

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

VBI Vaccines (Delaware) Inc., *et al.*¹

Debtors in a Foreign Proceeding.

Chapter 15

Case No. 24-11623 (BLS)

Jointly Administered

Hearing Date:

March 10, 2025, at 10:00 a.m. (ET)

Objection Deadline:

February 21, 2025, at 4:00 p.m. (ET)

**MOTION AND FINAL REPORT OF THE FOREIGN REPRESENTATIVE FOR
ENTRY OF A FINAL DECREE (I) CLOSING CHAPTER 15 CASES PURSUANT
TO 11 U.S.C. §§ 105, 350 AND 1517, FED. R. BANKR. P. 5009, AND DEL.
BANKR. L.R. 5009-2 AND (II) RECOGNIZING THE CCAA TERMINATION
ORDER OF THE CANADIAN COURT**

VBI Vaccines (Delaware) Inc., solely in its capacity as foreign representative (the “Foreign Representative”) to the above-captioned debtors (the “Chapter 15 Debtors”) in the Canadian proceeding (the “Canadian Proceeding”) commenced under the Companies’ Creditors Arrangement Act (the “CCAA”), before the Superior Court of Justice (Commercial List) in Ontario, Canada (the “Canadian Court”), hereby respectfully moves (the “Motion”) and states for its final report (the “Final Report”) as follows:

RELIEF REQUESTED

1. The Foreign Representative respectfully requests entry of a final decree, substantially in the form annexed hereto as **Exhibit A** (the “Final Decree”), pursuant to sections 105(a), 350 and 1517(d) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the

¹ The Debtors and the last four digits of its U.S. Federal Employer Identification Numbers or other unique identifier are as follows: VBI Vaccines Inc. (4170) (British Columbia Corporation No.), VBI Vaccines (Delaware) Inc. (9534), Variation Biotechnologies (US) Inc. (6196), and VBI Vaccines B.V. (1726) (Netherlands Corporation No.). The Debtors’ Mailing address is 160 Second Street, Floor 3, Cambridge, MA 02142.

“Bankruptcy Code”), rule 5009(c) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rule 5009-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), closing the following chapter 15 cases:

Case Number	Debtor Name
24-11623	VBI Vaccines (Delaware) Inc.
24-11625	VBI Vaccines Inc.
24-11626	VBI Vaccines B.V.
24-11627	Variation Biotechnologies (US) Inc.

2. The Foreign Representative also requests that the Court recognize and give full force and effect to the CCAA Termination Order (defined below).

JURISDICTION AND VENUE

3. This Court has jurisdiction to adjudicate this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. § 1410 and this is a core proceeding pursuant to 28 U.S.C. § 157(b).

4. The statutory predicates for the relief requested herein are Bankruptcy Code sections 105(a), 350, 1517(d) and 1521, as supplemented by Bankruptcy Rule 5009(c) and Local Rule 5009-2.

RELEVANT BACKGROUND AND FINAL REPORT

5. On July 29, 2024, the four (4) entities comprising the Chapter 15 Debtors, along with the remaining subsidiaries of VBI Vaccines Inc. (“VBI”), Variation Biotechnologies Inc. (“VBI Cda”), SciVac Ltd. (“SciVac”), and SciVac Hong Kong Limited (“SciVac HK,” and collectively with the Chapter 15 Debtors, VBI Cda, and SciVac, the “CCAA Debtors” or the “VBI Group”) commenced the Canadian Proceeding under the CCAA.

6. On July 30, 2024, the Canadian Court entered the *Initial Order* (the “CCAA Initial Order”) and endorsement (the “Initial Order Endorsement”), which, among other things, appointed VBI Delaware as the Foreign Representative of the CCAA Debtors, granted a stay of proceedings against the CCAA Debtors, and appointed Ernst & Young (“EY”) as the monitor (the “Monitor”) of the CCAA Debtors in the Canadian Proceeding. The events that precipitated the petition and the request by the Debtors for the Initial Order are detailed in the *Declaration of Jeffrey Baxter in Support of (I) Chapter 15 Petitions for Recognition of Foreign Proceeding, and (II) Motion of the Foreign Representative for Entry of Provisional and Final Orders Granting Recognition of Foreign Proceeding and Certain Related Relief under Sections 105(a), 362, 365, 1517, 1519, 1520 and 1521 of the Bankruptcy Code* (the “Chapter 15 Baxter Declaration”) filed with this Court on July 30, 2024. (D.I. 4).

7. Also on July 30, 2024, the Foreign Representative filed petitions (D.I. 1) and a motion (the “Recognition Motion”) (D.I. 6) in this Court under chapter 15 of the Bankruptcy Code for recognition of the Canadian Proceeding as a foreign main, or in the alternative, foreign nonmain proceeding, thereby commencing the Chapter 15 Debtors’ cases (the “Chapter 15 Cases”).

8. On August 2, 2024, this Court entered the *Order Granting Provisional Relief Under Sections 105(a), 362, 365, 1517, 1519, and 1521 of the Bankruptcy Code* (D.I. 15) and on August 27, 2024, this Court entered the *Final Order Granting Recognition of Foreign Main Proceeding and Certain Related Relief Under Sections 105(a), 362, 365, 1517, 1519, 1520 and 1521 of the Bankruptcy Code* (the “Recognition Order”). (D.I. 24).

9. Also on August 2, 2024, the CCAA Debtors filed a motion in the Canadian Proceeding seeking, among other things, (i) approval of the DIP Facility Agreement, (ii) approval

of the KERP, (iii) approval of the Administration, Directors', KERP, and DIP Lender's Charges in increased amounts from the CCAA Initial Order, and (iv) approval of the Solicitation Procedures and authorization to commence the solicitation process.

10. On August 8, 2024, the Monitor filed the *First Report of the Monitor* (the "First Monitor's Report") in the Canadian Proceeding.

11. Following a hearing held on August 9, 2024, the Canadian Court entered the *Amended and Restated Initial Order* (the "CCAA ARIO") and the *Order (Solicitation Order)* (the "CCAA Solicitation Order").

12. The Foreign Representative sought enforcement of the CCAA ARIO and CCAA Solicitation Orders from this Court, and the *Order (I) Enforcing and Giving Full Effect To (A) the CCAA Amended and Restated Initial Order and (B) the CCAA Solicitation Order and (II) Granting Related Relief* was entered on September 24, 2024. (D.I. 40).

13. On September 19, 2024, the Monitor filed the *Second Report of the Monitor* (the "Second Monitor's Report") in the Canadian Proceeding.

14. Following a hearing held on September 20, 2024, the Canadian Court entered the *Order (Stay Extension and DIP Amendment)* (the "CCAA Amended DIP Order"), which extended the stay of proceedings against the CCAA Debtors through October 18, 2024, and increased: (i) the amount of financing available to the CCAA Debtors under the DIP Facility Agreement from US\$2,500,000 to US\$3,600,000; and (ii) the DIP Lender's Charge from US\$2,700,000 to US\$3,850,000.

15. The Foreign Representative sought enforcement of the CCAA Amended DIP Order from this Court, and the *Order Enforcing and Giving Full Effect to the CCAA Amended DIP Order* was entered on October 15, 2024. (D.I. 57).

16. On October 15, 2024, the Monitor filed the *Third Report of the Monitor* (the “Third Monitor’s Report”) in the Canadian Proceeding.

17. Following a hearing held on October 16, 2024, the Canadian Court entered the *Order (Stay Extension and Second DIP Amendment)* (the “CCAA Second Amended DIP Order”), which extended the stay of proceedings against the CCAA Debtors through November 29, 2024, and increased: (i) the amount of financing available to the CCAA Debtors under the DIP Facility Agreement from US\$3,600,000 to US\$4,600,000; and (ii) the DIP Lender’s Charge from US\$3,850,000 to US\$4,850,000.

18. The Foreign Representative sought enforcement of the CCAA Second Amended DIP Order from this Court, and the *Order Enforcing and Giving Full Effect to the CCAA Second Amended DIP Order* was entered on October 30, 2024. (D.I. 66).

