



January 20, 2024

**Fifth Report of
KSV Restructuring Inc.
as CCAA Monitor of
Aleafia Health Inc., Emblem Corp.,
Emblem Realty Ltd. Aleafia Brands
Inc., 2672533 Ontario Inc., 2676063
Ontario Inc. and 1000682692
Ontario Inc.**

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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 ALEAFIA HEALTH INC., EMBLEM CORP., EMBLEM REALTY LTD.,
ALEAFIA BRANDS INC., 2672533 ONTARIO INC., 2676063 ONTARIO INC.
AND 1000682692 ONTARIO INC.

FIFTH REPORT OF KSV RESTRUCTURING INC.

JANUARY 20, 2024

1.0 Introduction

1. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on July 25, 2023 (the "Initial Order"), Aleafia Health Inc. ("AHI" or "Aleafia Health"), Emblem Corp. ("Emblem Corp"), Emblem Realty Ltd. ("Emblem Realty"), Aleafia Brands Inc. ("ABI"), 2672533 Ontario Inc. ("2672 Ont"), 2676063 Ontario Inc ("2676 Ont"), Emblem Cannabis Corporation ("Emblem Cannabis"), Growwise Health Limited ("Growwise"), Canabo Medical Corporation ("Canabo"), Aleafia Inc. ("Aleafia Sub"), Aleafia Farms Inc. ("Aleafia Farms") and Aleafia Retail Inc. ("Aleafia Retail") (collectively, the "Initial Applicants" and each an "Initial Applicant") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and KSV Restructuring Inc. was appointed monitor of the Initial Applicants (in such capacity, the "Monitor").
2. As at the date of the Initial Order, AHI, directly or indirectly, wholly-owned each of the other Initial Applicants (collectively with AHI, the "Aleafia Group") and had a 9.9% interest in a non-Applicant affiliate, One Plant (Retail) Corp., which operates a chain of cannabis retail stores.
3. Pursuant to the terms of the Initial Order, among other things, the Court:
 - a) granted a stay of proceedings in favour of each of the Initial Applicants to and including August 4, 2023 (the "Stay Period");
 - b) approved the terms of a debtor-in-possession credit facility (the "DIP Facility") in the maximum principal amount of \$2.27 million until the comeback motion on August 4, 2023 (the "Comeback Motion") to be made available to the Initial Applicants pursuant to a DIP term sheet dated July 24, 2023 (as amended and restated, the "DIP Term Sheet") between certain of the Initial Applicants, as borrowers and guarantors, and Red White & Bloom Brands Inc., as lender ("RWB", and in such capacity, the "DIP Lender"); and

