Court File No. CV-24-00712687-00CL

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 OR ARRANGEMENT OF 9869247 CANADA LIMITED (d.b.a. SAFARI FLOWER COMPANY) AND GN VENTURES LTD.
(each an **"Applicant"** and collectively, the **"Applicants"**)

EIGHTH REPORT OF THE MONITOR DATED AUGUST 17, 2024

INTRODUCTION

1. On January 12, 2024, the Applicants brought an application (the "**Initial Application**") before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") to, among other things, obtain a stay of proceedings to allow them an opportunity to restructure their business and affairs.

2. On that same day, the Court granted an Initial Order (the "**Initial Order**") in these CCAA proceedings (the "**CCAA Proceedings**") that, among other things:

   a. appointed Ernst & Young Inc. as monitor of the Applicants (in such capacity, the "**Monitor**");

   b. ordered a stay of proceedings in favour of the Applicants through to January 22, 2024 (the "**Stay Period**");

   c. granted a charge over the assets of the Applicants in the amount of $150,000 (the "**Administration Charge**") in favour of counsel for the Applicants, the Monitor and its counsel; and

d. granted a charge over the assets of the Applicants in favour of the directors and officers of the Applicants in the amount of $61,000 (“**Directors’ Charge**”).

3. On January 22, 2024, the Court granted an Amended and Restated Initial Order (the “**ARIO**”) that, among other things:

a. extended the Stay Period to February 29, 2024;

b. increased the amount of the Administration Charge to $350,000;

c. increased the amount of the Director’s Charge to $243,000;

d. approved a debtor-in-possession credit facility (the “**DIP Loan**”) between the Applicants and NE SPEC II LP (“**Blacksail**” or the “**DIP Lender**”), pursuant to a term sheet between the Applicants and the DIP Lender dated as of January 19, 2024 (the “**DIP Term Sheet**”), in order to finance the Applicants’ working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under the DIP Loan shall not exceed the principal amount of $1,000,000 (plus interest, fees and expenses); and

e. granted a charge over the assets of the Applicants to the DIP Lender to secure the obligations of the Applicants to the DIP Lender under the DIP Term Sheet (the “**DIP Lender’s Charge**”).

4. On February 27, 2024, the Court granted an Order (the “**Settlement Order**”) that, among other things:

a. extended the Stay Period to and including March 29, 2024;

b. increased the authorized borrowings under the Amended DIP Term Sheet dated February 22, 2024 (the “**Amended DIP Term Sheet**”), to a maximum principal amount of $1,300,000;

c. increased the DIP Lender’s Charge to a maximum principal amount of $1,300,000 plus interest, fees, legal costs and any other amounts payable under the Amended DIP Term Sheet;

d. approved a key employee retention plan for Management (as defined below) (the "**KERP**"), and granting a priority charge in favour of Management in the maximum amount of $200,000 (the **"KERP Charge**"), which will rank behind the Directors' Charge;

e. approved the settlement agreement dated February 22, 2024 (the "**Consultant Agreement**") among the Applicants, the lenders Blacksail and Gray Jay Estates Inc. ("**Gray Jay**"), and Hyde Advisory & Investments Inc. ("**HAI**") and the payments contemplated therein and granting a priority charge in favour of HAI, ranking behind the DIP Lender's Charge and ahead of the Director's Charge and KERP Charge; and

f. approved the Monitor's First Report and Second Report and the activities of the Monitor and its counsel summarized in the First Report and Second Report.

5. On March 25, 2024, the Court granted an Order that extended the Stay Period to and including April 19, 2024.

6. On April 16, 2024, the Court granted an Order (the "**Stay Extension Order**") that extended the Stay Period to and including May 7, 2024.

