiaries of the Administration Charge during the first 7 days of this CCAA proceeding. Synaptive will be seeking an increase to the Administration Charge at the Comeback Hearing.

123. It is important to the success of this CCAA proceeding to have the Administration Charge in place to ensure the continued involvement of critical professionals.

124. Synaptive has worked with the Proposed Monitor and the other professionals to estimate the proposed quantum of the Administration Charge based on the nature of the proceedings and the expected demands on the professionals in the time prior to the Comeback Hearing.

125. As described in both the Initial Order and the ARIO, none of the proposed Charges, including the Administration Charge, are proposed to rank in priority to the security of any person with properly perfected purchase money security interests under the applicable legislation.

## **6.     *Directors and Officers Indemnity and Charge***

126. Synaptive is seeking customary provisions indemnifying the Directors and Officers of Synaptive against any obligations and liabilities they may incur as a director or officer of Synaptive after the commencement of this CCAA proceeding (the "**D&O Indemnity**").

127. I understand that in some circumstances directors can be held liable for certain obligations of a company, including those owing to employees and government entities.



128. Synaptive maintains director's and officer's liability insurance (the "**D&O Insurance**") that is applicable to Synaptive's Directors and Officers. The current D&O Insurance policies include an aggregate amount of \$18 million in coverage. However, this coverage is subject to certain retention amounts, deductibles, exclusions, or some combination of the foregoing, all of which create a degree of uncertainty. As noted, Synaptive's D&O Insurance policy expires on March 31, 2025; while Synaptive is in discussions with its insurance provider to renew and/or replace this coverage, no such renewal/replacement has happened to date.

129. The knowledge and guidance of the Directors and Officers and their expertise remains essential to the overall success of this CCAA proceeding. The Directors and Officers have indicated that, due to the risk of personal exposure associated with Synaptive's liabilities, they will not continue their service with Synaptive during the post-filing period unless the Initial Order grants a charge on Synaptive's Property, in a sufficient amount to secure the D&O Indemnity.

130. Synaptive is seeking a charge on Synaptive's Property in the maximum amount of C\$1,100,000 (the "**Directors' Charge**") as security for the D&O Indemnity. The proposed Directors' Charge would apply only to the extent that the Directors and Officers do not have coverage under the D&O Insurance and will rank third in priority, in accordance with the priority set out in the proposed Initial Order.

131. The Directors' Charge will allow Synaptive to continue to benefit from the expertise and knowledge of the Directors and Officers.

132. The quantum of the Directors' Charge is the amount necessary to protect the Directors and Officers in the first 7 days of this CCAA proceeding having regard to the potential personal liabilities they may be exposed to in respect of Synaptive's employment and tax related obligations in that period. Synaptive has worked with the Proposed Monitor to calculate the quantum of the Directors' Charge by reference to the above noted potential liabilities and believes the Directors' Charge is reasonable in the circumstances.

133. I understand that the Proposed Monitor will address its support of the Directors' Charge and its quantum in the Proposed Monitor's Report.

**B. Relief Anticipated to be Sought at the Comeback Hearing**

**1. *SISP Approval Order***

134. As described above, Synaptive requires CCAA protection to pursue a going concern transaction for the benefit of its stakeholders. The comeback hearing has been scheduled for seven days hence in order to balance the need to commence the SISP with the need to provide adequate notice to stakeholders. Synaptive intends to hit the ground running. At the comeback hearing, Synaptive intends to seek the SISP Approval Order:

- (a) approving the SISP, and authorizing Synaptive and the Monitor to implement the SISP Procedures;
- (b) authorizing and directing Synaptive and the Monitor to perform their respective obligations and do all things reasonably necessary to perform same under the SISP Procedures;
- (c) declaring that Synaptive and the Monitor, and their respective affiliates, partners, directors, officers, employees, legal advisors, representatives, agents, and controlling persons shall have no liability with respect to any losses, claims, damages or liabilities of any nature or kind to any person in connection with or as a result of the SISP, except to the extent such claims result from the gross negligence or wilful misconduct of Synaptive or the Monitor, as applicable, in performing their respective obligations under the SISP Procedures, as determined by the Court in a final order; and
- (d) granting the Monitor, in connection with its role in overseeing the SISP, all of the benefits and protections granted to it under the CCAA, the ARIO and any other Order of the Court in this CCAA proceeding.