- c) granted the following charges on the Initial Applicants' current and future assets, property and undertaking (collectively, the "Property"):
 - i. a charge in the amount of \$500,000 to secure the fees and disbursements of the Initial Applicants' legal counsel, as well as the fees and disbursements of the Monitor and its independent legal counsel (the "Administration Charge");
 - ii. a charge up to the maximum amount of the DIP Obligations (as defined in the Initial Order) at the relevant time in favour of the DIP Lender (the "DIP Lender's Charge"); and
 - iii. a charge in the amount of \$835,000 in favour of the directors and officers of the Initial Applicants (the "Directors' Charge", and collectively with the DIP Lender's Charge and Administration Charge, the "Charges").
- 4. At the Comeback Motion, the Court issued an Amended and Restated Initial Order (the "ARIO"). Pursuant to the ARIO, among other things:
 - a) the Stay Period was extended from August 4, 2023, to and including September 1, 2023;
 - b) the Initial Applicants were granted authority to borrow up to \$6.6 million under the DIP Facility from the original maximum amount of \$2.27 million;
 - c) the quantum of each of the priority Charges against the Property was increased as set out below:
 - i. the Administration Charge was increased to \$1.25 million;
 - ii. the DIP Lender's Charge was increased to the maximum amount of the DIP Obligations at the relevant time, which captured the Initial Applicants' increased ability to borrow under the DIP Facility of up to \$6.6 million; and
 - iii. the Directors' Charge was increased to \$2.85 million; and
 - d) AHI was relieved from: (i) any obligations to call and hold its annual general meeting of shareholders; and (ii) certain other reporting obligations under applicable securities law.
- 5. The principal purpose of these CCAA proceedings was to create a stabilized environment to enable the Initial Applicants to: (a) secure urgently required debtor-in-possession financing pursuant to the terms of the DIP Facility; and (b) pursue a restructuring of their business and/or a sale of their business and assets by conducting a Court-supervised sale and investor solicitation process ("SISP").
- 6. On August 22, 2023, the Initial Applicants sought and the Court issued an order (the "SISP Order"), among other things, approving a SISP and approving a Stalking Horse Asset Purchase and Subscription Agreement (as amended and restated on October 24, 2023, and amended on November 21, 2023 and December 15, 2023, the "Stalking Horse Agreement") between AHI, Emblem Cannabis, Canabo and Aleafia Retail, as sellers (collectively, the "Sellers"), and RWB and RWB (PV) Canada Inc., a wholly-owned subsidiary of RWB, as purchaser (in such capacity, the "Purchaser"), solely for the purpose of constituting the "Stalking Horse Bid" under the SISP.

7. The Stalking Horse Agreement, which was detailed in the Monitor's Third Report to Court dated October 25, 2023 (the "Third Report"), contemplated a reverse vesting transaction, pursuant to which RWB, through the Purchaser, would acquire, directly or indirectly, all of the shares of Emblem Cannabis, Canabo, Aleafia Sub, Aleafia Farms, Growwise and Aleafia Retail (collectively, the "Purchased Entities") and certain intellectual property assets of AHI as part of the transaction, and all Excluded Assets and Excluded Liabilities (each as defined in the Stalking Horse Agreement) would be transferred to one or more newly incorporated corporations (i.e., a "Residual Co.", which would become an Applicant in these CCAA proceedings). The primary reason for using the reverse vesting structure was to preserve the Health Canada and cannabis excise licenses held by each of Aleafia Farms and Emblem Cannabis, respectively.
8. The Stalking Horse Bid was determined to be the successful bid in the SISP and a bid from Siva Selven (for a company to be later incorporated) was identified as the successful bid for the Aleafia Farms facility located at 378 South Service Rd., Grimsby, Ontario (the "Grimsby Facility"), which was marketed in a standalone marketing process pursuant to the SISP Order.
9. Accordingly, the Initial Applicants brought a motion to Court returnable on October 27, 2023, seeking, among other things:
 - a) an Approval and Vesting Order (the "Grimsby AVO"), among other things:
 - i. approving a sale transaction (the "Grimsby Transaction") for the Grimsby Facility; and
 - ii. authorizing a distribution to the DIP Lender from the Net Proceeds (as defined in the Grimsby AVO) of the Grimsby Transaction. The Court granted the Grimsby AVO on October 27, 2023 and the Grimsby Transaction closed on November 1, 2023;
 - b) an Approval and Reverse Vesting Order (the "RWB ARVO"), among other things:
 - i. approving the sale transactions contemplated by the Stalking Horse Agreement (the "RWB Transactions"); and
 - ii. adding a newly incorporated entity, being 1000682692 Ontario Inc. ("Residual Co.", and together with AHI, Emblem Corp., Emblem Realty, ABI, 2672 Ont and 2676 Ont, the "Remaining Applicants"), as an Applicant in these CCAA proceedings, and upon completion of the RWB Transactions, removing the Purchased Entities as Applicants in these CCAA proceedings. The Court granted the RWB ARVO on October 30, 2023; and
 - c) an Order (the "Ancillary Relief Order"), among other things:
 - i. authorizing and empowering the Monitor to exercise certain enhanced powers following delivery of the Monitor's Closing Certificate (as defined in the RWB ARVO);

- ii. approving a key employee retention plan for certain senior management personnel;
- iii. approving an amendment to the DIP Term Sheet pursuant to which the maximum principal amount of the DIP Facility would be increased from \$6.6 million to \$8 million and granting a corresponding increase in the DIP Lender's Charge; and
- iv. extending the Stay Period to and including November 30, 2023.

