

**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 MERA CANNABIS CORP., GREENLEAF**  
**PRODUCTIONS INC., AVANA LABS INC., CANNAWAY**  
**CLINICS INC., COUNTRYSIDE CANNABIS CORP. AND**  
**VIVARIANT LABORATORIES INC.**

**B E T W E E N:**

**AGGREGATED INVESTMENTS INC.**

Applicant

- and -

**MERA CANNABIS CORP., GREENLEAF PRODUCTIONS**  
**INC., AVANA LABS INC., CANNAWAY CLINICS INC.,**  
**COUNTRYSIDE CANNABIS CORP. and VIVARIANT**  
**LABORATORIES INC.**

Respondents

**PRE-FILING REPORT OF THE PROPOSED MONITOR**  
**DATED OCTOBER 21, 2025**

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## INTRODUCTION

1. Ernst & Young Inc. (“**EY**” or the “**Proposed Monitor**”) understands that Aggregated Investments Inc. (the “**Applicant**”), in its capacity as the primary and senior secured lender to Mera Cannabis Corp., Greenleaf Productions Inc., Avana Labs Inc., Cannaway Clinics Inc., Countryside Cannabis Corp. and Vivariant Laboratories Inc. (each, a “**Debtor**” and collectively, the “**Debtors**” or the “**Mera Group**”), has brought an application (the “**CCAA Application**”) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), returnable on October 23, 2025, seeking an initial order (the “**Proposed Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”). The Proceedings to be commenced by the Applicant under the CCAA are referred to herein as the “**CCAA Proceedings**”.
2. The Proposed Initial Order, among other things, provides for (i) an initial stay of proceedings to and including November 3, 2025 (the “**Stay Period**”), (ii) a declaration that each Debtor entity is a party to which the CCAA applies, (iii) the appointment of EY as monitor (in such capacity, the “**Monitor**”); (iv) the appointment of Darren Karasiuk as Chief Restructuring Officer (in such capacity, the “**CRO**”); and (v) the approval of the DIP Term Sheet (as defined below).
3. This report (the “**Pre-Filing Report**”) has been prepared by the Proposed Monitor to provide information to this Court for its consideration in respect of the CCAA Application.

## PURPOSE

4. The purpose of this Pre-Filing Report is to provide information to the Court on:
  - a) EY’s knowledge of the Debtors’ business and affairs, as well as EY’s qualifications to act as the Monitor;
  - b) the Debtors and their operations;
  - c) an overview of the Debtors’ cash flow forecast, on a consolidated basis, for the period October 14, 2025 to November 9, 2025 and the Proposed Monitor’s comments regarding the reasonableness thereof; and
  - d) other matters relevant to the relief sought in the Proposed Initial Order.

## TERMS OF REFERENCE

5. In preparing this Pre-Filing Report and making the comments herein, the Proposed Monitor has been provided with, and has relied upon, audited and unaudited financial information, books and records prepared by the Debtors, discussions with the proposed CRO as well as the financial controller of the Mera Group (the “**Controller**”), discussions with the Applicant’s legal and information from other third-party sources (collectively, the “**Information**”). Except as described in this Pre-Filing Report in respect of the Cash Flow Forecast:
  - a) the Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed 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 Proposed 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 Pre-Filing 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.
6. Future-oriented financial information referred to in this Pre-Filing Report was prepared based on the estimates and assumptions of the management of the Mera Group and the proposed CRO. 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.
7. Unless otherwise indicated, the Proposed Monitor’s understanding of factual matters expressed in this Pre-Filing Report concerning the Debtors and their business is based on the Information, and not independent factual determinations made by the Proposed Monitor.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

## EY'S QUALIFICATION TO ACT AS MONITOR

9. EY is a licensed insolvency trustee within the meaning of section 2(1) of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended. EY is not subject to any of the restrictions set out in section 11.7(2) of the CCAA on who may be appointed as Monitor.
10. At no point has EY been the auditor of the Debtors.
11. On October 6, 2025, EY was engaged by the Applicant as its professional advisor in connection with the proposed CCAA Proceedings. Following its engagement, EY has had numerous discussions with the proposed CRO, the Controller and the Applicant's legal counsel and has begun its review of the Debtors' business and affairs to prepare for the proposed CCAA Proceedings. As described in the Karasiuk Affidavit (as defined below), the proposed CRO has conducted an extensive review of the Mera Group's business and affairs since June 2025.
12. As discussed further in this Pre-Filing Report, EY has developed an understanding of the Debtors' operations and financial position and will be in a position to efficiently and seamlessly perform its responsibilities as Monitor with the assistance of the CRO, should this Court grant the Proposed Initial Order.
13. The Proposed Monitor has retained Bennett Jones LLP to act as its independent counsel in connection with the CCAA Proceedings.