135. The granting of the SISP Approval Order is a milestone under the DIP Term Sheet.

## 2. *SISP*<sup>1</sup>

136. A copy of the SISP is attached as **Exhibit “S”**.

137. Synaptive developed the SISP in consultation with the Proposed Monitor and EDC in order to ensure a process that is: (i) concise enough to protect the value of the Property and the Business as a going concern, taking into consideration the terms and availability of financing, and the immediate liquidity challenges facing Synaptive; but also (ii) of sufficient duration to provide a reasonable market test.

138. Importantly, Synaptive has already engaged in extensive marketing efforts since 2023, including RBC’s investment solicitation process and Synaptive’s other efforts to secure sustainable financing. The SISP will be able to pick up where those efforts left off, including by contacting, among others, the parties who were previously contacted during those refinancing efforts.

139. The SISP sets out the parameters by which the Monitor, in consultation with Synaptive and the DIP Lender (and subject to any requisite prior written consents as set out in the SISP Procedures) will:

- (a) Provide notice to and disseminate marketing materials and a process letter to potentially interested parties identified by Synaptive, including those previously identified by Synaptive’s pre-filing investment marketing efforts, and provide such parties with access to a data room upon their executing a non-disclosure agreement in form and substance satisfactory to the Proposed Monitor and Synaptive and as approved by the DIP Lender;
- (b) solicit interest in executable transaction involving, without limitation, a sale of or investment in the Property, Business and/or shares of Synaptive;
- (c) select any Successful Bid(s); and
- (d) seek the approval of the Court of any Successful Bid(s).

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<sup>1</sup> Capitalized terms used in this section that are not otherwise defined shall have the meanings given to them in the SISP. This summary is qualified in all respects by the terms of the SISP.

140. The SISP provides for the solicitation of potentially interested parties that wish to make a formal offer to purchase or make an investment in the Property and/or the Business, which will commence following the granting of the SISP Approval Order.

141. The key milestones set out in the SISP Procedures (the “**Milestones**”) are:

<b>Milestone</b>	<b>Deadline</b>
Commencement of SISP	March 26, 2025
Deadline to publish notice of SISP, deliver Teaser Letter and NDA to Known Potential Bidders, and set up electronic data room	March 28, 2025
Deadline for delivery of Secured Creditor Participation Notices and Insider Participation Notices	April 11, 2025
Deadline for submission of Phase I Non-Binding Letters of Intent	No later than 5:00 p.m. (Toronto time) on April 30, 2025
Determination of Qualified Bidders for Phase II	No later than 5:00 p.m. (Toronto time) on May 2, 2025
Deadline for submission of Phase II Bids	No later than 5:00 p.m. (Toronto time) on May 16, 2025
Determination of Selected Bidders	No later than 5:00 p.m. (Toronto time) on May 20, 2025
Selection of the Successful Bid(s) and Back-Up Bid(s), and Notification of Auction (if any)	No later than 5:00 p.m. (Toronto time) on May 23, 2025
Auction Date (if required)	May 27, 2025
Deadline for finalizing transaction documents based on Successful Bid(s)	June 3, 2025
Filing of motion to approve the Successful Bid(s)	No later than 5:00 p.m. (Toronto time) on June 5, 2025
Hearing of the Sale Approval Motion	No later than June 13, 2025, subject to the availability of the Court
Outside Date for the Closing of the Successful Bid(s)	June 20, 2025