The Court granted the Ancillary Relief Order on October 30, 2023.

10. In its Fourth Report to Court dated November 23, 2023 (the "Fourth Report"), the Monitor advised, among other things, that the RWB Transactions would require additional time to close, primarily as a result of certain conditions that remained unsatisfied (some of which were outside the control of the parties to the RWB Transactions).
11. On November 27, 2023, the Court issued an Order, among other things, extending the Stay Period to and including January 26, 2024 to allow the RWB Transactions additional time to close.
12. Additional background information regarding the Initial Applicants and these proceedings is included in the Monitor's prior reports to Court, and accordingly, is not repeated herein. The Monitor's prior reports, together with all other court materials filed in these proceedings, are available on the Monitor's website at the following link: <https://www.ksvadvisory.com/experience/case/aleafia> (the "Case Website").

1.1 Purposes of this Report

1. The purposes of this report (the "Report") are to:
 - a) provide an update on the status of the RWB Transactions;
 - b) report on the Remaining Applicants' cash flow projection for the period January 22, 2024 to March 8, 2024 (the "Updated Cash Flow Forecast");
 - c) discuss the reasons why the Monitor believes that the Stay Period should be extended from January 26, 2024 to and including March 8, 2024; and
 - d) recommend that the Court issue an Order (the "Stay Extension Order"), among other things, extending the Stay Period to and including March 8, 2024.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Remaining Applicants' unaudited financial information, books and records and discussions with the Remaining Applicants' management and legal counsel.

2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence. The Monitor does not accept any responsibility to any third party for any reliance they may place on the Initial Applicants’ financial information herein.
3. An examination of the Updated Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Remaining Applicants’ assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance on whether the Updated Cash Flow Forecast will be achieved.

1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

2.0 Background

1. Prior to the RWB Transactions, the Aleafia Group was a federally licensed Canadian cannabis organization which operated two primary lines of business, being: (i) cannabis production and resale; and (ii) virtual cannabis clinics. The Aleafia Group sold cannabis products primarily through three core sales channels: adult-use, medical and international.
2. Pursuant to the RWB Transactions, AHI conveyed the business of the Initial Applicants to the Purchaser and, accordingly, the Remaining Applicants do not conduct any business operations.
3. Further information with respect to the Initial Applicants’ business and operations, and details of the events leading up to the granting of the Initial Order, can be found in the Court materials previously filed by the Initial Applicants and the Monitor in these proceedings, which are available on the [Case Website](#).

3.0 RWB Transactions

1. The RWB Transactions were detailed in Section 5 of the Third Report, and accordingly, those details are not repeated herein.
2. In its Fourth Report, the Monitor advised that the parties to the RWB Transactions were working diligently to satisfy all conditions and close as soon as possible. The Monitor further advised that the parties were optimistic that the necessary regulatory approvals would be received by December 15, 2023, and, accordingly, had agreed to extend the “Outside Date” under the Stalking Horse Agreement from November 22, 2023 to December 15, 2023.

3. Due to unanticipated delays in receiving the necessary regulatory approvals, which were outside the control of the Initial Applicants, on December 15, 2023, the parties entered into:
 - a) a second amendment to the Stalking Horse Agreement (the “Second Amendment”), the purpose of which was to further amend the outside date under the Stalking Horse Agreement from December 15, 2023 to January 19, 2024; and
 - b) a third amendment to the DIP Term Sheet (the “Third DIP Amendment”), the purpose of which was to extend the maturity date under the DIP Term Sheet to January 19, 2024.