7. On May 7, 2024, the Court granted an Order (the "**Approval and Reverse Vesting Order**"), among other things:

a. approving the Share Purchase Agreement dated April 29, 2024 (the "**Share Purchase Agreement**") in respect of the share sale transaction (the "**Transaction**") between GN Ventures Ltd. (the "**Vendor**"), 9869247 Canada Limited (d.b.a. Safari Flower Company) ("**Safari Flower**" or the "**Company**") and Blacksail and vesting in Blacksail the Applicant's right, title and interest in the shares of Safari Flower (the "**Purchased Shares**") as described in the Share Purchase Agreement free and clear of all Encumbrances, except for the Permitted Encumbrances;

b. vesting absolutely and exclusively in a residual company ("**ResidualCo**"), all Excluded Assets, Excluded Contracts and Excluded Liabilities;

c. effective on the closing of the Transaction, adding ResidualCo (1000877547 Ontario Inc.) as an Applicant to the CCAA Proceedings;

d. approving releases (the "**Releases**") in favour of (i) Dr. Leanne Brigitte Simons and Mr. Patrick Grobe as directors of the Applicants in connection with a pre-filing sale process (the "**Sale Process**") and as at the date of the commencement of the CCAA Proceedings; (ii) all other directors, officers, legal counsel and advisors of the Applicants as at date of the commencement of the CCAA Proceedings; (iii) the directors, officers, legal counsel and advisors of ResidualCo that were directors, officers, legal counsel and advisors of ResidualCo as at date of incorporation of ResidualCo; (iv) the Monitor and its legal counsel; and (v) the current directors, officers, employees, legal counsel and advisors of HAI in connection with the Sale Process and as at the date of the commencement of the CCAA Proceedings (collectively, the "**Released Parties**");

e. expanding the Monitor's powers regarding ResidualCo; and

f. terminating the Directors' Charge, Consultant's Charge and KERP Charge effective on the closing of the Transaction.

8. On May 7, 2024, the Court also granted an Order (the "**Ancillary Order**"):

a. extending the Stay Period to and including June 30, 2024;

b. increasing the authorized borrowings under the Second Amended DIP Term Sheet dated April 26, 2024 (the "**Second Amended DIP Term Sheet**"), to a maximum principal amount of $2,600,000 and increasing the DIP Lender's Charge to a maximum principal amount of $2,600,000 plus interest, fees, legal costs and any other amounts payable under the Second Amended DIP Term Sheet; and

c. approving the Third Report, Fourth Report and this Fifth Report, and the conduct and activities of the Monitor described therein.

9. On June 26, 2024, the Court granted an Order (the "**Stay Extension and CCAA Termination Order**"):

a. granting an extension of the Stay Period to the earlier of (i) July 26, 2024 or (ii) the CCAA Termination Time (as defined herein);

b. approving this Sixth Report, and the conduct and activities of the Monitor described therein;

c. approving the fees and disbursements of the Monitor and its counsel, including an estimate of fees to complete the administration of the CCAA Proceedings;

d. terminating, releasing and discharging the DIP Lender's Charge as against all Applicants (including ResidualCo) upon the filing of the Monitor's Certificate (as defined in the Approval and Reverse Vesting Order);

e. terminating the CCAA Proceedings upon service of a certificate by the Monitor (the "**Termination Certificate**") on the service list in these CCAA Proceedings (the "**CCAA Termination Time**");

f. effective at the CCAA Termination Time;

    i. terminating, releasing and discharging the Administration Charge as defined in the Initial Order;

    ii. discharging Ernst & Young Inc. as Monitor of the Applicants; and

    iii. releasing Ernst & Young Inc. and its counsel from any and all liability that Ernst & Young Inc. and its counsel have or may have by reason of, or in any way arising out of, the acts or omissions of Ernst & Young Inc., or its counsel, while Ernst & Young Inc. was acting in its capacity as Monitor of the Applicants, save and except for any gross negligence or wilful misconduct on the Monitor or its counsel's part.

10. On July 26, 2024, the Court granted an Order (the "**July Stay Extension Order**"):

a. granting an extension of the Stay Period to August 9, 2024; and

b. approving the seventh report of the Monitor dated July 24, 2024 (the "**Seventh Report**"), and the conduct and activities of the Monitor described therein.