142. Under the SISP Procedures, any officer, director or employee of Synaptive or other non-arm’s length party in relation to Synaptive (each, a “**Participating Insider**”) may participate as a Potential Bidder, Qualified Bidder, Selected Bidder, or Successful Bidder (each as defined under

the SISP), provided that the Participating Insider notifies the Monitor by the Participation Notice Deadline of its intention to participate in the SISP. To the extent a Participating Insider is or is related to a Potential Bidder, such Participating Insider will not be provided with any information that might create an unfair advantage or jeopardize the integrity of the SISP unless the Participating Insider confirms in writing to the Monitor that it will not submit or participate directly or indirectly in the submission of a Bid (as defined in the SISP).

143. Further, the Monitor, in consultation with Synaptive, may, as it deems appropriate, consult with Synaptive's secured creditors throughout the SISP upon such assurances as to confidentiality that the Monitor may require.

144. Secured creditors of Synaptive may also elect to participate as a Potential Bidder and may commit to bid its secured debt, provided that such credit bid provides for the payment in full in cash of any senior ranking obligations, and the secured creditor notifies the Monitor by the Participation Notice Deadline of its intention to participate as a Potential Bidder in the SISP (the **"Secured Lender Participation Notice"**). The DIP Lender may choose to support a transaction by, without limitation, being treated as an unaffected creditor or converting all or part of its debt to equity in respect of a transaction. The DIP Lender's failure to submit a Secured Lender Participation Notice will not disqualify it from supporting any Bid(s).

145. In developing the SISP Procedures, including the Milestones, Synaptive, in consultation with the Proposed Monitor, considered a number of factors, including:

- (a) Synaptive's extensive investment marketing efforts since 2023;
- (b) the pool of potential purchasers for Synaptive's Business is limited because of its specialized nature; and
- (c) the limited amount of funding available under the DIP Term Sheet and the corresponding constraints on timing.

146. In light of the foregoing, Synaptive is of the view that the Milestones set out in the SISP Procedures are appropriate, will allow interested parties to participate in the SISP, and will provide a fair and reasonable process that will adequately canvass the market in a manner designed to deliver the best possible result for all stakeholders.

### **3. ARIO**

147. At the Comeback Hearing, Synaptive also intends to seek an ARIO. The most significant amendments that will be sought in the ARIO are described below.

#### **(a) *Approval of the Maximum Amount under the DIP Financing Facility***

148. As noted, the DIP Term Sheet contemplates an increase of the maximum availability under the DIP Financing Facility from the Initial Amount (C\$1,000,000) to the Maximum Amount (C\$7,000,000) following the Comeback Hearing, subject to this Court's approval. The DIP Lender's Charge would continue to secure all outstanding amounts under the DIP Financing Facility, including interest and fees.

149. Accordingly, Synaptive will be seeking this Court's authorization to borrow up to the Maximum Amount under the DIP Financing Facility.

#### **(b) *Stay Extension***

150. The proposed form of Initial Order seeks a Stay of Proceedings until March 26, 2025, or such later date as this Court may order. At the Comeback Hearing, Synaptive intends to seek an extension of the Stay of Proceedings in order to provide Synaptive, with the assistance of the Monitor, time to conduct the SISP.

#### **(c) *Amendments to the Administration Charge***

151. The Administration Charge proposed in the Initial Order is designed for the initial 7-day period only. The proposed ARIO provides for an increase to the Administration Charge to a new maximum amount of C\$500,000. This increase reflects that the hourly professionals will have significant work in the period following the initial hearing on this application, including in assisting Synaptive in managing its customer and vendor relationships, while preparing to conduct the SISP. This proposed increase is the product of negotiation among Synaptive and EDC, with the assistance of the Proposed Monitor.

152. This application is being brought on an urgent basis to provide a Canadian medical technology champion with the breathing room it needs to achieve a successful restructuring under the CCAA and to navigate the economic uncertainty resulting from ongoing trade tensions and the ever-looming threat of tariffs.