## OVERVIEW OF THE DEBTORS

14. This Pre-Filing Report should be read in conjunction with the affidavit of Darren Karasiuk sworn October 17, 2025 (the "**Karasiuk Affidavit**") and the affidavit of Jerry Drennan sworn October 17, 2025 (the "**Drennan Affidavit**") for additional background and financial information with respect to the Debtors.
15. The Mera Group is a group of vertically integrated cannabis companies that carry on operations involving the cultivation, extraction, processing, testing, and sale of cannabis and cannabis-derived products. The Karasiuk Affidavit provides an overview of the principal business activities of each Debtor, summarized as follows:
  - a) Mera Cannabis Corp. ("**Mera**") is the parent company of the other Debtor entities within the Mera Group and is a federally licensed producer of cannabis under the *Cannabis Act*,

SC 2018, c 16, as amended (the “**Cannabis Act**”) and the *Cannabis Regulations*, SOR/2018-144, as amended (the “**Cannabis Regulations**”). The principal business of Mera includes cultivation and processing activities, as well as the sale of cannabis for medical purposes from its owned premises located at 27 Sparling Rd, St. Thomas, Ontario.

- b) Greenleaf Productions Inc. (“**Greenleaf**”) conducts hydrocarbon and ethanol extraction operations from cannabis biomass to produce cannabis concentrates and derivative products. Greenleaf operates from a leased facility located in 3 Barrie Boulevard, St. Thomas, Ontario.
- c) Avana Labs Inc. (“**Avana**”) is engaged in the processing and storage of cannabis products and operates at a leased production facility located at 50 Harwill Road, St. Thomas, Ontario.
- d) Countryside Cannabis Corp. (“**Countryside**”) is engaged in the outdoor cultivation of cannabis flowers on 107.3 acres of leased land in St. Thomas, Ontario.
- e) CannaWay Clinics Inc. (“**CannaWay**”) operates a virtual network of medical cannabis clinics, providing telemedicine consultations and patient support services across Ontario and multiple other provinces and territories.
- f) Vivariant Laboratories Inc. (“**Vivariant**”) is engaged in cannabis analytical testing and operates out of a leased facility at 2760 Slough Street, Mississauga, Ontario.

16. A simplified organizational chart of the Mera Group is attached as Exhibit “C” to the Karasiuk Affidavit.

### Licenses

17. The Karasiuk Affidavit provides a summary of the licenses issued to the Debtors by Health Canada in accordance with the Cannabis Act and the Cannabis Regulations.
18. In addition, Mera, Avana, Greenleaf and Countryside each hold a licence issued by the Canada Revenue Agency authorizing them to purchase excise stamps for the purposes of collecting and remitting excise duty on cannabis products.

Employees

19. As described in the Karasiuk Affidavit, at the time of this Pre-Filing Report the Debtors employ approximately 180 people.

Debt Obligations

20. As described in the Drennan Affidavit, Mera was indebted to the Applicant in the amount of approximately \$87 million as of August 31, 2025, under a secured convertible debenture dated March 2, 2022 (as amended and restated), secured by all of the Mera Group's undertakings and assets. Additionally, Greenleaf, Avana, CannaWay, Countryside, Vivariant and Mr. Zubin Jasavala, have guaranteed all of Mera's obligations to the Applicant.
21. The Karasiuk Affidavit outlines the Debtors' significant unsecured liabilities, including unpaid HST remittances, excise tax arrears, unsecured convertible notes, as well as substantial accounts payable owing to vendors who provided goods and services to the Mera Group.
22. The Proposed Monitor understands from the Controller that the Debtors are current with their source deduction obligations.