Copies of the Second Amendment and the Third DIP Amendment are attached as Appendices “A” and “B”, respectively.

4. On or around January 12, 2024, the parties received the required regulatory approvals in order to satisfy the remaining conditions under the Stalking Horse Agreement. Accordingly, the RWB Transactions closed on January 12, 2024, upon the delivery of the Monitor’s Closing Certificate to the Sellers and the Purchaser. A copy of the Monitor’s Closing Certificate was filed with the Court and served on the service list in these CCAA proceedings.

4.0 Cash Flow

1. The Updated Cash Flow Forecast has been prepared to and including March 8, 2024 (the “Period”). The Updated Cash Flow Forecast and the Remaining Applicants’ statutory report on the cash flow prepared pursuant to subsection 10(2)(b) of the CCAA are attached as Appendix “C”.
2. The expenses in the Updated Cash Flow Forecast, following the closing of the RWB Transactions, are primarily general and administrative expenses and professional fees in connection with these CCAA proceedings. The Remaining Applicants project to have sufficient liquidity to pay all post-filing expenses incurred during the Period.
3. Based on the Monitor’s review of the Updated Cash Flow Forecast, there are no material assumptions which appear unreasonable. The Monitor’s statutory report on the Updated Cash Flow Forecast is attached as Appendix “D”.

5.0 Stay Extension

1. The Stay Period currently expires on January 26, 2024. Pursuant to the Stay Extension Order, the Monitor, for and on behalf of the Remaining Applicants, is requesting an extension of the Stay Period to and including March 8, 2024.
2. As the RWB Transactions have now closed, the Remaining Applicants no longer have any business operations or remaining material assets. The Monitor, by virtue of its enhanced powers granted by the Ancillary Relief Order, intends to bring a motion to terminate these CCAA proceedings and seek related relief during the extended Stay Period.

3. The Monitor intends to use the extended Stay Period to negotiate the terms of a CCAA termination order, including the releases to be sought therein, to the extent possible, with certain affected stakeholders in these CCAA proceedings. If agreement among such parties on the terms of such CCAA termination order cannot be reached, the Monitor intends to make a recommendation on the matter to the Court.
4. The Monitor supports the request for an extension of the Stay Period for the following reasons:
 - a) the Remaining Applicants, with the assistance and oversight of the Monitor, have been acting, and continue to act, in good faith and with due diligence;
 - b) no creditor is expected to suffer material prejudice if the extension is granted;
 - c) as of the date of this Report, the Monitor is not aware of any party opposed to an extension of the Stay Period; and
 - d) the Updated Cash Flow Forecast reflects that the Remaining Applicants are projected to have sufficient liquidity to fund their expenses in these CCAA proceedings to and including March 8, 2024.

6.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the Stay Extension Order.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR OF
ALEAFIA HEALTH INC., EMBLEM CORP., EMBLEM REALTY LTD., ALEAFIA BRANDS
INC., 2672533 ONTARIO INC., 2676063 ONTARIO INC. AND 1000682692 ONTARIO INC.**

Appendix “A”

**SECOND AMENDMENT
TO THE
AMENDED AND RESTATED STALKING HORSE ASSET PURCHASE AND
SUBSCRIPTION AGREEMENT**

DATED December 15, 2023

AMONG:

EMBLEM CANNABIS CORPORATION

-AND-

CANABO MEDICAL CORPORATION

-AND-

ALEAFIA RETAIL INC.

AS COMPANIES

-AND-

ALEAFIA HEALTH INC.

-AND-

RED WHITE & BLOOM BRANDS INC.

-AND-

RWB (PV) CANADA INC.