19. On October 30, 2024, the Monitor filed the *Fourth Report of the Monitor* (the “Fourth Monitor’s Report”) and the *Supplemental Report to the Fourth Report of the Monitor* (the “Supplemental Report”) in the Canadian Proceeding.

20. Following a hearing held on October 31, 2024, the Canadian Court entered the *Order (Approval and Reverse Vesting Order)* (the “Approval and Reverse Vesting Order”), which, among other things: (i) approved the acquisition agreement entered into between, *inter alia*, certain of the CCAA Debtors and K2 VBI Equity Trust, LLC, as purchaser; and (ii) approved the transaction contemplated therein.

21. The Foreign Representative sought enforcement of the Approval and Reverse Vesting Order from this Court, and the *Order Enforcing and Giving Full Effect to the Approval and Reverse Vesting Order* was entered on November 20, 2024. (D.I. 77).

22. On November 26, 2024, the Monitor filed the *Fifth Report of the Monitor* (the “Fifth Monitor’s Report”) in the Canadian Proceeding.

23. Following a hearing held on November 27, 2024, the Canadian Court entered the CCAA Third Amended DIP Order which extended the stay of proceedings against the CCAA Debtors through November 29, 2024, and increased: (i) the amount of financing available to the CCAA Debtors under the DIP Facility Agreement from US\$3,600,000 to US\$4,600,000; and (ii) the DIP Lender’s Charge from US\$3,850,000 to US\$4,850,000.

24. The Foreign Representative sought enforcement of the of the CCAA Third Amended DIP Order from this Court, and the *Order Enforcing and Giving Full Effect to the CCAA Third Amended DIP Order* was entered on December 19, 2024. (D.I. 88).

25. On January 29, 2025, the Debtors filed a motion (the “CCAA Termination Motion”), for the issuance of an order pursuant to the CCAA providing for (i) the termination of the Debtors’ Canadian Proceeding and (ii) extending the stay until such time as Monitor’s Termination Certificate can be served on the service list in the Canadian Proceeding. On January 30, 2025, in connection with the CCAA Termination Motion, the Monitor filed the *Sixth Report of the Monitor* (the “Sixth Monitor’s Report”) in the Canadian Proceeding. A copy of the Sixth Monitor’s Report is attached hereto as **Exhibit B**.

26. As set forth in the CCAA Termination Motion, the closing of the sale transaction occurred on January 3, 2025, and the CCAA Debtors no longer have any business operations.

27. On January 31, 2025, the Canadian Court entered its *Order (CCAA Termination)* (the “CCAA Termination Order”) granting the CCAA Termination Motion. A copy of the CCAA Termination Order is attached hereto as **Exhibit C**. Among other relief, the CCAA

Termination Order approved the Monitor's actions, conduct, and prior reports filed with the Canadian Court except the First Monitor's Report; discharged the Monitor from its duties and obligations arising from or relating to the Canadian Proceeding; and released the Monitor, its counsel, and certain other parties from claims related to the Canadian Proceeding except for claims or liability arising out of any gross negligence or willful misconduct and imposed a gatekeeper provision requiring the Canadian Court's approval before bringing any action or other proceeding against any released party under the CCAA Termination Order.

28. To the knowledge of the Foreign Representative, and based on the foregoing, all matters to be attended to in connection with these Chapter 15 Cases have been completed. Accordingly, the Foreign Representative now seeks entry of the Final Decree closing these cases.

29. The foregoing serves as the Foreign Representative's Final Report as required pursuant to Bankruptcy Rule 5009(c) and Local Rule 5009-2(a).

BASIS FOR RELIEF REQUESTED

A. The Chapter 15 Cases are Complete and Fully Administered.

30. Section 1517(d) of the Bankruptcy Code provides that "[a] case under this chapter may be closed in the manner prescribed under section 350," and section 350(a) of the Bankruptcy Code prescribes that a bankruptcy court shall close a case "[a]fter an estate is fully administered." 11 U.S.C. §§ 1517(d) & 350(a). While there cannot be any administration of an estate in chapter 15 cases because no estate is created, section 1517(d)'s reference to section 350 implies that when the purpose of chapter 15 case has been fulfilled, and further coordination with, or other assistance to, the foreign court is not contemplated, the chapter 15 case has been fully administered.

31. Bankruptcy Rule 5009(c) provides that:

A foreign representative in a proceeding recognized under § 1517 of the Code shall file a final report when the purpose of the representative's appearance in the court is completed. The report shall describe the nature and results of the representative's activities in the court. The foreign representative shall transmit the report to the United States trustee, and give notice of its filing to the debtor, all persons or bodies authorized to administer foreign proceedings of the debtor, all parties to litigation pending in the United States in which the debtor was a party at the time of the filing of the petition, and such other entities as the court may direct. The foreign representative shall file a certificate with the court that notice has been given. If no objection has been filed by the United States trustee or a party in interest within 30 days after the certificate is filed, there shall be a presumption that the case has been fully administered.

Fed. R. Bankr. P. 5009(c).

32. Although Bankruptcy Rule 5009(c) does not require a motion to close a chapter 15 case, Local Rule 5009-2 provides that “[u]pon written motion, a foreign representative in a proceeding recognized under section 1517 of the Code, may seek the entry of a final decree when the purpose of the representative's appearance in the Court is completed.” Del. Bankr. L.R. 5009-2(a). The motion must “describe the nature and results of the representative's activities in the Court and shall include a final decree order that (i) orders the closing of the case and (ii) identifies in the caption and in the body of the order the case name and the case number of each case to be closed under the order.” *Id.* In addition to those parties specified in Bankruptcy Rule 5009(c), the motion must also be served on all creditors who have filed a request for notice under Bankruptcy Rule 2002 and Local Rule 9013-1. *Id.* at 5009-2(b).

33. As detailed in the foregoing background and Final Report, the purpose of the Foreign Representative's appearance in this Court has been completed, and the Chapter 15 Cases have been fully administered. The Final Report also details the nature and results of the

Foreign Representative's activities in this Court, thereby satisfying Bankruptcy Rule 5009(c) and Local Rule 5009-2(a).

34. The Foreign Representative or its noticing agent will serve this Motion and Final Report on the United States Trustee, the Debtors, all creditors who have filed a request for notice under Bankruptcy Rule 2002 and Local Rule 9013-1, all persons or bodies authorized to administer foreign proceedings of the Debtors, all parties to litigation pending in the United States in which the Debtors were party at the time of the filing of the Debtors' petitions and file a certification with the Court detailing such service of the Motion. Additionally, the proposed Final Decree (i) orders the closing of each case and (ii) identifies in the caption and in the body of the order the case name and the case number of each case to be closed under the Final Decree. Accordingly, the Foreign Representative has complied or will comply with the requirements of Bankruptcy Rule 5009(c) and Local Rule 5009-2(a).

35. Finally, the proposed Final Decree provides that there will be no distributions on account of any claims in these Chapter 15 Cases, and any proofs of claim filed in these Chapter 15 Cases will be of no force and effect.

36. Based on the foregoing, the Foreign Representative respectfully submits that the requirements to obtain the Final Decree are met, and the Final Decree should be entered.

B. Recognizing the CCAA Termination Order is Appropriate.

37. Recognizing the CCAA Termination Order is appropriate in these cases. Section 1521(a) of the Bankruptcy Code authorizes this Court, "at the request of the foreign representative, [to] grant any appropriate relief." 11 U.S.C. § 1521(a). The Court may grant such relief so long as it is not "manifestly contrary to the public policy of the United States." 11 U.S.C. § 1506. The CCAA Termination Order provides for customary relief, including discharging the

Monitor from its duties and releasing the Monitor, its counsel, and certain other parties from claims related to its work in the Canadian Proceeding, except for any claim or liability arising out of any gross negligence or willful misconduct. Accordingly, the relief provided by the CCAA Termination Order is consistent with, and certainly not contrary to, U.S. public policy.

NOTICE

38. The Foreign Representative will serve this Motion and Final Report as detailed in paragraph 34 above. No other or further notice is required by the applicable rules.

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CONCLUSION

WHEREFORE, the Foreign Representative respectfully requests that the Court: (a) enter the Proposed Order, substantially in the form attached hereto as **Exhibit A** and (b) grant such other and further relief as it deems just and proper under the circumstances.