**CIRCUMSTANCES LEADING TO THE CCAA APPLICATION**

23. As described in the Karasiuk Affidavit and the Drennan Affidavit, the Mera Group is over leveraged and has failed to generate sufficient cash flow to service its debt obligations due to a variety of factors. As is further described below, the Debtors have depleted their liquidity and will not be able to maintain their operations without immediate and urgent CCAA protection as well as access to additional funding to be provided under the DIP Term Sheet.
24. Under the Proposed Initial Order, the Stay Period would run up to and including November 3, 2025. The Applicant intends to seek an extension of the Stay Period in connection with a proposed Amended and Restated Initial Order (the "**ARIO**") at its comeback motion, to be heard on November 3, 2025 (the "**Comeback Motion**").
25. The proposed CCAA Proceedings will help sustain the Debtors' business operations, preserve supplier relationships and employment, while the CRO, in consultation with the Monitor evaluates appropriate steps including potential restructuring steps such as disclaimers and/or

pursuing a Court-supervised sale and investment solicitation process (the “**SISP**”) for the benefit of all stakeholders.

### **THE DEBTORS’ CASH MANAGEMENT SYSTEM**

26. The Proposed Monitor has reviewed the description of the Mera Group’s cash management system as described in the Karasiuk Affidavit and believes it to be accurate. The Mera Group has 8 bank accounts with BMO, each of which are described in greater detail in the Karasiuk Affidavit. All the bank accounts are controlled by Mera’s CEO and controller.

### **OVERVIEW OF DEBTORS’ CASH FLOW PROJECTION**

27. The Controller, with the assistance of the proposed CRO and the Proposed Monitor, has prepared a Cash Flow Forecast for the period from October 14, 2025 to November 9, 2025 (the “**Forecast Period**”) for the purpose of projecting the Debtors’ estimated liquidity needs during the Forecast Period. A copy of the Cash Flow Forecast is attached as **Appendix “A”** to this Pre-Filing Report.

28. The Cash Flow Forecast is presented on a weekly basis and estimates the Debtors’ consolidated cash flow during the Forecast Period. The Cash Flow Forecast has been prepared by the Controller using probable and hypothetical assumptions (the “**Assumptions**”) set out in the notes to the Cash Flow Forecast.

29. The Proposed 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 the Controller and the proposed CRO. Based on the Proposed Monitor’s review, nothing has come to its attention that causes it to believe, in all material respects, that:

- a) the Assumptions are not consistent with the purpose of the Cash Flow Forecast;
- b) as at the date of this Pre-Filing Report, the Assumptions are not suitably supported and consistent with the plans of the Debtors 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.

30. The Cash Flow Forecast assumes that the CCAA proceedings will commence on October 23, 2025. During the Forecast Period, the Cash Flow Forecast shows that, the Debtors are projected to generate total combined receipts of approximately \$3.391 million and incur total combined disbursements of approximately \$4.143 million, resulting in a net cash outflow of approximately \$752,000. The Cash Flow Forecast projects that the Debtors will have sufficient liquidity during the Forecast Period during the CCAA Proceedings, subject to access to the proposed DIP Facility, should this Court approve the DIP Term Sheet and the related DIP Charge (each as defined and discussed below).

### **RELEVANT MATTERS ADDRESSED IN THE PROPOSED INITIAL ORDER**

31. The Proposed Initial Order provides for three super-priority charges (collectively, the “**Charges**”) on the current and future assets, undertakings and property of the Debtors, wherever located, including all proceeds thereof that rank in the following order (each as defined and discussed below):
- a) first, the Administration Charge;
  - b) second, the DIP Charge; and
  - c) third, the Directors’ Charge (each as defined below).

#### Administrative Charge

32. The Proposed Initial Order provides for a charge up to a maximum amount of \$200,000 (the “**Administration Charge**”) on the Property (as defined in the Proposed Initial Order) in favour of the CRO, the Proposed Monitor and the Proposed Monitor’s independent counsel, as security for the professional fees and disbursements incurred prior to and after the commencement of the CCAA Proceedings. The Administration Charge has also been sized to provide security for the professional fees and disbursements of counsel retained by the Debtors *after* the issuance of the Proposed Initial Order (if any). Professional fee obligations secured by the Administration Charge will be paid in the ordinary course from funding provided by, among other things, the DIP Facility.
33. The Applicant intends to seek to increase the quantum of the Administration Charge under the proposed ARIO at the Comeback Motion.

34. The Proposed Monitor is of the view that given the current liquidity constraints of the Debtors, the proposed Administration Charge is required and reasonable in the circumstances. The Proposed Monitor believes that the quantum of the Administration Charge has been limited to what is reasonably required during the initial Stay Period. The quantum of the Administration Charge is based on an estimate of the anticipated professional costs to be incurred both before and during the initial Stay Period.