153. I swear this Affidavit in support of the relief sought by Synaptive and for no improper purpose.

**SWORN REMOTELY** by Magnus Momsen  
at the City of San Jose, in the State of  
California, in the Country of the United States  
of America, before me on March 18, 2025 in  
accordance with O.Reg. 431/20,  
Administering Oath or Declaration Remotely.

}



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Commissioner for Taking Affidavits  
(or as may be)

**MIKE NOEL**  
(LSO#: 80130F)

  
**Magnus Momsen**

This is Exhibit “B” referred to in the Affidavit of Magnus Momsen sworn by Magnus Momsen of the City of the San Jose, in the State of California, in the Country of the United States, before me at the City of San Jose, in the State of California, in the Country of the United States, on April 17, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

A handwritten signature in blue ink, appearing to be 'MIKE NOEL', with stylized, overlapping letters.

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*Commissioner for Taking Affidavits (or as may be)*

**MIKE NOEL**



# Synaptive

April 3, 2025

[REDACTED]

Dear [REDACTED],

**Re: Retention Arrangement relating to Synaptive Medical Inc. (“Synaptive” or the “Company”)**

As Synaptive enters this challenging period, the Company would like to assure you that your contributions continue to be valued. We truly appreciate your continued hard work and importance to the Company.

As you know, in connection with its proceedings commenced under the *Companies’ Creditors Arrangement Act* (Canada) (the “CCAA”) in the Ontario Superior Court of Justice (Commercial List) (the “Court”) in the City of Toronto, Synaptive is engaged in a sale and investment solicitation process (the “SISP”) that may result in a sale of some or all of its business and assets and/or an investment in its business. Synaptive regards you as a critical employee, crucial to the success of the SISP and the operations of Synaptive during the CCAA proceedings. In consideration of your ongoing loyalty to Synaptive, the Company is offering you the incentive described in Schedule “A” hereto as part of its Key Employee Retention Plan (the “KERP”).

The implementation of the KERP is subject to Court approval. Synaptive will prepare a motion record to be filed with the Court that includes a request for an order approving the KERP, including you as a participant thereunder (in either case, the “KERP Approval Order”). The KERP Approval Order sought will, among other things, contain a charge against the assets of Synaptive, such charge to rank in the priority ordered by the Court.

Subject to this paragraph, Synaptive shall be entitled to publicly file this letter and the KERP with the Court. Except as may be ordered by the Court or as otherwise may be required by law, Appendix “A” to the KERP (“Appendix “A””) shall be treated as strictly confidential and no terms thereof shall be disclosed to any other person, corporation or other entity; provided that: (a) Synaptive may file sealed copies of Appendix “A” with the Court and shall diligently apply to the Court at its own expense for a sealing order in respect of Appendix “A”; (b) Appendix “A” and its terms may be disclosed: (i) by you to members of your immediate family and your professional counsel and financial advisors; and (ii) by Synaptive to its principal senior secured creditors and to potential investors and/or purchasers, on a confidential basis; and (c) the total amount of the Retention Awards (as defined in Schedule “A”) may be publicly disclosed in the CCAA proceedings.

By signing this letter, you acknowledge and agree that you have obtained or have had the opportunity to obtain such independent legal advice as you deem appropriate prior to signing this letter, and that you have executed this agreement of your own free will and have not been subject to any pressure, duress or undue influence in respect of any matter relating to this letter or your execution thereof.

Yours truly,  
**Synaptive Medical Inc.**

Per:



Name: Cameron Piron

Title: President

I have authority to bind the Corporation

I acknowledge having read and received a copy of the foregoing letter, and agree to be bound by its terms and conditions.