Dated: February 7, 2025
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Derek C. Abbott

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Counsel for the Foreign Representative

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

VBI Vaccines (Delaware) Inc., *et al.*,¹

Debtors in a Foreign Proceeding.

Chapter 15

Case No. 24-11623 (BLS)

Jointly Administered

Hearing Date:

March 10, 2025 at 10:00 a.m. (ET)

Objection Deadline:

February 21, 2025 at 4:00 p.m. (ET)

**NOTICE OF MOTION AND FINAL REPORT OF THE FOREIGN
REPRESENTATIVE FOR ENTRY OF A FINAL DECREE (I) CLOSING
CHAPTER 15 CASES PURSUANT TO 11 U.S.C. §§ 105, 350 AND 1517, FED. R.
BANKR. P. 5009, AND DEL. BANKR. L.R. 5009-2 AND (II) RECOGNIZING THE
CCAA TERMINATION ORDER OF THE CANADIAN COURT**

PLEASE TAKE NOTICE that on February 7, 2025, VBI Vaccines (Delaware) Inc. (“VBI Delaware”) solely in its capacity as court-appointed authorized foreign representative (“Foreign Representative”) of VBI Vaccines Inc. (“VBI”) and its subsidiaries (collectively, including VBI and VBI Delaware, the “Chapter 15 Debtors”), filed the *Motion and Final Report of the Foreign Representative for Entry of a Final Decree (I) Closing Chapter 15 Cases Pursuant to 11 U.S.C. §§ 105, 350 and 1517, Fed. R. Bankr. P. 5009, and Del. Bankr. L.R. 5009-2 and (II) Recognizing the CCAA Termination Order of the Canadian Court* (the “Motion”).

PLEASE TAKE FURTHER NOTICE that, objections, if any, to the Motion must be (a) in writing; (b) filed with the Clerk of the Bankruptcy Court, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801, on or before **February 21, 2025 at 4:00 p.m. (ET)** (the “Objection Deadline”); and (c) served so as to be received on or before the Objection Deadline by counsel to the Chapter 15 Debtors, (i) Morris, Nichols, Arsht & Tunnell LLP, 1201 N. Market St., 16th Floor, P.O. Box 1347, Wilmington, Delaware 19801, Facsimile: (302) 658-3989, Attention: Derek C. Abbott (dabbott@morrisnichols.com) and Tamara K. Mann (tmann@morrisnichols.com); and (ii) Haynes and Boone, LLP, 1221 McKinney Street, Suite 4000, Houston, Texas 77010, Facsimile: (713) 547-2600, Attention: Arsalan Muhammad (arsalan.muhammad@haynesboone.com) and David Trausch (david.trausch@haynesboone.com); and (iii) Stikeman Elliott LLP, René-Lévesque Blvd., West 41st Street, Montréal, Québec H3B 3V2 Canada, Facsimile: (514) 397-3222, Attention: Guy P. Martel (gmartel@stikeman.com) and Nathalie Nouvet (nnouvet@stikeman.com).

¹ The Debtors and the last four digits of its U.S. Federal Employer Identification Numbers or other unique identifier are as follows: VBI Vaccines Inc. (4170) (British Columbia Corporation No.), VBI Vaccines (Delaware) Inc. (9534), Variation Biotechnologies (US) Inc. (6196), and VBI Vaccines B.V. (1726) (Netherlands Corporation No.). The Debtors’ Mailing address is 160 Second Street, Floor 3, Cambridge, MA 02142.

PLEASE TAKE FURTHER NOTICE that a hearing on the Motion will take place on **March 10, 2025, at 10:00 a.m. (ET)** before the Honorable Brendan L. Shannon, United States Bankruptcy Judge, United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 6th Floor, Courtroom #1, Wilmington, Delaware 19801.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: February 7, 2025
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Derek C. Abbott

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Counsel for the Foreign Representative

EXHIBIT A

Proposed Final Decree

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re	)	Chapter 15
	)	
VBI Vaccines (Delaware) Inc., ¹	)	Case No. 24-11623 (BLS)
	)	
Debtor in a Foreign Proceeding.	)	Jointly Administered
	)	
	)	Re D.I. ____
In re	)	Chapter 15
	)	
VBI Vaccines Inc.,	)	Case No. 24-11625 (BLS)
	)	
Debtor in a Foreign Proceeding.	)	Jointly Administered
	)	
In re	)	Chapter 15
	)	
VBI Vaccines B.V.,	)	Case No. 24-11626 (BLS)
	)	
Debtor in a Foreign Proceeding.	)	Jointly Administered
	)	
In re	)	Chapter 15
	)	
Variation Biotechnologies (US) Inc.,	)	Case No. 24-11627 (BLS)
	)	
Debtor in a Foreign Proceeding.	)	Jointly Administered
	)	

**FINAL DECREE (I) CLOSING CHAPTER 15 CASES PURSUANT TO 11
U.S.C. §§ 105, 350 AND 1517, FED. R. BANKR. P. 5009, AND DEL.
BANKR. L.R. 5009-2 AND (II) RECOGNIZING THE TERMINATION
AND DISCHARGE ORDER OF THE CANADIAN COURT**

¹ The Debtors and the last four digits of its U.S. Federal Employer Identification Numbers or other unique identifier are as follows: VBI Vaccines Inc. (4170) (British Columbia Corporation No.), VBI Vaccines (Delaware) Inc. (9534), Variation Biotechnologies (US) Inc. (6196), and VBI Vaccines B.V. (1726) (Netherlands Corporation No.). The Debtors' Mailing address is 160 Second Street, Floor 3, Cambridge, MA 02142.

Upon the motion (the “Motion”)² of VBI Vaccines (Delaware) Inc., in its capacity as foreign representative (the “Foreign Representative”) to the above-captioned debtors (the “Chapter 15 Debtors”), for entry of a final decree (i) closing these Chapter 15 Cases and (ii) recognizing the CCAA Termination Order entered in the Canadian Proceeding; and notice of the Motion having been provided in accordance with Bankruptcy Rule 5009(c) and Local Rule 5009-2; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. The above-captioned Chapter 15 Cases, identified further as follows, are hereby CLOSED:

Case Number	Debtor Name
24-11623	VBI Vaccines (Delaware) Inc.
24-11625	VBI Vaccines Inc.
24-11626	VBI Vaccines B.V.
24-11627	Variation Biotechnologies (US) Inc.

3. The Clerk of the Court shall enter this Order on the docket of each of the foregoing cases and each case shall thereafter be marked as closed.
4. There will be no distributions on account of any claims in these Chapter 15 Cases, and any proofs of claim filed in these Chapter 15 Cases will be of no force and effect.
5. The CCAA Termination Order entered in the Canadian Proceeding is hereby recognized in its entirety and given full force and effect in the territorial jurisdiction of the United States.

² Capitalized terms not defined herein are used as defined in the Motion.

6. The terms and conditions of this Order shall be effective and enforceable immediately upon entry.

7. This Court retains jurisdiction to hear and determine all matters arising from or related to implementation, interpretation or enforcement of this Order.

EXHIBIT B

Sixth Monitor's Report

Court File No. CV-24-00724693-00CL

**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 AND ARRANGEMENT OF
VARIATION BIOTECHNOLOGIES (US), INC., SCIVAC LTD., SCIVAC HONG KONG
LIMITED, VBI VACCINES B.V., 1519848 B.C. LTD. AND 1519820 B.C. LTD.**

Applicants

**SIXTH REPORT OF THE MONITOR
January 30, 2025**

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Court File No. CV-24-00724693-00CL

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 AND ARRANGEMENT OF
VARIATION BIOTECHNOLOGIES (US), INC., SCIVAC LTD., SCIVAC HONG KONG
LIMITED, VBI VACCINES B.V., 1519848 B.C. LTD. AND 1519820 B.C. LTD.