AS PURCHASER

CONTEXT:

- A. Aleafia Health, ECC, Canabo, Aleafia Farms, Aleafia Retail, RWB and the Purchaser entered into an amended and restated stalking horse asset purchase and subscription agreement dated as of October 24, 2023, as amended by a first amendment to the amended and restated stalking horse asset purchase and subscription agreement dated as of November 23, 2023 (collectively, the “**Stalking Horse Agreement**”);
- B. The Parties have agreed, subject to the terms and conditions set out below, to further amend the Stalking Horse Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Stalking Horse Agreement as provided herein:

Section 1 General

In this Second Amendment (including the recitals) unless otherwise defined or the context otherwise requires, all capitalized terms shall have the respective meanings specified in the Stalking Horse Agreement.

Section 2 To be Read with Stalking Horse Agreement

This Second Amendment is an amendment to the Stalking Horse Agreement. Unless the context of this Second Amendment otherwise requires, the Stalking Horse Agreement and this Second Amendment shall be read together and shall have effect as if the provisions of the Stalking Horse Agreement and this Second Amendment were contained in one agreement. The term “Agreement” when used in the Stalking Horse Agreement means the Stalking Horse Agreement as amended, restated, supplemented or modified from time to time.

Section 3 Amendments

- (a) Amendment to Section 11.1. The reference to “December 15, 2023” in Section 11.1(c) of the Stalking Horse Agreement is hereby deleted and replaced with “January 19, 2024”.

Section 4 Continuance of Stalking Horse Agreement

The Stalking Horse Agreement, as changed, altered, amended or modified by this Second Amendment, is and shall continue in full force and effect and is hereby ratified and confirmed and the rights and obligations of all parties hereunder and thereunder shall not be affected or prejudiced in any manner except as specifically provided for herein.

Section 5 Counterparts

This Second Amendment may be executed and delivered by PDF via email or other generally accepted means of electronic execution and transmission and each of the parties hereto may rely on such signature as though such signature were an original signature. This Second Amendment may be executed in any number of separate counterparts all of which when taken together shall constitute one and the same agreement.

Section 6 Governing Law

This Second Amendment shall be construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties hereto irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties have executed this Second Amendment as of the day and year first above written.

ALEAFIA HEALTH INC.

Per:

DocuSigned by:
Patricia Symmes-Rizakos
01B88569E6C042B...
Name: Patricia Symmes-Rizakos
Title: Chief Executive Officer

I have the authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

Per:

DocuSigned by:
Patricia Symmes-Rizakos
01B88569E6C042B...
Name: Patricia Symmes-Rizakos
Title: Director

I have the authority to bind the Corporation.

CANABO MEDICAL CORPORATION

Per:

DocuSigned by:
Patricia Symmes-Rizakos
01B88569E6C042B...
Name: Patricia Symmes-Rizakos
Title: Director

I have the authority to bind the Corporation.

ALEAFIA RETAIL INC.

Per:

DocuSigned by:

Patricia Symmes-Rizakos

01B88588EC0C42B...
Name: Patricia Symmes-Rizakos

Title: Director

I have the authority to bind the corporation.

RWB (PV) CANADA INC.

Per:

DocuSigned by:

Eddie Mattei

00911BE9638D49D...
Name: Eddie Mattei

Title: CFO

I have the authority to bind the Corporation.

RED WHITE & BLOOM BRANDS INC.

Per:

DocuSigned by:

Eddie Mattei

00911BE9638D49D...
Name: Eddie Mattei

Title: CFO

I have the authority to bind the Corporation

Appendix “B”

THIRD AMENDMENT TO AMENDED AND RESTATED DIP FACILITY TERM SHEET

Dated: December 15, 2023.