## SCHEDULE “A”

### SYNAPTIVE MEDICAL INC. KEY EMPLOYEE RETENTION PLAN

#### CREATION OF THE PLAN

- Synaptive Medical Inc. (“**Synaptive**”) has commenced restructuring proceedings in the Ontario Superior Court of Justice (Commercial List) sitting in the City of Toronto (the “**Court**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”). In order to retain key critical employees, Synaptive hereby establishes a Key Employee Retention Program (the “**Plan**”). The Plan has been developed to provide employees who are critical to the success of the restructuring with sufficient incentive to remain employed with Synaptive on the terms provided for herein.
- Synaptive will include in a motion record to be filed with the Court a request for, and diligently pursue from the Court at its own expense, an order approving the Plan. The Plan as presented to the Court will be subject to the recommendation of Richter Inc, in its capacity as Court-appointed Monitor (in such capacity, the “**Monitor**”) and approval by the Court.

#### ELIGIBILITY

- Participation in the Plan will be limited to those employees (collectively, the “**Participants**” and each, a “**Participant**”) who are considered by Synaptive in consultation with the Monitor to be integral to: (i) the CCAA proceedings and Synaptive’s ongoing business operations during such proceedings; (ii) the Court-approved sale and investment solicitation process (the “**SISP**”); and/or (iii) if pursued by Synaptive, the implementation of a plan of restructuring, reorganization, compromise or arrangement as approved by the requisite majorities of Synaptive’s classes of creditors and the Court, as the case may be. These require the continued operation of Synaptive’s business, the maintenance of data rooms and other due diligence sources and the uninterrupted maintenance of certain key management functions.
- The Participants shall comprise the employees listed on Appendix “A” who agree to participate in the Plan on terms acceptable to Synaptive.

#### RETENTION AWARDS

- Synaptive will pay or provide Retention Awards (as defined below) to all Participants in accordance with the terms of this Plan.
- All Participants will be entitled to receive retention awards under the Plan (collectively, “**Retention Awards**” and, each, a “**Retention Award**”) on the terms and conditions herein. The purpose of the Retention Award is to provide a cash incentive to Participants to continue their employment with Synaptive on the terms provided for herein. The particulars of your specific Retention Award are set out in Appendix “A” attached.
- Retention Awards will be paid or provided on May 30, 2025 (the “**Payment Date**”), to each Participant who has complied with the provisions of his or her letter agreement with Synaptive in respect of the Plan, as set out in Appendix “A”.
- The Retention Award and its method of calculation will not necessarily be the same for each Participant.
- In the event that a Participant quits his or employment with Synaptive or a Participant’s employment is terminated or ceases for any reason other than a termination by Synaptive without cause prior to the Payment Date, the full amount of such Participant’s unpaid or not yet provided Retention Award shall be forfeited without additional consideration and the Participant will not be

entitled to receive any Retention Award or any additional portion thereof; if a Participant's employment is terminated by Synaptive without cause prior to the Payment Date, such Participant shall receive the full amount of his or her unpaid or not yet provided Retention Award (when determined and payable in accordance with Appendix "A").

#### **STATUTORY REMITTANCES**

- All Retention Awards will be considered earnings from a Participant's employment and subject to income tax and other statutory deductions required by law, which deductions shall be administered by Synaptive unless otherwise agreed to by the Participant.