Applicants

SIXTH REPORT OF THE MONITOR
January 30, 2025

INTRODUCTION AND BACKGROUND

1. On July 30, 2024, the Ontario Superior Court of Justice ("**Court**") issued an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*¹ (the "**CCAA**") with respect to VBI Vaccines Inc. ("**VBI**"), Variation Biotechnologies Inc. ("**VBI Cda**"), VBI Vaccines (Delaware) Inc. ("**VBI DE**"), Variation Biotechnologies (US), Inc. ("**VBI US**"), SciVac Ltd. ("**SciVac**"), SciVac Hong Kong Limited ("**SciVac HK**") and VBI Vaccines B.V. ("**VBI BV**") (collectively, the "**Applicants**" or "**VBI Group**"), declaring that the Applicants are debtor companies subject to the CCAA, providing for a stay of proceedings in respect of the Applicants, the appointment of EY as Monitor and various other relief measures, including the approval of a debtor-in-possession financing ("**DIP Financing**").
2. On August 9, 2024, the Court issued an amended and restated initial order (the "**ARIO**") extending the stay of proceedings against Applicants to September 20, 2024, increasing certain CCAA charges, authorizing severance payments to certain employees terminated following the issuance of the ARIO, approving the key employee retention plan (the "**KERP**") and various other relief measures. The Court also issued a solicitation order (the "**Solicitation Order**"), pertaining to a sale and investment solicitation process (the "**SISP**").
3. On September 19, 2024, the Monitor issued its second report (the "**Second Report**").
4. On September 20, 2024, on application from the Applicants, the Court issued a court order extending the stay of proceedings to October 18, 2024, authorizing the amended DIP Financing (referred to in the motion record of the applicants dated September 18th, 2024, as the "**DIP Facility Agreement**") and authorizing the increase in the DIP lender's charge as a result of an increase in the DIP Financing ("**DIP Lender's Charge**").
5. On October 15, 2024, the Monitor issued its third report (the "**Third Report**").

¹ *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

6. On October 16, 2024, on application from the Applicants, the Court granted a court order (i) extending the stay of proceedings to November 29, 2024 (the “**Stay Period**”), (ii) authorizing the amended DIP Financing (referred to in the motion record of the applicants dated October 11, 2024, as the “**Second DIP Amendment**”) between the Applicants and K2 HealthVentures LLC (“**K2HV**” or “**DIP Lender**”), (iii) authorizing borrowings up to a maximum principal amount of \$4,600K, and authorizing the increase in the DIP Lender’s Charge as a result of the increase in the DIP Financing.
7. On October 30, 2024, the Monitor issued its fourth report and a supplemental report to the fourth report (collectively, the “**Fourth Report**”).
8. On October 31, 2024, on application from the Applicants, the Court granted an approval and reverse vesting order (the “**ARVO**”) and the ARIO amending order, among other things, (i) approving of the acquisition agreement dated October 24, 2024 (the “**Acquisition Agreement**”), (ii) approving the transaction contemplated in the Acquisition Agreement (the “**Transaction**”) (iii) granting a sealing order in respect of the confidential summary of the bids received, (iv) granting releases in favour of certain parties, and (v) amending the ARIO to permit the Applicants to dispose of assets not exceeding \$5,000K in the aggregate.
9. On November 25, 2024, the Monitor issued its fifth report (the “**Fifth Report**”).
10. On November 27, 2024, on application from the Applications, the Court granted an order (i) extending the Stay Period up and until January 31, 2025, (ii) approving a third amendment to the DIP financing (the “**Third DIP Amendment**”) and (iii) a correlative amendment of the DIP (collectively the “**CCAA Third Amended DIP Order**”).
11. On January 3, 2025, the Monitor delivered its certificate confirming that the Monitor had received, among other things, written confirmation that all conditions to closing of the Transaction had been satisfied or waived, and that the Purchase Price (as defined in the Acquisition Agreement) had been paid.
12. On January 29, 2025, the Monitor notified an application seeking, *inter alia*, the issuance of an order (i) to terminate the CCAA proceedings, (ii) authorize the Remaining Applicants (as defined below) to make an assignment in bankruptcy and authorize the Monitor to file such assignment in bankruptcy for and on behalf of the Remaining Applicants, (iii) discharge the Monitor, (iv) confirm certain releases, (v) approve the activities of the Monitor and the fees and disbursements of the Monitor and its counsel, and (vi) extend the Stay Period (the “**Termination Application**”).
13. The Sixth Report is intended to provide the Court and stakeholders with information relevant to the Termination Application based on the information that has been made available to the Monitor, including for the most part, by management of the VBI Group.

PURPOSE

14. The purpose of this report (“**Sixth Report**”) is to provide the Court with information about:

- 14.1. the Monitor's activities since the Fifth Report;
- 14.2. the Applicants' activities since the Fifth Report;
- 14.3. the Termination Application, seeking;
 - 14.3.1. discharge of EY in its capacity as the Monitor of the Remaining Applicants (as defined below) effective upon the issuance of the Monitor's termination Certificate (as defined below);
 - 14.3.2. release and discharge of the Charges as defined in the ARIO effective as at the CCAA Termination Time (as defined below) without any further act or formality;
 - 14.3.3. from and after the CCAA Termination Time:
 - 14.3.3.1. authorizing the Remaining Applicants (as defined below) to make an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("**BIA**");
 - 14.3.3.2. authorizing the Monitor to file any such assignment in bankruptcy for and on behalf of the Remaining Applicants; and
 - 14.3.3.3. authorizing EY to act as trustee in the bankruptcy (the "**Trustee**") of the Remaining Applicants and to fund reasonable retainers to any such Trustee from the Administrative Expenses Costs (as defined below).
 - 14.3.4. authorization of the Trustee to administer the bankruptcy estates of the Remaining Applicants;
 - 14.3.5. confirmation of certain releases (the "**Releases**") in favour of the Released Parties (as defined below);
 - 14.3.6. extension of the Stay Period from January 31, 2025 to the CCAA Termination Time;
 - 14.3.7. approval of the fees and disbursements of the Monitor and its counsel as described below; and
 - 14.3.8. approval of the Second Report, the Third Report, the Fourth Report, the Fifth Report and the Sixth Report of the Monitor, and the actions, conduct and activities of the Monitor referred to therein.

TERMS OF REFERENCE AND DISCLAIMER

15. In preparing the Sixth Report and making the comments herein, the Monitor has been provided with and has relied upon certain unaudited, draft and/or internal financial information, company records, management prepared financial information and projections, information from other third-party sources, and has engaged in discussions with the Applicants' directors, senior management team ("**Management**") and the Applicants' legal advisors (collectively, the "**Information**").
 - 15.1. The Monitor has assumed the integrity and truthfulness of the Information and explanations provided to it, within the context in which it was presented. To date, nothing has come to the attention of the Monitor that would cause it to question the reasonableness of this assumption.
 - 15.2. The Monitor has requested that Management bring to its attention any significant matters which were not addressed in the course of its specific inquiries. Accordingly, this Sixth Report is based solely on the Information (financial or otherwise) provided by the Applicants.
 - 15.3. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or generally accepted standards for review engagements and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.
 - 15.4. In view of the purpose of the Sixth Report, some of the financial information therein may not comply with generally accepted accounting principles.
 - 15.5. Some of the information referred to in this Sixth Report consists of forecasts and projections that were prepared based on Management's current estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence, no assurance can be provided regarding any such forecasted or projected results. Actual results will vary from the forecasts or projections, even if the estimates and assumptions are accurate, and the variations could be significant.
16. The Sixth Report has been prepared by the Monitor in order to provide additional information to the Court in connection with the Termination Application. The Sixth Report may not be appropriate for any other purpose and consequently should not be used for any other purpose.
17. Unless otherwise stated all monetary amounts contained herein are expressed in US dollars.

MONITOR'S ACTIVITIES SINCE THE FIFTH REPORT

18. Since the Fifth Report, the Monitor has conducted the following activities:
- 18.1. responded to queries from various stakeholders and dealt with supplier issues;
 - 18.2. participated and assisted in discussions between the Applicants and K2HV relating *inter alia* to the Transaction and additional needs in respect of DIP Financing;
 - 18.3. worked with the Applicants to review their actual cash flow results as compared to the Applicants' projected cash flow filed with the Fifth Report;
 - 18.4. reviewed the Applicants' disbursements as contemplated in the ARIO;
 - 18.5. assisted the Applicants in reporting financial information to the DIP Lender;
 - 18.6. assisted with the closing of the Transaction; and
 - 18.7. monitored the progress of proceedings in foreign jurisdictions (as described in more detail below).