DIP Charge

35. In order to provide the required liquidity to fund ordinary course operations and these CCAA Proceedings, the Applicant seeks the approval of a debtor-in-possession financing facility (the “**DIP Facility**”) to be provided by the Applicant (in such capacity, the “**DIP Lender**”) in accordance with the term sheet (the “**DIP Term Sheet**”) attached as Exhibit “MM” to the Drennan Affidavit.
36. In connection therewith the Proposed Initial Order provides a charge up to a maximum amount of \$400,000, plus interest, fees, costs and other charges under the DIP Term Sheet, on the Property in favour of the DIP Lender (the “**DIP Charge**”). The DIP Charge will rank subordinate only to the Administration Charge.
37. The following is a summary of the material terms of the DIP Term Sheet:
- a) The DIP Facility is a super-priority, non-revolving credit facility in the maximum aggregate borrowing amount up to \$400,000 (the “**Maximum Amount**”). Any interest, expenses, or fees that are capitalized and added to the principal amount shall not be included in the Maximum Amount.
  - b) The DIP Facility shall be used for short-term liquidity and other general corporate purposes, including the Debtors’ working capital requirements during the CCAA Proceedings, including without limitation, in respect of one or more transactions pursued under the SISF as well as well as fees of counsel to the Applicant.
  - c) The DIP Facility matures on the earliest of the following (the “**Maturity Date**”): i) the closing of one or more Transactions (as defined in the DIP Term Sheet); ii) any Order made

by the Court replacing EY as Monitor; iii) the termination of the CCAA Proceedings, and iv) the occurrence of an Event of Default (as defined in the DIP Term Sheet).

- d) Interest shall be compounded daily and payable on the Maturity Date, at a rate of 8% per annum.
  - e) The Borrowers (as defined in the DIP Term Sheet) shall pay recoverable expenses incurred by the DIP Lender in connection with (i) the DIP Term Sheet; and (ii) all of the DIP Lender's costs of realization or enforcement, in each case in connection with or related to the DIP Facility, the DIP Charge, the DIP Term Sheet, or the CCAA Proceedings.
38. At the Comeback Motion, the Proposed Monitor understands that the Applicant will seek to increase the borrowing limit under the DIP Facility.
39. Based on discussions with the proposed CRO and considering the status of the Debtors' operations as well as the challenges facing the cannabis industry, the Proposed Monitor understands that it is highly unlikely that any third-party lender would provide further financing to the Debtors on terms better than what is proposed in the DIP Term Sheet. After comparing the terms of the DIP Term Sheet to 15 court-approved DIP facilities in other cannabis sector restructuring proceedings since January 2024, the Proposed Monitor has concluded that the terms of the DIP Term Sheet, are reasonable and the interest rate falls near the lower end of the range.
40. As described in the Cash Flow Forecast, the Debtors have a critical and immediate need for interim financing. The liquidity risk is exacerbated by significant uncertainty in collections, particularly regarding the Debtors' wholesale operations. Without access to the proposed DIP Facility, the Debtors are projected to exhaust their liquidity in the first 10-day period, which could lead to operational disruptions and hinder their ability to pursue a restructuring. Accordingly, the Proposed Monitor is of the view that the Applicant's request for approval of the DIP Term Sheet and the related DIP Charge is necessary and reasonable in the circumstances prior to the Comeback Motion.

Directors' Charge

41. The Proposed Initial Order provides for a charge in an amount not to exceed \$1,000,000 on the Property (the “**Directors’ Charge**”) to secure an indemnity in favour of the directors and officers of the Debtors against obligations and liabilities that they may incur as directors or officers of the Debtors after the commencement of these CCAA Proceedings, except to the extent that the obligation or liability is incurred as a result of such directors’ or officers’ gross negligence or willful misconduct. At the Comeback Motion, the Applicant will seek to further increase the Directors’ Charge under the proposed ARIO.
42. The directors and officers shall only be entitled to the benefit of the Directors’ Charge to the extent that they do not have coverage under any directors’ and officers’ insurance policy, to the extent such coverage is insufficient to pay an indemnified amount as described above, or to the extent that such coverage is denied by the insurance provider.
43. The Proposed Monitor assisted the Applicant in the calculation of the Directors’ Charge, taking into consideration the estimated payroll-related costs, the timing of such payroll related costs, the estimated vacation accrual, and an estimate of goods and services or other applicable sales taxes (“**Sales Taxes**”) and cannabis excise duties (“**Excise Duty**”) related to the post-CCAA period based on historical run rates. This analysis estimates the directors’ and officers’ exposure in respect of accrued payroll costs, vacation pay and Sales Taxes and Excise Duty obligations in the first 10-day period.
44. The Proposed Monitor is of the view that the Directors’ Charge is required and is reasonable in these circumstances.