#### **MISCELLANEOUS**

- Retention Awards are inclusive of applicable vacation pay/allowance referable to Retention Awards earnings, and will not be considered earnings for the purpose of determining any earnings-based, employee benefits provided by Synaptive, including any savings, pension, supplemental deferred compensation or bonus plan.
- Subject to this paragraph, Synaptive shall be entitled to publicly file the Plan with the Court. Except as may be ordered by the Court or as otherwise may be required by law, Appendix "A" shall be treated as strictly confidential and no terms thereof shall be disclosed to any other person, corporation or other entity; provided that: (a) Synaptive may file a sealed copy of Appendix "A" with the Court and shall diligently apply to the Court at its own expense for a sealing order in respect of Appendix "A"; (b) Appendix "A" and its terms may be disclosed: (i) by a Participant to members of the Participant's immediate family and his or her professional counsel and financial advisors; and (ii) by Synaptive to its principal senior secured creditors and to potential investors and/or purchasers on a confidential basis; and (c) the total amount of the Retention Awards may be publicly disclosed in the CCAA proceedings.
- Notwithstanding the foregoing, the Monitor shall have full access to Plan and related material.
- The Plan shall be administered by Synaptive in consultation with the Monitor. The interpretation and construction by Synaptive of any provision of this Plan shall be final, binding and conclusive.
- In furtherance of the Plan, Synaptive may make or cause to be made individual arrangements with a Participant, provided that such arrangements are not materially inconsistent with the Plan and in such case, the provisions of the individual arrangements shall govern to the extent of any inconsistency.
- This Plan shall continue to be in effect until all amounts payable under the Plan have been paid and all other Retention Award obligations owing to the Participants have been fulfilled.
- Nothing in this Plan shall confer upon any Participant any right to continue in the employ or service of Synaptive or shall interfere with or restrict in any way the rights of Synaptive, which are hereby expressly reserved, to remove, terminate or discharge, as applicable, any Participant at any time for any reason whatsoever.

## Appendix “A”

### Retention Award Details

Capitalized terms used but not defined herein shall have the meanings given to them in the retention arrangements letter dated April 3, 2025 (the “**Retention Letter**”).

#### Retention Award

In accordance with the terms of the Plan and subject to your continued active employment with, and service to, Synaptive up to May 30, 2025 (the “**Payment Date**”), Synaptive will continue to pay you your regular salary when payable pursuant to your existing employment arrangements in addition to a one-time lump sum payment of \$[REDACTED], less applicable withholdings, on the Payment Date; provided, however, if your employment is terminated by Synaptive without cause prior to the Payment Date, you shall receive the full amount of your unpaid or not yet provided Retention Award.

This is Exhibit "C" referred to in the Affidavit of Magnus Momsen sworn by Magnus Momsen of the City of the San Jose, in the State of California, in the Country of the United States, before me at the City of San Jose, in the State of California, in the Country of the United States, on April 17, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

A handwritten signature in blue ink, appearing to read "MIKE NOEL", with a stylized, overlapping design.

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*Commissioner for Taking Affidavits (or as may be)*

**MIKE NOEL**

# Synaptive

April 3, 2025

Dear [REDACTED],

**Re: Retention Arrangement relating to Synaptive Medical Inc. (“Synaptive Canada”) and Synaptive Medical USA, Inc. (the “Synaptive USA”, and together with Synaptive Canada, “Synaptive”)**

As Synaptive enters this challenging period, we would like to assure you that your contributions continue to be valued. We truly appreciate your continued hard work and importance to Synaptive.


As you know, in connection with its proceedings commenced under the *Companies’ Creditors Arrangement Act* (Canada) (the “CCAA”) in the Ontario Superior Court of Justice (Commercial List) (the “Court”) in the City of Toronto, Synaptive Canada is engaged in a sale and investment solicitation process (the “SISP”) that may result in a sale of some or all of its business and assets and/or an investment in its business. Synaptive regards you as a critical employee, crucial to the success of the SISP and the operations of Synaptive during the CCAA proceedings. In consideration of your ongoing loyalty to Synaptive, Synaptive USA is offering you the incentive described in Schedule “A” hereto as part of its Key Employee Retention Plan (the “KERP”).

The implementation of the KERP is subject to Court approval. Synaptive Canada will prepare a motion record to be filed with the Court that includes a request for an order approving the KERP, including you as a participant thereunder (in either case, the “KERP Approval Order”). The KERP Approval Order sought will, among other things, contain a charge against the assets of Synaptive Canada, such charge to rank in the priority ordered by the Court.