APPLICANTS' ACTIVITIES SINCE THE FIFTH REPORT

19. Since the Fifth Report, the Applicants conducted the following significant activities:
- 19.1. continued to manage the operations at a reduced level;
 - 19.2. in the context of the restructuring efforts and to curtail expenses the Applicants have terminated the employment of all remaining employees;
 - 19.3. obtained recognition orders in the United States, in respect in particular of the Order issued by the Court on November 27, 2024 and notably approving the Transaction;
 - 19.4. negotiated with trade suppliers to obtain necessary goods and services; and
 - 19.5. worked with legal counsel and the Monitor, and in coordination and consultation with the DIP Lender, to prepare the materials relating to the Termination Application.

COMPARISON OF ACTUAL AND PROJECTED CASH FLOWS

20. A comparison between the actual and projected receipts and disbursements for the 10-week period ended January 24, 2025 is attached hereto as Appendix A.
21. The Applicants are reporting a \$1,035K favourable variance in net cash flows for the 10-week period ended January 24, 2025. This variance is mainly due to lower than projected disbursements compared to forecast. The detail of the variances is presented in Appendix A.

FOREIGN PROCEEDINGS – UNITED STATES

22. On July 30, 2024, VBI US and VBI DE, as foreign representative of the Applicants, filed petitions under Chapter 15 of the US Bankruptcy Code in the US Court, in the US Court (collectively “**Chapter 15 Proceedings**”) seeking, *inter alia*: (a) joint administration of the Chapter 15 recognition proceedings, and (b) entry of a provisional order and after notice and a hearing, a final order to recognize the CCAA proceedings as the foreign main proceedings and giving full force and effect in the United States to the ARIO.
23. On August 2, 2024, the US Court granted a provisional order, among other things, recognizing the CCAA proceedings and giving effect in the United States to the Initial Order and the requested ARIO.
24. On September 24, 2024, the US Court issued an order recognizing and giving full force and effect to the ARIO and the Solicitation Order in the United States.
25. On October 1, 2024, VBI DE, as foreign representative of the Applicants before the US Court, filed a motion for an order giving full force and effect to the Stay Extension and DIP Amendment Order in the United States. Although the hearing on this motion was scheduled to be heard on October 16, 2024, judgment was issued by the US Court on October 15, 2024, given the absence of opposition by any party.
26. On October 18, 2024, VBI DE, as foreign representative of the Applicants before the US Court, filed a motion for an order giving full force and effect to the Stay Extension and Second DIP Amendment Order in the United States. Although the hearing on this motion was scheduled to be heard on October 25, 2024, given the absence of opposition by any party, no hearing was considered necessary and the Court order was rendered on October 30, 2024.
27. On November 20, 2024, the US Court issued an order recognizing and giving full force and effect to the ARVO in the United States and no party opposed the relief sought in that context by the Applicants, such that no hearing was held.
28. On December 19, 2024, the US Court issued an order recognizing and giving full force and effect to the CCAA Third Amended DIP Order in the United States.

FOREIGN PROCEEDINGS - ISRAEL

29. On August 4, 2024, SciVac (the Israeli entity of the Applicants) filed an application for recognition of the CCAA proceedings with the Israeli Court under the relevant provisions of The Israeli Insolvency and Economic Rehabilitation Law, 2018 (the “**Israeli Insolvency Law**”).
30. On August 7, 2024, after certain requests for clarifications, the Israel Court issued a provisional and interim order whereby it ordered, *inter alia* (i) a stay of proceedings until

September 6, 2024, (ii) the recognition of the DIP Facility, and (iii) a preclusion of enforcement measures by creditors during the stay of proceedings.

31. On August 29, 2024, the Israeli Court issued an order extending the stay of proceedings until September 20, 2024. The extension was granted in accordance with Section 303 of the Israeli Insolvency Law, following the Israeli Court's decision on August 29, 2024, in which it approved the request to recognize the CCAA proceedings as a secondary foreign proceeding.
32. On September 22, 2024, the Israeli Court issued an order extending the stay of proceedings in favour of SciVac until October 18, 2024.
33. On October 27, 2024 the Israeli Court issued an order extending the stay of proceedings in favour of SciVac until November 29, 2024.
34. On December 6, 2024 the Israeli Court issued an order extending the stay of proceedings in favour of SciVac until January 31, 2025.
35. On December 25, 2024 the Israel Court issued an order for the recognition of the ARVO in Israel.
36. At no time did the Monitor take possession or control of the assets and/or premises of SciVac in Israel.
37. On January 30, 2025 liquidation proceedings were filed in Israel which include the request for appointment of a local trustee to liquidate the assets of SciVac that were Excluded Assets pursuant to the Transaction. The request for the issuance of an order to initiate insolvency proceedings for Scivac in accordance with the provisions of the Insolvency and Economic Rehabilitation Law, 5778-2018 of Israel, and for the appointment of a trustee.
38. Scivac's Excluded Assets, which include machinery and production lines, are held at its facility in Rehovot, Israel. The said Excluded Assets appear to have significant value and will be liquidated by the trustee appointed by the Israeli Court. Since there is no longer need for the recognition of the foreign proceedings in Israel, it is appropriate to seek an order to initiate insolvency proceedings for Scivac.

PRODUCT LITIGATION FILE IN ISRAEL

39. On January 30, 2025, the Monitor received copy from Israel counsel to the Applicants of a letter from a former employee of SciVac, who has apparently been asked, and refused, to sign an affidavit in favor of a complainant in a product litigation matter against SciVac.
40. The Monitor understands that no particular action is required and that such notice was sent for informational purposes as foreign monitor, and that such litigation, and other potential claims, will be subject to the liquidation proceedings (if granted) and will follow their course subject to same and to the applicable Israel process.

UPDATE ON THE KEY EMPLOYEE RETENTION PLAN

41. As reported in previous Monitor's Reports, the Applicants have developed a KERP to incentivize key employees to continue working at VBI Group and to remain onboard to support current restructuring efforts. The KERP covers specific employees essential to the continued operations, for a maximum aggregate amount of \$679K. A description of the KERP and a list of the employees and amount of the incentive was provided under seal in Appendix B of the First Report.
42. On August 9, 2024, as part of the ARIO, the Court approved the KERP proposed by the Applicants and authorized to keep the KERP information under seal, in view of the sensitive, personal and confidential nature of the information therein, belonging to third parties.
43. As of the date of the Sixth Report, the Applicants have issued fourteen (14) KERP payments for a total of \$679K and accordingly, all amounts owing pursuant to the KERP have been paid. There are consequently no amounts guaranteed under the KERP Charge, which is sought to be terminated.

INTERIM FINANCING

44. On August 9, 2024, the Court approved the amended and restated DIP Financing dated August 2, 2024 between the Applicants and the DIP Lender, authorizing borrowings up to a maximum principal amount of \$2,500K.
45. On September 6, 2024, the Applicants submitted a DIP draw request totaling \$2,100K. The corresponding funds were deposited to the Applicants' account on September 11, 2024.
46. On September 20, 2024, the Court approved the DIP Facility Agreement dated September 18, 2024 between the Applicants and the DIP Lender, extending the maturity date until October 18, 2024 and increasing the authorized borrowing limit to \$3,600K.
47. On October 16, 2024, the Court approved the Second DIP Amendment, which extended the maturity date until November 29, 2024 and increased the authorized borrowing limit to \$4,600K and authorized an increase in the DIP Lender's Charge to \$4,850K.
48. On October 23, 2024, the Applicants submitted a DIP draw request totaling \$1,500K. The corresponding funds were deposited to the Applicants' account on October 25, 2024.
49. On November 15, 2024, the Applicants submitted a DIP draw request totalling \$500K. The corresponding funds were deposited to the Applicants' account on November 20, 2024.
50. On November 25, 2024, the Court approved the Third DIP Amendment, extending the maturity date until January 31, 2025, increased the authorized limit to \$6,900K and authorized an increase in the DIP Lender's Charge to \$7,200K.