*Other Relief*

45. The Proposed Initial Order also contemplates that the licenses issued by Health Canada in accordance with the Cannabis Legislation and the cannabis excise licenses issued by the Canada Revenue Agency held by the Licensed Respondents (as defined therein) will be preserved and maintained during the Stay Period.
46. As set out in the Karasiuk Affidavit, while there is no immediate concern that any of the licenses will expire during the Stay Period, the term of these licenses must continue during the CCAA Proceedings to ensure these entities continue to operate as a going concern, provided

they comply with relevant requirements. These licenses are valuable assets and their maintenance will be key to maximize the value of any transaction achieved in the SISP.

47. The Applicant is also seeking approval of the appointment of the CRO in accordance with the terms of the engagement letter attached as Exhibit "B" to the Karasiuk Affidavit.
48. The Proposed Monitor is of the view that the proposed relief with respect to the licenses and the appointment of the CRO are reasonable and necessary in the circumstances.

### **CONCLUSIONS AND RECOMMENDATIONS**

49. The Proposed Monitor has reviewed the Applicant's CCAA application materials and has consented to act as the Monitor of the Debtors, should this Court grant the Proposed Initial Order.
50. For the reasons stated herein, the Proposed Monitor believes it is appropriate for the Debtors to be granted protection under the CCAA and respectfully requests that the Court grants the Proposed Initial Order.

All of which is respectfully submitted this 21st day of October 2025.

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

per:



**Allen Yao  
Senior Vice-President**

per:



**Alex Morrison  
Senior Advisor**

# Appendix “A”

**Mera Cannabis Corp. and Subsidiaries**

**Cash Flow Forecast for the Period October 14, 2025 to November 9, 2025**

**\$CDN in Thousands**

	<i>Week Ending</i>	<b>1 Oct 19</b>	<b>2 Oct 26</b>	<b>3 Nov 2</b>	<b>4 Nov 9</b>	<b>Total</b>
<b>Receipts</b>						
Sales Collections	1	\$ 1,148	\$ 626	\$ 776	\$ 841	\$ 3,391
<b>Total Sales Collections</b>		<b>1,148</b>	<b>626</b>	<b>776</b>	<b>841</b>	<b>3,391</b>
<b>Disbursements</b>						
Payroll & Benefits	2	506	32	470	-	\$ 1,008
Operating & Maintenance Expenses	3	513	540	788	752	2,593
SG&A and Taxes	4	86	36	59	17	197
Restructuring Costs	5	-	138	65	141	345
<b>Total Disbursements</b>		<b>1,105</b>	<b>746</b>	<b>1,382</b>	<b>910</b>	<b>4,143</b>
<b>Net cash receipts/(disbursements)</b>		<b>43</b>	<b>(120)</b>	<b>(606)</b>	<b>(69)</b>	<b>(752)</b>
<b>Cash Balance</b>						
Opening Balance	6	\$ 485	\$ 527	\$ 507	\$ 162	\$ 485
Net Cash Receipts/(disbursements)		43	(120)	(606)	(69)	(752)
DIP - Cash Draws/(Repayments)	7	-	100	260	-	360
<b>Ending Cash Balance</b>		<b>\$ 527</b>	<b>\$ 507</b>	<b>\$ 162</b>	<b>\$ 93</b>	<b>\$ 93</b>
<b>Proposed DIP Facility</b>						
Opening Balance		\$ -	\$ -	\$ 100	\$ 360	\$ -
Cash Draws/(Repayments)	7	-	100	260	-	360
DIP Lender - Legal Expenses (to be capitalized)	8	-	-	-	10	10
Accrued Interest	9	-	-	0	1	1
<b>Ending Balance</b>		<b>\$ -</b>	<b>\$ 100</b>	<b>\$ 360</b>	<b>\$ 371</b>	<b>\$ 371</b>

**In the Matter of the CCAA of Mera Cannabis Corp., Greenleaf Productions Inc., Avana Labs Inc., Cannaway Clinics Inc., Countryside Cannabis Corp. and Vivariant Laboratories Inc. (collectively, the “Debtors”)**

**Notes to the Unaudited Cash Flow Forecast of the Debtors**

**Disclaimer:**

In preparing this cash flow forecast (the “**Cash Flow Forecast**”), the Debtors, with the assistance of Darren Karasiuk, the proposed Chief Restructuring Officer (the “**CRO**”), and Ernst & Young Inc., in its capacity as the proposed monitor of the Debtors (the “**Proposed Monitor**”), have relied upon unaudited financial information. The Debtors have not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the operations of the Debtors and additional assumptions discussed below with respect to the requirements and 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 Cash Flow 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.