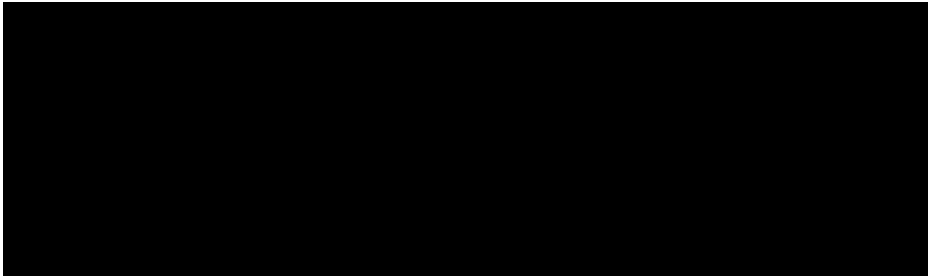
Subject to this paragraph, Synaptive Canada shall be entitled to publicly file this letter and the KERP with the Court. Except as may be ordered by the Court or as otherwise may be required by law, Appendix “A” to the KERP (“Appendix “A””) shall be treated as strictly confidential and no terms thereof shall be disclosed to any other person, corporation or other entity; provided that: (a) Synaptive Canada may file sealed copies of Appendix “A” with the Court and shall diligently apply to the Court at its own expense for a sealing order in respect of Appendix “A”; (b) Appendix “A” and its terms may be disclosed: (i) by you to members of your immediate family and your professional counsel and financial advisors; and (ii) by Synaptive to its principal senior secured creditors and to potential investors and/or purchasers, on a confidential basis; and (c) the total amount of the Retention Awards (as defined in Schedule “A”) may be publicly disclosed in the CCAA proceedings.

By signing this letter, you acknowledge and agree that you have obtained or have had the opportunity to obtain such independent legal advice as you deem appropriate prior to signing this letter, and that you have executed this agreement of your own free will and have not been subject to any pressure, duress or undue influence in respect of any matter relating to this letter or your execution thereof.

Yours truly,  
**Synaptive Medical USA, Inc.**

Per:   
\_\_\_\_\_  
Name: Cameron Piron  
Title: President  
I have authority to bind the Corporation

I acknowledge having read and received a copy of the foregoing letter, and agree to be bound by its terms and conditions.





## Appendix “A”

### Retention Award Details

Capitalized terms used but not defined herein shall have the meanings given to them in the retention arrangements letter dated April 3, 2025 (the “**Retention Letter**”).

#### Retention Award

In accordance with the terms of the Plan and subject to your continued active employment with, and service to, Synaptive USA up to May 30, 2025 (the “**Payment Date**”), Synaptive USA will continue to pay you your regular salary when payable pursuant to your existing employment arrangements in addition to a one-time lump sum payment of \$[REDACTED], less applicable withholdings, on the Payment Date; provided, however, if your employment is terminated by Synaptive USA without cause prior to the Payment Date, you shall receive the full amount of your unpaid or not yet provided Retention Award.

This is Exhibit “D” referred to in the Affidavit of Magnus Momsen sworn by Magnus Momsen of the City of the San Jose, in the State of California, in the Country of the United States, before me at the City of San Jose, in the State of California, in the Country of the United States, on April 17, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

A handwritten signature in blue ink, appearing to be 'Mike Noel', written over a horizontal line.

*Commissioner for Taking Affidavits (or as may be)*

**MIKE NOEL**

Redacted

Redacted

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c.C-36, AS AMENDED  
AND IN THE PLAN OF COMPROMISE OR ARRANGEMENT OF  
SYNAPTIVE MEDICAL INC.

Court File No. CV-25-00739279-00CL

Applicant

ONTARIO  
SUPERIOR COURT OF JUSTICE  
Proceeding commenced at TORONTO

AFFIDAVIT OF MAGNUS MOMSEN  
(Sworn April 17, 2025)

**Torys LLP**  
79 Wellington St. W., Suite 3000  
Box 270, TD Centre  
Toronto, ON M5K 1N2

**Adam Slavens** (LSO#: 54433J)  
416.865.7333 | [aslavens@torys.com](mailto:aslavens@torys.com)  
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Lawyers for Synaptive Medical Inc.