51. On November 15, 2024, the Applicants submitted a DIP draw request totalling \$500K. The corresponding funds were deposited to the Applicants' account on November 20, 2024.
52. On December 5, 2024, the Applicants submitted a DIP draw request totalling \$1,000K. The corresponding funds were deposited to the Applicants' account on December 11, 2024.

SALE AND INVESTMENT SOLICITATION PROCESS

53. The latest activities and developments related to the SISF were described in the Fifth Report.
54. On January 3, 2025, the Acquisition Agreement closed upon delivery of the Monitor's certificate, confirming that the Monitor had received written confirmation that all conditions to the closing of the Transaction had been satisfied or waived and that the purchase price had been paid.
55. 1519848 B.C. Ltd. and 1519820 B.C. Ltd. were added to the CCAA Proceedings (collectively, with Variation Biotechnologies (US), Inc., SciVac Ltd., SciVac Hong Kong Limited, VBI Vaccines B.V., 1519848 B.C. Ltd. and 1519820 B.C. Ltd., the "**Remaining Applicants**"), and the Retained Companies (VBI Vaccines Inc., Variation Biotechnologies Inc., and VBI Vaccines (Delaware) Inc.) were removed as Applicants in these CCAA Proceedings.

TERMINATION OF THE CCAA PROCEEDINGS

56. In light of the fact that following the closing of the Transaction, the Remaining Applicants no longer have an operating business or any significant asset value (other than Scivac as discussed previously herein), and the Monitor is therefore seeking a Court order to terminate the CCAA Proceedings (the "**CCAA Termination Order**").
57. Pursuant to the CCAA Termination Order, the Monitor will be authorized to issue the monitor's termination certificate (the "**Monitor's Termination Certificate**") confirming the end of the CCAA proceedings (the "**CCAA Termination Time**") following the completion of any other matters necessary to complete the CCAA proceedings, which include:
 - 57.1. Filing of liquidation proceedings in Israel;
 - 57.2. Treatment of any remaining accrued rent and utilities expenses incurred by SciVac in Israel;
 - 57.3. Treatment of any accrued VAT tax liability of SciVac, if any, in Israel; and
 - 57.4. Reconciliation and possible settlement of certain potential liabilities of the Applicants in North America, which are under review.
58. The Monitor is currently holding a balance of \$USD645K, in excess of the balance held in the Applicant's account of \$USD213K (the "**Administrative Expense Amount**"). The

Administrative Expense Amount will be used to cover the Administrative Expense Costs, pursuant to the terms of the Acquisition Agreement, as well as certain post-filing liabilities to be settled in the context of the CCAA.

RELEASES

59. The proposed CCAA Termination Order includes supplemental limited releases (the “**Releases**”) of all claims arising from the termination of the CCAA Proceedings in favour of: (i) the Monitor and its legal counsel; (ii) counsel to the Applicants; and (iii) K2HV and the Purchaser, including their affiliates, officers, directors, partners, employees, legal counsel, and agents (collectively, the “**Released Parties**”). These Releases covers any claims related to acts or omissions during the CCAA proceedings.
60. The Monitor is of the belief that the Released Parties have significantly contributed to these CCAA proceedings, including the Transaction, and that the Releases are appropriately limited in scope and namely seek to extend the releases provided in the ARVO to acts, claims and/or omissions, as the case may be, relating to the termination of the CCAA proceedings.

EXTENSION OF THE STAY PERIOD

61. The proposed CCAA Termination Order, is seeking an extension of the Stay Period from January 31, 2025 to the CCAA Termination Time. The remaining Administrative Expense Amount is projected to be sufficient to cover all Administrative Expenses Costs up until the CCAA Termination Time.
62. With the assistance and oversight of the Monitor, the Remaining Applicants have been acting, and continue to act, in good faith and with due diligence.
63. No creditor is expected to suffer material prejudice if the extension is granted.
64. The Monitor is not aware of any party opposed to an extension of the Stay Period.

MONITOR’S ACTIVITIES AND FEES OF THE MONITOR AND ITS COUNSEL

65. The Monitor seeks approval for: (i) its fees and disbursements from July 20, 2024, to January 10, 2025; (ii) its counsel’s fees and disbursements from July 11, 2024, to January 24, 2025; and (iii) Estimated Remaining Fees (as defined below) which will be necessary for the Monitor and its counsel to complete its remaining duties in these CCAA proceedings.
66. The details of the Monitor and its counsel’s fees and disbursements are fully detailed in their respective affidavits dated January 29, 2025 and filed in support of the Termination Application.
67. The fees and disbursements of the Monitor and the Monitor’s counsel in the CCAA proceedings up to the CCAA Termination Time are estimated not to exceed USD185K,

exclusive of applicable taxes (the “**Estimated Remaining Fees**”). The proposed CCAA Termination Order seeks the Court's authorization and approval of the fees and disbursements of the Monitor and its counsel for services provided or to be provided until the CCAA Termination Time, up to the aggregate amount of the Estimated Remaining Fees.

68. The Monitor is of the view that the hourly rates and the overall fees charged by the Monitor and its counsel are reasonable and appropriate in the circumstances.

PROPOSED DISCHARGE OF THE MONITOR

69. Based on its review of the Applicants' affairs at this stage, the Monitor believes that the Applicants have shown and continue to show diligence and good faith since the issuance of the Initial Order.
70. The Monitor confirms it has duly and properly discharged and performed its duties, responsibilities, and obligations as Monitor in the CCAA proceedings in compliance and in accordance with the CCAA and the orders of the Court.
71. In order to facilitate the orderly and efficient wind-up of the Remaining Applicants' estates, the proposed CCAA Termination Order authorizes the Monitor to make an assignment in bankruptcy from and after the CCAA Termination Time and to fund a reasonable reserve to the bankruptcy estates for the administration of the bankruptcies.
72. In order to reduce the costs of the bankruptcy process and to facilitate the orderly administration of the bankruptcy estates, the Monitor seeks to procedurally consolidate the bankruptcies, insofar as possible, (the “**Consolidated Proceedings**”). The Consolidated Proceedings will allow for, among other things, one newspaper notice, one mailing to all creditors of the Remaining Applicants and one creditors' meeting.
73. The Monitor believes that procedurally consolidating the bankruptcy proceedings at this stage is appropriate as: (a) the consolidation sought will allow the Trustee to advance these proceedings in the most expedient and efficient manner for the benefit of stakeholders; (b) it will facilitate the orderly administration of these proceedings; (c) creditor rights will not be prejudiced by the procedural consolidation; and (d) it will reduce costs.
74. As such, the Termination Order provides, inter alia, for the following:
- 74.1. discharge of EY in its capacity as the Monitor of the Remaining Applicants upon the issuance of the Monitor's Termination Certificate;
 - 74.2. release and discharge of the Charges as defined in the ARIO effective as at the CCAA Termination Time;
 - 74.3. from and after the CCAA Termination Time:

- 74.3.1. authorization of the Remaining Applicants to make an assignment in bankruptcy pursuant to the BIA;
 - 74.3.2. authorization of the Monitor to file any such assignment in bankruptcy for and on behalf of the Remaining Applicants; and
 - 74.3.3. authorization, but not requiring, EY to act as Trustee of the Remaining Applicants and to fund reasonable retainers to any such Trustee from the Administrative Expenses Costs.
 - 74.4. authorization of the Trustee to administer the bankruptcy estates of the Remaining Applicants;
 - 74.5. confirmation of certain Releases in favour of the released parties;
 - 74.6. extension of the Stay Period from January 31, 2025 to the CCAA Termination Time;
 - 74.7. approval of the fees and disbursements of the Monitor and its counsel as described below; and
 - 74.8. approval of the Second Report dated September 19, 2024, the Third Report dated October 15, 2024, the Fourth Report and Supplemental Report to the Fourth Report dated October 30, 2025, the Fifth Report dated November 26, 2024, and the Sixth Report of the Monitor, and the actions, conduct and activities of the Monitor referred to therein.
75. For the reasons described above, it is the Monitor's view that the proposed Termination Order is appropriate in the circumstances and respectfully submits that it should be granted by the Court.