RECITALS:

- A. Aleafia Health Inc., Emblem Cannabis Corporation and Aleafia Farms Inc. (collectively, and on a joint and several basis, the “**Borrowers**” and each a “**Borrower**”), as borrowers, the Borrowers, Growwise Health Limited, Emblem Realty Ltd., Emblem Corp., Canabo Medical Corporation (“**Canabo**”), Aleafia Brands Inc., Aleafia Retail Inc., 2672533 Ontario Inc., 2676063 Ontario Inc. and Aleafia Inc. (collectively, the “**Guarantors**”), as guarantors, and Red White & Bloom Brands Inc. (“**RWB**” or the “**DIP Lender**”, as the context dictates), as lender, entered into a DIP facility term sheet dated as of July 24, 2023 (the “**Original DIP Facility Term Sheet**”);
- B. The Original DIP Facility Term Sheet was amended and restated by the parties pursuant to the terms of an amended and restated DIP facility term sheet dated as of July 24, 2023 (as amended pursuant to a first amendment to amended and restated DIP facility term sheet dated October 24, 2023 and a second amendment to amended and restated DIP facility term sheet dated November 21, 2023, the “**DIP Facility Term Sheet**”) pursuant to which the DIP Lender agreed to increase the maximum amount of the DIP Facility to \$8,000,000;
- C. The Applicants require an extension of the Maturity Date (as defined in the DIP Facility Term Sheet); and
- D. Subject to the terms and conditions contained herein (this “**Amendment**”), the parties hereto have agreed to amend the DIP Facility Term Sheet on the terms and conditions set out below.

NOW THEREFORE in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

1. DEFINITIONS

- 1.1 **Use of Defined Terms.** Unless otherwise defined herein or the context otherwise requires, capitalized terms used in this Amendment, including its preamble and recitals, have the meanings provided in the DIP Facility Term Sheet, as amended by this Amendment, as applicable.

2. AMENDMENTS TO DIP FACILITY TERM SHEET

- 2.1 **Amendments.** Subject to the satisfaction of each of the conditions to effectiveness set forth in this Amendment, the parties agree that paragraph (a) of the heading

“Maturity Date” shall be deleted in its entirety and replaced with “(a) January 19, 2024;”.

3. REPRESENTATIONS AND WARRANTIES

3.1 **Representations.** Each of the Obligors represents and warrants to the DIP Lender that, as of the date hereof (after giving effect to this Amendment):

3.1.1 This Amendment has been duly authorized, executed and delivered by each of the Obligors;

3.1.2 This Amendment constitutes a legal, valid and binding obligation of each of the Obligors, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other applicable laws affecting creditors’ rights generally and to general principles of equity, regardless of whether considered in a proceeding in equity or at law;

3.1.3 The representations and warranties set forth in the DIP Facility Term Sheet and the other DIP Credit Documentation are true and correct in all respects on and as of the date hereof as though made on and as of such date, unless stated to be made as of a specified date; and

3.1.4 No Default or Event of Default has occurred and is continuing.

4. CONDITIONS

4.1 **Conditions Precedent.** This Amendment shall become effective on the date upon which there has been receipt by the DIP Lender of the following (which conditions precedent are for the sole and exclusive benefit of the DIP Lender and may be waived by the DIP Lender):

4.1.1 A counterpart of this Amendment executed by each party hereto; and

4.1.2 Receipt by the DIP Lender of Updated Cash Flow Projections, in form and substance satisfactory to the DIP Lender in its discretion.

5. GENERAL PROVISIONS

- 5.1 **Headings Etc.** The including of headings in this Amendment is for convenience of reference only and does not affect the construction or interpretation hereof.
- 5.2 **Governing Law.** This Amendment is governed by and is to be construed and interpreted with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- 5.3 **Assignment.** This Amendment enures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.
- 5.4 **Conflicts.** If, after the date of this Amendment, any provision of this Amendment is inconsistent with any provision of the DIP Facility Term Sheet, the relevant provision of this Amendment shall prevail.
- 5.5 **DIP Credit Documentation.** This Amendment constitutes DIP Credit Documentation for all purposes under the DIP Facility Term Sheet.
- 5.6 **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall be deemed to be an original agreement and all of which shall constitute one agreement. All counterparts shall be construed together and shall constitute one and the same agreement. This Amendment, to the extent signed and delivered by means of electronic transmission (including, without limitation, facsimile and Internet transmissions), shall be treated in all manner and respects as an original agreement and should be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

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IN WITNESS WHEREOF the parties hereto have executed this Amendment as of the date first written above.