TAB3

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	FRIDAY, THE 25th
	)	
JUSTICE OSBORNE	)	DAY OF APRIL, 2025

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF SYNAPTIVE MEDICAL INC.

(the “**Applicant**”)

**KERP APPROVAL ORDER**

**THIS MOTION**, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an order, among other things, approving the KERP (as defined below) and related relief, was heard this day by judicial videoconference via Zoom.

**ON READING** the affidavit of Magnus Momsen sworn April 17, 2025 and the exhibits thereto (the “**Momsen Affidavit**”), the Second Report of Richter, in its capacity as the Court-appointed monitor of the Applicant (in such capacity, the “**Monitor**”) dated April [■], 2025, filed, and on hearing the submissions of counsel for the Applicant, the Monitor and the other parties listed on the counsel slip, and no one appearing for any other party although duly served as appears from the affidavits of service of Elizabeth Nigro sworn April 17 and [■], 2025,

## **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings given to them in the Amended and Restated Initial Order of this Court dated March 26, 2025 (the “**ARIO**”).

## **KEY EMPLOYEE RETENTION PLAN**

3. **THIS COURT ORDERS** that the Key Employee Retention Plan (the “**KERP**”), as described in the Momsen Affidavit and attached as Exhibit “D” thereto (the “**Confidential KERP Exhibit**”), is hereby approved and the Applicant is authorized to make payments contemplated thereunder in accordance with the terms and conditions of the KERP and the DIP Term Sheet.
4. **THIS COURT ORDERS** that the key employees referred to in the KERP (the “**Key Employees**”) shall be entitled to the benefit of and are hereby granted a charge on the Property of the Applicant (the “**KERP Charge**”), which charge shall not exceed the aggregate amount of \$500,000, to secure any payments to the Key Employees under the KERP. The KERP Charge shall have the priority set out in paragraph 5 herein.
5. **THIS COURT ORDERS** that paragraph 42 of the ARIO shall be, and is hereby, supplemented and amended as follows:



**THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge, the DIP Lender's Charge and the KERP Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000);

Second – DIP Lender's Charge;

Third – Directors' Charge (to the maximum amount of \$1,100,000); and

Fourth – KERP Charge (to the maximum amount of \$500,000).

## **SEALING**

6. **THIS COURT ORDERS** that the Confidential KERP Exhibit shall be and is hereby sealed, kept confidential, and shall not form part of the public record, pending further order of this Court.

## **GENERAL**

7. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or any other foreign jurisdiction, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign

proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is hereby authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

10. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. EST on the date of this Order without the need for entry and/or filing.

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**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c.C-36, AS AMENDED  
AND IN THE PLAN OF COMPROMISE OR ARRANGEMENT OF  
SYNAPTIVE MEDICAL INC.**

Court File No. CV-25-00739279-00CL

**Applicant**

**ONTARIO  
SUPERIOR COURT OF JUSTICE**  
  
Proceeding commenced at TORONTO

**KERP APPROVAL ORDER**

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Lawyers for Synaptive Medical Inc.

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF SYNAPTIVE MEDICAL INC.**

**Applicant**

<b>ONTARIO</b> <b>SUPERIOR COURT OF JUSTICE</b>  Proceeding commenced at TORONTO	
<b>MOTION RECORD</b> <b>(Motion for KERP Approval Order,</b> <b>returnable April 25, 2025)</b>	
<b>Torys LLP</b> 79 Wellington St. W., Suite 3000 Box 270, TD Centre Toronto, ON M5K 1N2	<b>Adam Slavens</b> (LSO#: 54433J) 416.865.7333   <a href="mailto:aslavens@torys.com">aslavens@torys.com</a> <b>Mike Noel</b> (LSO#: 80130F) 416.865.7378   <a href="mailto:mnoel@torys.com">mnoel@torys.com</a>  Lawyers for Synaptive Medical Inc.