The Proposed Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed Monitor pursuant to section 23(1)(b) of the CCAA, which requires a Monitor to review the debtor’s cash flow statements as to its reasonableness and to file a report with the Court on the Monitor’s findings.

Pursuant to this standard, the Proposed Monitor’s review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by the financial controller of the Debtors. Since the Probable and Hypothetical Assumptions need not be supported, the Proposed Monitor’s procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposed Monitor also reviewed the support provided by the Debtors for the Probable and Hypothetical Assumptions and the preparation and presentation of the Cash Flow Forecast.

Based on the Proposed Monitor’s review, nothing has come to the Proposed Monitor’s attention that causes the Proposed Monitor to believe, in any material respect, that:

- (a) The Probable and Hypothetical Assumptions are not consistent with the purpose of the Cash Flow Forecast;

- (b) As at the date of this report, the Probable and Hypothetical Assumptions are not suitably supported and consistent with the plans of the Debtors 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 Probable and Hypothetical Assumptions.
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## **Overview:**

The Cash Flow Forecast includes the receipts and disbursements of the Debtors during the Cash Flow Forecast period. The Debtors, with the assistance of their financial advisor and Ernst & Young Inc., in its capacity as the proposed monitor of the Debtors (the “**Proposed Monitor**” and if appointed, the “**Monitor**”), have prepared the Cash Flow Forecast based primarily on estimated receipts and disbursements related to the ongoing operations and the CCAA proceedings

The Cash Flow Forecast assumes that the Debtors will obtain relief under the CCAA on October 23, 2025.

The Cash Flow Forecast does not reflect the impact of a potential sale transaction in respect of the Debtors.

## **Assumptions:**

### **1. Sales Collections**

The Debtors primarily sell cannabis and cannabis-derived products to retailers through provincial agencies and to other licensed holders. Additionally, sales are generated from the delivery of medical cannabis products to patients with medication needs. Collections are based on anticipated collections from opening accounts receivable and projected sales during the forecast period.

### **2. Payroll & Benefits**

Payroll and benefits for salaried and hourly employees are forecast based on historical run rates and anticipated staffing levels. The Debtors fund payroll bi-weekly through a third-party service provider.

### **3. Operating & Maintenance Expenses**

These disbursements include vendor payments, harvesting expenses, and lease and utility payments related to the production and sale of cannabis products, based on expected production levels. Additionally, expenditures for repairing and maintaining production facilities, as well as costs associated with certification-related work are included in this category.

**4. Selling, General & Administrative Expense and Taxes (“SG&A and Taxes”)**

This includes primarily consulting fees, HST and excise duty payables, insurance payments and other general and administrative costs that are not included in the Operating & Maintenance Expenses.

**5. Restructuring Costs**

Restructuring costs primarily consist of professional fees and expenses for the proposed Chief Restructuring Officer, the Debtor’s counsel, the Proposed Monitor and its counsel related to the Debtors’ CCAA proceedings. This projection does not include the fees for the legal counsel for the Applicant, which will be paid directly by the Applicant and capitalized and added to the DIP Facility (as defined below) pursuant to the DIP term sheet.

**6. Opening Balance**

Represents the anticipated consolidated opening cash balance of the Debtors.

**7. Debt-in-Possession Facility (the “DIP Facility”) Cash Draws and Repayments**

Reflects projected cash draws under a proposed DIP facility provided by the Applicant, subject to court approval. These amounts do not include interest, fees and expenses that will be capitalized and added to the principal of the DIP Facility in accordance with the DIP term sheet.

**8. DIP Facility – Capitalized Legal Expenses**

The DIP term sheet provides that the Debtors shall pay, on a full indemnity basis, all reasonable legal expenses incurred by the DIP lender in connection with the DIP Facility and the CCAA proceedings. These legal expenses paid the DIP lender will be capitalized and added to the principal of the DIP Facility.

**9. DIP Facility – Accrued Interest**

The DIP term sheet provides for an 8% interest rate per annum, compounded daily, to be capitalized on the principal of the DIP Facility and paid at the maturity date.