ALEAFIA HEALTH INC.

By: DocuSigned by:
Patricia Symmes-Rizakos
01B88568EC0C42B...
Name: Patricia Symmes-Rizakos
Title: Chief Executive Officer
I have the authority to bind the corporation.

EMBLEM CANNABIS CORPORATION

By: DocuSigned by:
Patricia Symmes-Rizakos
01B88568EC0C42B...
Name: Patricia Symmes-Rizakos
Title: Director
I have the authority to bind the corporation.

ALEAFIA FARMS INC.

By: DocuSigned by:
Patricia Symmes-Rizakos
01B88568EC0C42B...
Name: Patricia Symmes-Rizakos
Title: Director
I have the authority to bind the corporation.

EMBLEM CORP.

By: DocuSigned by:
Patricia Symmes-Rizakos
01B88568EC0C42B...
Name: Patricia Symmes-Rizakos
Title: Director
I have the authority to bind the corporation.

CANABO MEDICAL CORPORATION

By: DocuSigned by:
Patricia Symmes-Rizakos
01B88568FC0C42B
Name: Patricia Symmes-Rizakos
Title: Director
I have the authority to bind the corporation.

ALEAFIA INC.

By: DocuSigned by:
Patricia Symmes-Rizakos
01B88568FC0C42B
Name: Patricia Symmes-Rizakos
Title: Director
I have the authority to bind the corporation.

EMBLEM REALTY LTD.

By: DocuSigned by:
Patricia Symmes-Rizakos
01B88568FC0C42B
Name: Patricia Symmes-Rizakos
Title: Director
I have the authority to bind the corporation.

GROWWISE HEALTH LIMITED.

By: DocuSigned by:
Patricia Symmes-Rizakos
01B88568FC0C42B
Name: Patricia Symmes-Rizakos
Title: Director
I have the authority to bind the corporation.

RED WHITE & BLOOM BRANDS INC.

By:

DocuSigned by:

Eddie Mattei

00911BE9038D49D
Name: Eddie Mattei

Title: CFO

I have the authority to bind the corporation.

Appendix “C”

Aleafia Health Inc., Emblem Corp., Emblem Realty Ltd., Aleafia Brands inc., 2672533 Ontario Inc., 2676063 Ontario Inc. and 1000682692 Ontario Inc. (collectively, the "Applicants")

Projected Statement of Cash Flow

For the Period Ending March 8, 2024

(Unaudited; \$CAD, Thousands)

		For the Week Ending							
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
		26-Jan-24	2-Feb-24	9-Feb-24	16-Feb-24	23-Feb-24	1-Mar-24	8-Mar-24	Total
	<i>Notes</i>								
	1								
<i>Total Receipts</i>		-	-	-	-	-	-	-	-
<i>Operating Disbursements</i>		-	-	-	-	-	-	-	-
<i>Total Operating Disbursements</i>		-	-	-	-	-	-	-	-
Net Cash Flow Before the Undernoted		-	-	-	-	-	-	-	-
CCAA Professional Fees	2	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(175)
<i>Net Cash Flow</i>		(25)	(25)	(25)	(25)	(25)	(25)	(25)	(175)
Opening Cash Balance	3	400	375	350	325	300	275	250	400
Net cash flow		(25)	(25)	(25)	(25)	(25)	(25)	(25)	(175)
Closing Total Cash Balance		375	350	325	300	275	250	225	225

Aleafia Health Inc., Emblem Corp., Emblem Realty Ltd., Aleafia Brands inc., 2672533 Ontario Inc., 2676063 Ontario Inc. and 1000682692 Ontario Inc. (collectively, the "Applicants")

Notes to Projected Statement of Cash Flow

For the Period Ending March 8, 2024

(Unaudited; \$CAD, Thousands)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of the Applicants for the period January 22, 2024 to March 8, 2024 (the "Period") in respect of their proceedings under the Companies' Creditors Arrangement Act ("CCAA"). The cash flow forecast assumes that the Applicants do not have any business operations during the Period.