PURPOSE

11. The purpose of this eighth report of the Monitor (the "**Eighth Report**") is to provide information to the Court on:

    a. the Applicants' receipts and disbursements for the period from July 22, 2024 to August 16, 2024, compared to the cash flow forecast appended as Appendix "B" (the "**Initial Cash Flow Forecast**") to the Seventh Report;

    b. the Applicants' updated weekly cash flow forecast from August 19, 2024 to September 29, 2024 on a consolidated basis for all of the Applicants (the "**Cash Flow Forecast**"); and

    c. the Monitor's recommendation with respect to the Applicants' motion for an order (the "**August Stay Extension Order**") granting an extension of the Stay Period *nunc pro tunc* from August 9, 2024 to the earlier of (i) the delivery of the Monitor's Certificate (as defined in the Approval and Reverse Vesting Order); or (ii) September 27, 2024 (the "**Extended Stay Period**").

TERMS OF REFERENCE

12. In preparing this Eighth Report and making the comments herein, the Monitor has been provided with, and has relied upon, audited and unaudited financial information, books and records prepared by the Applicants, discussions with Dr. Brigitte Simons, the Chief Executive Officer (the "**CEO**") and Patrick Grobe, the Chief Financial Officer (the "**CFO**") of Safari Flower, (the CEO and CFO collectively, the "**Management**"), and information from other third-party sources (collectively, the "**Information**"). Except as described in this Eighth Report in respect of the Cash Flow Forecast:

    a. the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and

b. some of the information referred to in this Eighth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

13. Future oriented financial information referred to in this Eighth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

14. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Eighth Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.

15. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

16. The Monitor established a case website at www.ey.com/ca/safari (the "**Monitor's Website**") to disseminate information to stakeholders in respect of the Applicants' CCAA Proceedings.

BACKGROUND

17. The Applicants, through their operating company Safari Flower, are a licensed cultivator and processor of cannabis.

18. Safari Flower's principal business activities include cultivating, manufacturing and packaging finished goods for sale under its own label as well as for other licensed operators (white label) for the domestic and international markets.

19. Safari Flower is licensed by Health Canada in Canada, holds international certifications permitting it to supply cannabis to Israeli and Australian medicinal cannabis markets, and is

European Good Manufacturing Practice certified to supply cannabis into the European medicinal cannabis market.

20. GN Ventures Ltd. is a holding company and the 100% parent of Safari Flower.

21. As described in the initial motion application, the Applicants have two secured creditors, Gray Jay and Blacksail who are *pari passu* (collectively, the "**Lenders**").

22. As part of the negotiations between the Lenders in connection with these CCAA Proceedings (which also contemplated entering into the Share Purchase Agreement and obtaining the Approval and Reverse Vesting Order), the Lenders and the Applicants entered into two complimentary assignment agreements (the "**Assignment Agreements**"), both dated April 25, 2024. The Assignment Agreements contemplated two scenarios, either:

    a. Gray Jay would purchase and take assignment of Blacksail's debt and security, as well as its rights as the Purchaser, by paying an agreed upon price, subject to certain adjustments; or

    b. if Gray Jay failed to purchase the Blacksail debt and security, then Blacksail would purchase and take assignment of Gray Jay's debt and security by paying an agreed upon price, subject to certain adjustments (the "**Gray Jay Assignment**").

23. Since the outset of these CCAA Proceedings, it has been the expressed plan among the parties to the Assignment Agreements that the assignee would then act as the purchaser in the Transaction (the "**Purchaser**"). On that basis, on May 7, 2024, the Applicants sought and obtained the Approval and Reverse Vesting Order.

24. The Approval and Reverse Vesting Order, as well as the Share Purchase Agreement, provide that Blacksail or its assignee are the Purchaser; however, the Share Purchase Agreement contains a mechanism to permit the assignment of the Purchaser's rights under the Share Purchase Agreement to Gray Jay, should Gray Jay become the assignee. The Share Purchase

Agreement also provides that the Gray Jay Assignment is a condition precedent to the closing of the Transaction.

25. On May 17, 2024, Gray Jay failed to purchase the Blacksail debt and security. Consequently, the Company and Monitor continued to move towards closing the Transaction with Blacksail's assignee as the Purchaser.