All of which is respectfully submitted this 30th day of January 2025.

ERNST & YOUNG INC.

Licensed insolvency Trustee

in its capacity as the Monitor in the
matter of the proposed compromise and
arrangement of the VBI Group

Per: **Martin P.
Rosenthal**

Digitally signed by Martin P Rosenthal
DN: cn=Martin P Rosenthal,
email=Martin.Rosenthal@parthenon.ey.com
Date: 2025.01.30 15:59:42 -05'00'

Martin P. Rosenthal, CPA, CIRP, LIT
Senior Vice-President

Appendix A

In the matter of the proposed plan of compromise and arrangement of VBI Group Comparison of the actual vs. forecasted results For the 10-weeks ended January 24, 2025 Unaudited (in \$USD '000s)					
	Cumulative Actual	Cumulative Budget	Variance (\$)	Variance (%)	
Receipts					
Net operating receipts	538	-	538	100%	
Total cash receipts	538	-	538	100%	
Disbursements					
Salaries, Benefits, Vacation & Severance	(1,169)	(831)	(338)	-41%	
Suppliers, General and Administrative	(965)	(1,545)	580	38%	
	(2,134)	(2,376)	242	10%	
Restructuring Disbursements					
Professional fees	(635)	(890)	255	29%	
	(635)	(890)	255	29%	
Total Disbursements	(2,769)	(3,266)	497	15%	
Net Cash Flow	(2,231)	(3,266)	1,035	32%	
Cash Balance					
Opening Available Cash Balance	827	827	-	0%	
Net Cash Flow	(2,231)	(3,266)	1,035	32%	
DIP Advances	1,500	3,300	(1,800)	55%	
Received in Trust by the Monitor	761	-	761	100%	
FX adjustment	3	-	3	100%	
Closing Available Cash Balance	859	861	(2)	0%	

In the matter of the proposed plan of compromise and arrangement of VBI Group
 Comparison of the actual vs. forecasted results
 For the 10-weeks ended January 24th, 2025

Notes	Line item	Comments
1	Net operating receipts	The positive variance represents a timing difference relating to a reimbursement by the FDA for payment of the FY2024 prescription drug program fee for PreHevbrio which was subsequently waived by the FDA as well as the Mississippi Letter of Credit that was projected to be received during the week ending January 31 st , 2025.
2	Salaries, Benefits, Vacation & Severance	The negative variance is due to timing of the final payment of accrued vacation and severance as payment to Canadian and US based employees was expected to be disbursed during the week ending January 31 st , 2025.
3	Suppliers, General and Administrative	The positive variance is due to timing of payment of GBM trial program fees as well as a positive permanent difference relating to payment of patent related legal & professional fees.
4	Professional Fees	The positive variance represents a permanent difference due to lower than projected professional fees disbursed during the period than initially projected.
5	Received in Trust by the Monitor	Represents funds to be held in trust by the Monitor, received upon closing of the Transaction, for the administration and wind down of the Companies.

EXHIBIT C

CCAA Termination Order



Court File No. CV-24-00724693-00CL

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

THE HONOURABLE

)

FRIDAY, THE 31st

)

JUSTICE PENNY

)

DAY OF JANUARY, 2025

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

AND IN THE MATTER OF PLAN OF COMPROMISE OR ARRANGEMENT
OF VARIATION BIOTECHNOLOGIES (US), INC., SCIVAC LTD., SCIVAC
HONG KONG LIMITED, VBI VACCINES B.V., 1519848 B.C. LTD. AND
1519820 B.C. LTD.

(collectively, the "**Applicants**")

**ORDER
(CCAA TERMINATION)**

THIS MOTION, made by Ernst & Young Inc. ("**EY**"), in its capacity as Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, among other things: (i) approving the Monitor's Reports (as hereinafter defined) and the activities described therein; (ii) approving the fees and disbursements of the Monitor and the Monitor's counsel; (iii) terminating these proceedings of the Applicants under the CCAA upon the Monitor's service of the Monitor's Termination Certificate (as hereinafter defined) on the service list in these CCAA proceedings (the "**Service List**"); (iv) discharging EY as Monitor at the CCAA Termination Time (as hereinafter defined); (v) terminating the Charges (as hereinafter defined) at the CCAA Termination Time; and (vi) approving certain releases, was heard this day by Zoom videoconference,

ON READING the Motion Record of the Monitor, the Sixth Report, and on hearing the submissions of counsel and those other parties present, no one else appearing although duly served as appears from the lawyer's certificate of service of Meena Alnajar dated January 29, 2025;

DEFINED TERMS

1. **THIS COURT ORDERS** that all terms capitalized but not defined herein shall have the meanings ascribed to such terms in the Amended and Restated Initial Order dated August 9, 2024 (the "**ARIO**"), the Order Amending the Amended and Restated Initial Order dated October 31, 2024 (the "**Amended ARIO**"), or the Approval and Reverse Vesting Order dated October 31, 2024 (the "**ARVO**"), made in these CCAA proceedings, as applicable.

SERVICE

2. **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.

APPROVAL OF MONITOR'S ACTIVITIES AND FEES

3. **THIS COURT ORDERS** that each of the Second Report dated September 19, 2024, the Third Report dated October 15, 2024, the Fourth Report and Supplemental Report to the Fourth Report dated October 30, 2024, the Fifth Report dated November 26, 2024, and the Sixth Report of the Monitor dated January 30, 2025 (collectively, the "**Monitor's Reports**"), and the actions, conduct and activities of the Monitor referred to therein, be and are hereby approved; provided, however, that only EY, in its capacity as Monitor and

in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

4. **THIS COURT ORDERS** that the fees and disbursements of the Monitor for the period from July 20, 2024 to January 10, 2025, as set out in the Sixth Report and the Affidavit of Martin Rosenthal sworn January 29, 2025 appended thereto, are hereby approved.
5. **THIS COURT ORDERS** that the fees and disbursements of McCarthy Tétrault LLP (“**McCarthy Tétrault**”), legal counsel to the Monitor, for the period from July 11, 2024 to January 24, 2025, as set out in the Sixth Report and Affidavit of Alain Tardif sworn January 29, 2025 appended thereto, are hereby approved.
6. **THIS COURT ORDERS** that the Estimated Remaining Fees (as defined in the Sixth Report) of the Monitor and McCarthy Tétrault in connection with the completion by the Monitor of its remaining duties and administration of these CCAA proceedings is hereby approved, and the Monitor and McCarthy Tétrault shall not be required to pass their accounts in respect of any further activities in connection with the completion by the Monitor of its remaining duties and administration of these CCAA proceedings.

TERMINATION OF CCAA PROCEEDINGS & DISCHARGE OF THE MONITOR

7. **THIS COURT ORDERS** that upon service by the Monitor of an executed certificate substantially in the form attached hereto as **Schedule “A”** (the “**Monitor’s Termination Certificate**”) on the Service List certifying that, to the knowledge of the Monitor, all matters to be attended to in connection with these CCAA proceedings as described in the Sixth Report have been completed, these CCAA proceedings shall be terminated without any further act or formality (the “**CCAA Termination Time**”), save and except as expressly provided in this Order, and provided that nothing herein impacts the validity of any Orders

made in these CCAA proceedings or any actions or steps taken by any Person in connection therewith.

8. **THIS COURT ORDERS** that the Monitor shall file a copy of the Monitor's Termination Certificate with the Court and post a copy of the Monitor's Termination Certificate on the case Website maintained by the Monitor as soon as is practicable following the CCAA Termination Time.

