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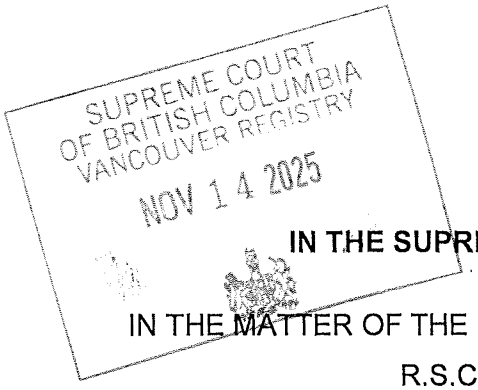

No.

Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF AYR WELLNESS INC.

PETITIONER

PETITION TO THE COURT

Rule 22-3 of the Supreme Court Civil Rules applies to all forms.

ON NOTICE TO: the Service List.

The address of the registry is: 800 Smithe Street, Vancouver, B.C. V6Z 0C8.

The petitioner estimates that the hearing of the petition will take 2 hours.

This matter is matter is not an application for judicial review.

This proceeding is brought by the Petitioner for the relief set out in Part 1 below.

☒ the person named as petitioner in the style of the proceedings above

☐ Name(s) (the petitioner)

If you intend to respond to this proceeding, you or your lawyer must

(a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and

(b) serve on the petitioner(s)

(i) 2 copies of the filed response to petition, and

(ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

Time for response to petition

A response to petition must be filed and served on the petitioner(s),

(a) if you were served with the petition anywhere in Canada, within 21 days after that service,

(b) if you were served with the petition anywhere in the United States of America, within 35 days after that service,

(c) if you were served with the petition anywhere else, within 49 days after that service, or

(d) if the time for response to petition has been set by order of the court, within that time.

The ADDRESS FOR SERVICE of the petitioner(s) is:	Jeffrey D. Bradshaw & Arad Mojtahedi DLA Piper (Canada) LLP Barristers & Solicitors Suite 2700 1133 Melville St Vancouver, BC V6E 4E5
Fax number address for service (if any):	
E-mail address for service (if any):	jeffrey.bradshaw@dlapiper.com arad.mojtahedi@dlapiper.com

The name and office address of petitioner's lawyer is:

Jeffrey D. Bradshaw & Arad Mojtahedi
DLA Piper (Canada) LLP
Barristers & Solicitors
Suite 2700
1133 Melville St
Vancouver, BC V6E 4E5

CLAIM OF THE PETITIONER

Part 1: ORDER(S) SOUGHT

1. The Petitioner makes an application for an order under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**"), substantially in the form attached hereto as **Schedule "A"** (the "**Initial Order**"), granting the following relief:

   (a) a declaration that the CCAA applies to the Petitioner;

   (b) a stay of all proceedings and remedies taken or that might be taken in respect of the Petitioner or any of its property;

   (c) authorizing the Petitioner to carry on business in a manner consistent with the preservation of its property and business and to make certain payments in connection with its business during the CCAA proceeding;

   (d) appointing KSV Restructuring Inc. ("**KSV**" or the "**Proposed Monitor**") as monitor in these proceedings (the "**Monitor**");

   (e) authorizing and directing the Petitioner to, *nunc pro tunc*, enter into and carry out the terms of the Moelis Engagement Letter (as defined below), including without limitation, making the payments to Moelis & Company LLC ("**Moelis**") contemplated thereunder;

   (f) approving the appointment of Blake Holzgrafe of Ankura Consulting Group, LLC ("**Ankura**") as Chief Restructuring Offer ("**CRO**") of the Petitioner, and authorizing and directing the Petitioner to, *nunc pro tunc*, enter into and carry out the terms of

the Ankura Engagement Letter (as defined below), including without limitation making the payments to Ankura contemplated thereunder;

(g) granting the following charges over the assets, properties and undertakings of the Petitioner, with the relative priorities set out in the Initial Order, as security for the obligations of the Petitioner to the beneficiaries of such charges:

(i) a charge in favour of the Proposed Monitor, counsel to the Proposed Monitor, and counsel to the Petitioner (the "**Administration Charge**"); and

(ii) a charge in favour of the directors and officers of the Petitioner (the "**D&O Charge**"); and

(h) such further and other relief as this Honourable Court may deem just.

2. Unless otherwise provided, all amounts set out in this petition are provided in United States currency.

Part 2: FACTUAL BASIS

I. Overview

1. AYR Wellness Inc. ("**AYR**", the "**Petitioner**" or the "**Company**") is the publicly traded parent company of a vertically integrated cannabis enterprise operating through numerous subsidiaries across multiple U.S. jurisdictions (the "**AYR Group**").

2. The AYR Group has faced sustained operating losses, declining revenues, and a deterioration in its capital structure, compounded by systemic headwinds in the cannabis industry, including restricted access to traditional financing, regulatory uncertainty, and the absence of federal cannabis reform in the United States. These factors have severely limited the Petitioner's ability to refinance near-term debt maturities or raise new capital to support its operations. With consolidated liabilities exceeding $946 million and equity market capitalization reduced by approximately 95% year-to-date, AYR is insolvent and requires a court-supervised process to preserve value and avoid a disorderly liquidation.