Hypothetical Assumptions

None.

Probable Assumptions

2. Includes the estimated professional fees payable to the Monitor and its counsel.
3. The opening cash balance represents an administrative expense holdback of \$400,000 held in the Monitor's trust account, which will be used to fund the professional fees of the Monitor and its counsel to the termination of these CCAA proceedings.

COURT FILE NO.: CV-23-00703350-00CL

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 ALEAFIA
HEALTH INC., EMBLEM CORP., EMBLEM REALTY LTD., ALEAFIA BRANDS INC., 2672533
ONTARIO INC., 2676063 ONTARIO INC.
AND 1000682692 ONTARIO INC.

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)

The management of Aleafia Health Inc., Emblem Corp., Emblem Realty Ltd., Aleafia Brands inc., 2672533 Ontario Inc., 2676063 Ontario Inc. and 1000682692 Ontario Inc. (collectively, the "Applicants") have developed the assumptions and prepared the attached statement of projected cash flow as of the 20th day of January 2024 for the period January 22, 2024 to January March 8, 2024 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are suitably supported and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 20th day of January, 2024.

KSV Restructuring Inc.

**ALEAFIA HEALTH INC., EMBLEM CORP., EMBLEM REALTY LTD., ALEAFIA BRANDS INC.,
2672533 ONTARIO INC., 2676063 ONTARIO INC. AND 1000682692 ONTARIO INC.**

Appendix “D”

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 ALEAFIA
HEALTH INC., EMBLEM CORP., EMBLEM REALTY LTD., ALEAFIA BRANDS INC., 2672533
ONTARIO INC., 2676063 ONTARIO INC.
AND 1000682692 ONTARIO INC.

MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash-flow of Aleafia Health Inc., Emblem Corp., Emblem Realty Ltd., Aleafia Brands inc., 2672533 Ontario Inc., 2676063 Ontario Inc. and 1000682692 Ontario Inc. (collectively, the "Applicants") as of the 20th day of January, 2024, consisting of a weekly projected cash flow statement for the period January 22, 2024 to January March 8, 2024 ("Cash Flow") has been prepared by the management of the Applicants for the purpose described in Note 1, using probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of the Applicants. We have reviewed the support provided by management for the probable and hypothetical assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto this 20th day of January, 2024.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS CCAA MONITOR OF
ALEAFIA HEALTH INC., EMBLEM CORP., EMBLEM REALTY LTD., ALEAFIA BRANDS
INC., 2672533 ONTARIO INC., 2676063 ONTARIO INC. AND 1000682692 ONTARIO INC.**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF ALEAFIA HEALTH INC., EMBLEM CORP., EMBLEM
REALTY LTD., ALEAFIA BRANDS INC., 2672533 ONTARIO INC., 2676063 ONTARIO INC. and 1000682692 ONTARIO INC.

Applicants

Court File No. CV-23-00703350-00CL

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

PROCEEDING COMMENCED AT TORONTO

FIFTH REPORT OF THE MONITOR

OSLER, HOSKIN & HARCOURT LLP

100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Marc Wasserman (LSO# 44066M)

Tel: 416.862.4908

Email: mwasserman@osler.com

Martino Calvaruso (LSO# 57359Q)

Tel: 416.862.6665

Email: mcavaruso@osler.com

Ben Muller (LSO# 80842N)

Tel: 416.862.5923

Email: bmuller@osler.com

Fax: 416.862.6666

Counsel for KSV Restructuring Inc., in its capacity as Monitor of
Aleafia Health Inc. et al. and not in its personal capacity