ACTIVITIES OF THE APPLICANTS SINCE THE SEVENTH REPORT

26. Since the Seventh Report, the Applicants have continued to operate in their ordinary course of business and finalized outstanding items, to the extent possible, to close the Transaction. This included:

   a. obtaining the requisite security clearances from Health Canada in regard to their cannabis license and the Transaction;

   b. finalizing the closing documentation; and

   c. participating in ongoing discussions with Blacksail to support their discussions with Gray Jay with respect to closing the Transaction and Assignment Agreements where possible.

UPDATE ON THE CLOSING OF THE TRANSACTION

27. As described in the affidavit of the CEO (the "**Simons Affidavit**"), the Company had been working towards a close on or around Friday August 9, 2024. However, by Monday August 12, 2024, it became apparent that the Lenders had not completed the Gray Jay Assignment due to a dispute between them with respect to the purchase price adjustment. Because the Gray Jay Assignment is a condition precedent in the Share Purchase Agreement, this has prevented the Transaction from closing.

28. The Applicants, along with the Monitor, have had conversations together with both Lenders to understand their positions and the likelihood of closing the Transaction in short order. In these discussions, Blacksail has indicated that (i) it is willing to complete the Gray Jay Assignment at a purchase price of $4,451,870.32, subject to a reservation of Gray Jay's rights to contest the purchase price adjustment within 60 days and (ii) once the Gray Jay Assignment is complete, the Purchaser is prepared to close the Transaction.

29. Blacksail has brought a motion seeking specific performance of the Gray Jay Assignment. Gray Jay has indicated that it does not oppose the relief sought by Blacksail.

APPLICANTS' RECEIPTS AND DISBURSEMENTS

30. A summary of the Applicants' actual receipts and disbursements during the period from July 22, 2024, to August 16, 2024 (the "**Reporting Period**"), as compared to the Initial Cash Flow Forecast (the "**Variance Analysis**") is attached as **Appendix "A"** to this Eighth Report.

31. During the Reporting Period, the Applicants' operations generated a net cash outflow of approximately $432,000. As at August 16, 2024, the Applicants' cash on hand was approximately $566,000. The DIP Loan has been fully drawn since the week ending July 21, 2024.

32. The favourable cash variance for the Reporting Period of approximately $468,000 is primarily a result of:

a. favourable timing differences in collection of international receipts and deposits of approximately $310,000; and

b. favourable timing differences in respect of the non-payment of restructuring costs of approximately $125,000 as a result of the delay in closing offset by a negative timing difference in operating costs.

33. As the Applicants anticipated closing the Transaction on August 9, 2024, the KERP payable to employees on closing was included in the regular payroll run, which was processed on August 8, 2024 and funded by the Applicants by August 12, 2024. Consequently, the KERP was processed and funded prior to the Company becoming aware that the Transaction was not going to close. The Purchaser has been made aware of the KERP payment.

34. The Cash Flow Forecast has been amended during the Forecast Period (defined below) to include the timing difference in the subsequent weeks, if applicable.

OVERVIEW OF APPLICANTS' CASH FLOW FORECAST

35. The Applicants, with the assistance of the Monitor, have prepared a Cash Flow Forecast which includes forecast receipts and disbursements for the period from August 19, 2024 to the week ending September 29, 2024 (the "**Forecast Period**") for the purpose of projecting the Applicants' estimated liquidity needs during the Forecast Period. A copy of the Cash Flow Forecast is attached as **Appendix "B"** to this Eighth Report.

36. The Cash Flow Forecast is presented on a weekly basis during the Forecast Period and represents the estimates of Management of the Applicants' projected cash flow during the Forecast Period. The Cash Flow Forecast has been prepared by the Applicants using probable and hypothetical assumptions (the "**Assumptions**") set out in the notes to the Cash Flow Forecast.

37. The Monitor has reviewed the Cash Flow Forecast through inquiries, analytical procedures and discussions, and review of documents related to the Information supplied to it by Management. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in any material respect, that:

    a. the Assumptions are not consistent with the purpose of the Cash Flow Forecast;

    b. as at the date of this Eighth Report, the Assumptions are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow Forecast, given the probable and hypothetical assumptions; or

    c. the Cash Flow Forecast does not reflect the Assumptions.