DISCHARGE OF MONITOR

9. **THIS COURT ORDERS** that effective at the CCAA Termination Time, EY shall be and is hereby discharged from its duties as Monitor and shall have no further duties, obligations or responsibilities as Monitor from and after the CCAA Termination Time; provided that, notwithstanding its discharge as Monitor, EY shall have the authority to carry out, complete or address any matters in its role as Monitor that are ancillary or incidental to these CCAA proceedings following the CCAA Termination Time, as may be required or appropriate (collectively, the "**Monitor Incidental Matters**"). In completing any such Monitor Incidental Matters, EY and its advisors shall continue to have the benefit of the provisions of all Orders made in these CCAA proceedings and all protections under the CCAA, including all approvals, protections and stays of proceedings in favour of EY in its capacity as Monitor, and nothing in this Order shall affect, vary, derogate from or amend any of the protections in favour of the Monitor pursuant to any Order issued in these CCAA proceedings.
10. **THIS COURT ORDERS** that, notwithstanding any provision of this Order, the Monitor's discharge or the termination of these CCAA proceedings, nothing herein shall affect, vary, derogate from, limit or amend, and EY shall continue to have the benefit of, all of the rights, approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the

ARIO, the Amended ARIO, or any other Order of this Court in these CCAA proceedings or otherwise, all of which are expressly continued and confirmed following the CCAA Termination Time, including in connection with the Monitor Incidental Matters and any other actions taken by EY following the CCAA Termination Time with respect to the Applicants or these CCAA proceedings.

TERMINATION OF PRIORITY CHARGES

11. **THIS COURT ORDERS** that each of the Charges shall be and are hereby terminated, released and discharged at the CCAA Termination Time without any further act or formality.

BANKRUPTCY

12. **THIS COURT ORDERS** that, from and after the CCAA Termination Time, (a) each of the Remaining Applicants (as defined in the Motion Record of the Monitor) is hereby authorized to make an assignment into bankruptcy, as required, pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (“**BIA**”); (b) the Monitor is hereby authorized and empowered, as a Monitor Incidental Matter, to file any such assignment in bankruptcy for and on behalf of any of the Remaining Applicants, and to take any steps incidental thereto; and (c) EY is hereby authorized and empowered, but not required, to act as trustee in bankruptcy (the “**Trustee**”) in respect of any of the Remaining Applicants, and to fund reasonable retainers to any such Trustee from the Administrative Expense Amount (as defined in the Acquisition Agreement).
13. **THIS COURT ORDERS** that the Trustee shall be and is hereby authorized to administer the bankruptcy estates of the Remaining Applicants as if such estates were in respect of

a single bankrupt for the purposes of carrying out its duties and responsibilities as trustee under the BIA (the “**Consolidated Proceedings**”), including, without limitation:

- (a) administering the bankruptcy estates of the Remaining Applicants under a single court file number and title of proceeding;
- (b) sending a notice of the first meeting of creditors (the “**Notice**”) in the manner prescribed by section 102 of the BIA by sending a consolidated Notice for all of the Remaining Applicants to accompany the Notice set out in subsection 102(2) of the BIA;
- (c) convening meetings of creditors and inspectors in the bankrupt estates of the Remaining Applicants, as the case may be, through one combined advertisement and conducting such meetings jointly provided that the results of any creditors’ vote shall be separately tabulated for each such bankrupt estate;
- (d) using a consolidated form of proof of claim that directs creditors to identify the bankrupt estate in which a claim is made for voting and for distribution purposes;
- (e) maintaining a consolidated bank account with respect to the Remaining Applicants’ respective bankruptcy estates;
- (f) issuing consolidated reports in respect of the bankruptcy estates of the Remaining Applicants;
- (g) performing a consolidated making, filing, advertising and distribution of all filings and notices in the bankrupt estates of the Remaining Applicants required under the BIA; and

- (h) appointing a single group of inspectors to be the inspectors for the consolidated bankruptcy estates of the Remaining Applicants.
14. **THIS COURT ORDERS** that the Consolidated Proceedings are not a substantive consolidation of the bankrupt estates of the Remaining Applicants and will automatically terminate if the Trustee is replaced as licensed insolvency trustee of any, but not all, of the estates of the Remaining Applicants.
15. **THIS COURT ORDERS** that the Consolidated Proceedings do not:
- (a) affect the separate legal status of the corporate structure of the Remaining Applicants;
 - (b) cause any of the bankrupt estates of the Remaining Applicants to be liable for any claim for which it is otherwise not liable, or cause any of the Remaining Applicants to have any interest in any asset which it otherwise would not have; or
 - (c) affect the filing obligations of the bankrupt estates of the Remaining Applicants under the BIA.

RELEASES

16. **THIS COURT ORDERS** that, effective at the CCAA Termination Time, Stikeman Elliott LLP, EY, in its capacity as Monitor and in its personal capacity, McCarthy Tétrault, K2HV and the Purchaser and each of their respective affiliates and current and former officers, directors, partners, employees, legal counsel and agents, as applicable (collectively, the “**Released Parties**” and each a “**Released Party**”) shall be and are hereby forever irrevocably released and discharged from any and all claims that any Person may have or be entitled to assert against the Released Parties now or hereafter, whether direct or

indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based on statute or otherwise, based in whole or in part on any act or omission, transaction, dealing or other occurrence in any way relating to, arising out of, or in respect of, these CCAA proceedings and/or with respect to their respective conduct in these CCAA proceedings, including any actions required or steps taken in carrying out any Monitor Incidental Matters or any other actions taken by EY or McCarthy Tétrault following the CCAA Termination Time with respect to the Applicants or these CCAA proceedings (collectively, the “**Released Claims**”), and any such Released Claims are hereby irrevocably and permanently released, discharged, stayed, extinguished and forever barred, and the Released Parties shall have no liability in respect thereof; provided that, nothing in this paragraph shall waive, discharge, release, cancel or bar any claim or liability arising out of any gross negligence or willful misconduct on the part of the applicable Released Party.

17. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against any Released Party in any way arising from or related to its respective Released Claim, except with prior leave of this Court on at least seven (7) days’ prior written notice to the applicable Released Parties.

EXTENSION OF THE STAY PERIOD

18. **THIS COURT ORDERS** that the Stay Period be and is hereby extended to the CCAA Termination Time.

GENERAL

19. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.
20. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, or in Israel, to give effect to this Order and to assist the Monitor, the Applicants 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 Applicants 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 Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
21. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is 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 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.
22. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for entry and filing.



**SCHEDULE “A”
FORM OF TERMINATION CERTIFICATE**

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

AND IN THE MATTER OF PLAN OF COMPROMISE OR ARRANGEMENT OF VARIATION BIOTECHNOLOGIES (US), INC., SCIVAC LTD., SCIVAC HONG KONG LIMITED, VBI VACCINES B.V., 1519848 B.C. LTD. AND 1519820 B.C. LTD.

(collectively, the “**Applicants**”)

MONITOR’S TERMINATION CERTIFICATE

RECITALS

1. Ernst & Young Inc. (“**EY**”) was appointed as Monitor (in such capacity, the “**Monitor**”) in the within proceedings commenced under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an Initial Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated July 30, 2024 (Court File No. CV-24-00724693-00CL).
2. Pursuant to an Order of this Court dated January 31, 2025 (the “**CCAA Termination Order**”), among other things, EY shall be discharged as Monitor and these CCAA proceedings shall be terminated upon the service of this Monitor’s Termination Certificate on the service list in these CCAA proceedings, all in accordance with the terms of the CCAA Termination Order.

THE MONITOR HEREBY CERTIFIES the following:

3. To the knowledge of the Monitor, all matters to be attended to in connection with the Applicants' CCAA proceedings (Cour File No. CV-24-00724693-00CL) have been completed.

ACCORDINGLY, the CCAA Termination Time (as defined in the CCAA Termination Order) has occurred.

DATED at Montreal, Quebec, this _____ day of _____, 2025.

ERNST & YOUNG INC., solely in its capacity as
the Monitor of the Applicants and not in its
personal or corporate capacity

Per: _____
Name:
Title:

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF VBI VACCINES INC., ET AL

Court File No./N° du dossier du greffe : CV-24-00724693-00CL

E371
Court File No. CV-24-00724693-00CL

Applicants

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

PROCEEDING COMMENCED AT
Toronto

**ORDER
(CCAA TERMINATION ORDER)**

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Counsel for Ernst & Young Inc., in its capacity as
Monitor of VBI Vaccines Inc. et al. and not in its
personal capacity

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