38. The Cash Flow Forecast shows that the Applicants project estimated total combined receipts of approximately $462,000 and estimated total combined disbursements of approximately $1,025,000.

39. Based on the Cash Flow Forecast, the Applicants project they will not require additional DIP funding and is estimated to have nominal cash on hand as at September 29, 2024 of $3,000.

40. The Cash Flow Forecast projects that the Applicants will have sufficient liquidity during the Extended Stay Period, should it be approved by this Court.

EXTENSION TO THE STAY PERIOD

41. The Stay Period expired on August 9, 2024. The Applicants are requesting an extension of the Stay Period *nunc pro tunc* from August 9, 2024 to the earlier of (i) the delivery of the Monitor's Certificate; or (ii) September 27, 2024.

42. Blacksail is seeking relief from this Court to complete the Gray Jay Assignment, which is a condition precedent for Blacksail to close the Transaction.

43. In the meantime, the Applicants require the stay of proceedings until the close of the Transaction.

44. The Monitor is of the view that the extension of the Stay Period is appropriate for the following reasons:

    a. it allows time for the close the Transaction; and

    b. the Applicants continue to operate in good faith and with due diligence.

45. The Cash Flow Forecast indicates that the Applicants will have sufficient liquidity for the duration of the Extended Stay Period. However, given the nominal cash on hand on September 29, 2024, there is little room for any negative variability.

46. For the foregoing reasons, the Monitor supports the Applicants' request to extend the Stay Period *nunc pro tunc* from August 9, 2024 to the earlier of (i) the delivery of the Monitor's Certificate; or (ii) September 27, 2024.

APPROVAL OF THE MONITOR'S ACTIVITIES

47. The activities of the Monitor since the granting of the July Stay Extension Order have been primarily focused on disbursement review and reviewing certain closing documents. The Monitor is seeking this Court's approval of this report and the activities outlined therein.

48. The proposed approval of the Monitor's activities and reports is limited such that only the Monitor, in its personal capacity and with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

CONCLUSIONS AND RECOMMENDATIONS

49. For the reasons stated herein, the Monitor supports the relief sought by the Applicants and recommends that the Court grant the August Stay Extension Order if the Court sees fit.

All of which is respectfully submitted this 17th day of August 2024.

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

K. Fung

per: ___________________________________

Karen Fung, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix A
Variance Analysis

9869247 CANADA LIMITED (d.b.a SAFARI FLOWER COMPANY) and GN VENTURES LTD
Varriance Analysis
For the period July 22 2024 to August 16, 2024

	Forecast	Actual	Variance	Notes
Receipts				
Collection of Sales	90,177	399,874	309,697	1
Other Collections	-	-	-	
Total Receipts	**90,177**	**399,874**	**309,697**	
Disbursements				
Operating Costs	227,500	109,273	(118,227)	2
Payroll Costs	198,375	205,516	7,141	
Utilities	7,600	148,648	141,048	3
Operational G&A ad Taxes	45,980	51,248	5,268	
Restructuring Costs	510,000	316,948	(193,052)	4
Total Disbursements	**989,455**	**831,633**	**(157,822)**	
Net cash receipts / (disbursements)	**(899,278)**	**(431,760)**	**467,518**	
Cash on Hand				
Opening Balance	997,679	997,679	-	
DIPP Facility Draw / (Repayment)	-	-	-	
Net cash receipts / (disbursements)	(899,278)	(431,760)	467,518	
Ending Cash Balance	**98,401**	**565,919**	**467,518**	

1) Collection of reciept were higher than forecasted due to signifant customer deposits on international sales

2)Payments for Operating costs were lower than forecast due to management cost controls and the company receiving some trade credit vs prepayment /COD terms

3) Payment for utilities were greater than forecast and represent a timing difference

4) Restructuring Costs were lower than forecasted as the deal did not close. Difference is timing related

Appendix B
Cash Flow Forecast

9869247 CANADA LIMITED (d.b.a SAFARI FLOWER COMPANY) and GN VENTURES LTD
CASH FLOW FORECAST
For the period August 19 to September 29 2024

	2024-08-19	2024-08-26	2024-09-02	2024-09-09	2024-09-16	2024-09-23	Total
Receipts							
Collection of Sales	285,007	-	4,343	49,780	115,600	7,150	461,880
Other Collections	-	-	-	-	-	-	-
Total Receipts	**285,007**	**-**	**4,343**	**49,780**	**115,600**	**7,150**	**461,880**
Disbursements							
Operating Costs	60,000	60,000	60,000	67,500	60,000	60,000	367,500
Payroll Costs	-	109,000	11,300	100,000	-	100,000	320,300
Utilities	-	-	10,700	-	152,000	-	162,700
Operational G&A ad Taxes	7,500	10,150	23,896	-	-	7,500	49,046
Restructuring Costs	-	-	75,000	-	-	50,000	125,000
Total Disbursements	**67,500**	**179,150**	**180,896**	**167,500**	**212,000**	**217,500**	**1,024,546**
Net cash receipts / (disbursements)	**217,507**	**(179,150)**	**(176,554)**	**(117,720)**	**(96,400)**	**(210,350)**	**(562,667)**
Cash on Hand							
Opening Balance	565,919	783,426	604,276	427,722	310,002	213,602	565,919
DIPP Facility Draw / (Repayment)	-	-	-	-	-	-	-
Net cash receipts / (disbursements)	217,507	(179,150)	(176,554)	(117,720)	(96,400)	(210,350)	(562,667)
Ending Cash Balance	**783,426**	**604,276**	**427,722**	**310,002**	**213,602**	**3,252**	**3,252**

IN THE MATTER OF THE CCAA OF 9869247 CANADA LIMITED (d.b.a. SAFARI FLOWER COMPANY) AND GN VENTURES LTD. (collectively, the "Applicants")

Notes to the Unaudited Cash Flow Forecast of the Applicants

August 19, 2024 to September 29, 2024 (the "Forecast Period")

Disclaimer:

In preparing this cash flow forecast (the "**Cash Flow Forecast**"), the Applicants, with the assistance of Ernst & Young Inc. (the "**Monitor**"), have relied upon unaudited financial information and the Applicants have not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the Applicants' operations and additional assumptions discussed below with respect to the impact of a *Companies' Creditors Arrangement Act* ("**CCAA**") filing (the "**Probable and Hypothetical Assumptions**" or the "**Assumptions**"). Since the Cash Flow Forecast is based on Assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast Period will vary from the Cash Flow Forecast, even if the Assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Overview:

The Cash Flow Forecast includes the receipts and disbursements of the Applicants during the Forecast Period. The Applicants, with the assistance of the Monitor, have prepared the Cash Flow Forecast based primarily on estimated receipts and disbursements related to the Applicants' ongoing operations during the anticipated stay extension period.

Receipts and disbursements are denominated in Canadian dollars.

Assumptions:

1. **Sales**
   This category includes revenues generated by the Applicants through the sale of cannabis products to provincial distributors domestically, bulk to other licensed producers and internationally to licensed customers in their respective countries.

2. **Other Receipts**
   This category includes HST refunds.

3. **Operating Costs**
   Represents disbursements related to purchase of raw materials, consumables, general repairs and maintenance, and security.

4. **Payroll Costs**
   Employees are paid on a bi-monthly basis. Payroll costs include WSIB, EHT and benefits.

5. **Utilities**
   Represents the cost of gas, water and hydro.

6. **Operational G&A and Taxes**
   Operational expenses such as Health Canada licences, insurance, sales taxes, property taxes and excise duty taxes.

7. **Restructuring Costs**
   Restructuring costs include professional fee payments and expenses of the Applicants' legal counsel, the Monitor and its counsel in connection with the Applicants' restructuring proceedings.

8. **Beginning Balance**
   Represents the opening cash balance as of August 16, 2024.

9. **DIP Draws/(Repayments)**
   The DIP facility pursuant to the Second Amended DIP term sheet is fully drawn.