3. In response to these challenges, the Board formed a Special Committee and engaged Moelis to evaluate strategic alternatives to address the Company's over-leveraged capital structure. Working in conjunction with Moelis, the Company and its advisors explored

multiple avenues to refinance its debt, improve liquidity, and modify its capital structure. Beginning in April 2025, Moelis initiated a broad outreach process, contacting numerous strategic acquirers to assess potential acquisitions of the AYR Group and engaging third-party capital providers to explore new-money financing opportunities. In parallel, Moelis commenced discussions with AYR Group's creditors. Despite these efforts, Moelis did not receive actionable proposals or indications of interest for either a refinancing or a sale of the AYR Group. Feedback from potential counterparties confirmed that these alternatives were not viable given prevailing market conditions and the regulatory constraints affecting the cannabis sector.

4. Furthermore, because AYR operates in the cannabis sector, U.S. federal law prohibits the AYR Group from accessing Chapter 11 or Chapter 15 of the U.S. Bankruptcy Code. This statutory barrier necessitated a bespoke, multi-jurisdictional solution developed in consultation with the Petitioner's principal secured creditors.

5. The Company therefore undertook extensive negotiations with its principal secured creditors, culminating in the execution of a Restructuring Support Agreement (the "**RSA**") with holders of approximately 73% of its Senior Notes (the "**Consenting Senior Noteholders**").

6. The RSA provides for a comprehensive restructuring of the AYR Group through a two-phase process: first, the going-concern sale of certain U.S. assets and equity interests via a public sale under Article 9 of the Uniform Commercial Code (the "**UCC Sale**"), and second, the commencement of these proceedings under the CCAA to implement an orderly wind-down of the Petitioner and monetize its remaining assets, in parallel with the commencement or initiation of liquidation or wind down proceedings under applicable state law (e.g., receivership, liquidation, assignment for the benefit of creditors, dissolution, or other similar proceedings) in each applicable U.S. jurisdiction for the purpose of liquidating the remaining assets of the AYR Group.

7. The UCC Sale marketing and auction process was completed on November 11, 2025. The auction did not identify any transaction capable of repaying in full the approximately $376 million of senior secured obligations owing by the AYR Group under the Senior Notes and the Bridge Facility (the "**Secured Obligations**"). A credit bid submitted by holders of the AYR Group's Senior Notes (the "**Senior Noteholders**") for the going concern

acquisition of certain assets of the AYR Group in the United States (the "**Asset Sale Transaction**") was deemed the successful bid in the UCC Sale process. The AYR Group is now working to obtain necessary regulatory approvals in the United States and satisfy other closing conditions to complete the Asset Sale Transaction.

8. The AYR Group entities that are sellers under the Asset Sale Transaction are not petitioners in these CCAA proceedings and the Asset Sale Transaction is not subject to approval of this Court. The Petitioner is not selling any of its property or assets in connection with the Asset Sale Transaction.

9. In accordance with the RSA, these CCAA proceedings are intended to serve as the forum for the orderly liquidation of the Petitioner. Commencing the CCAA at this stage ensures that the remaining wind-down activities of the Petitioner are carried out under the supervision of this Honourable Court in a manner that is transparent, efficient, and consistent with applicable law.

10. The present proceedings will serve several critical purposes:

    (a) **Provide Breathing Room**: The stay of proceedings will give the Petitioner the necessary breathing room to implement numerous state-level liquidation or receivership proceedings in respect of its subsidiaries in the United States, which proceedings are inherently more fragmented and unpredictable than the UCC Sale process. This protection will allow the Board and the CRO to focus resources on maximizing recoveries and ensuring compliance with RSA milestones.

    (b) **Preserve Resources and Manage Litigation Risk**: AYR has guaranteed obligations of several subsidiaries and is named in multiple litigations in the United States. These proceedings represent a significant drain on the Petitioner's limited resources. The stay will halt these actions, preserve liquidity, and enable the Petitioner to allocate resources toward the orderly wind-down contemplated by the RSA. At the comeback hearing, the Petitioner intends to seek authority to extend the stay to certain non-filing subsidiaries the assets or equity of which are not being acquired under the Asset Sale Transaction (the "**Excluded Subsidiaries**"), facilitating the recognition of the stay in U.S. jurisdictions where receivership proceedings are not available and where no automatic stay in favour of the Excluded Subsidiaries exists under local law.

(c) **Coordinate D&O Claims Resolution**: The Petitioner intends to implement a structured directors and officers' claims process to identify, quantify, and resolve potential D&O liabilities in an efficient and equitable manner, consistent with the objectives of the CCAA to maximize value and ensure fairness among stakeholders.

11. The relief sought in this Petition is supported by the Petitioner's principal creditors and is necessary to preserve value while the AYR Group completes its restructuring and wind-down in accordance with the RSA.

II. The Petitioner

12. AYR (formerly known as "Cannabis Strategies Acquisition Corp." and "AYR Strategies Inc.", respectively) was incorporated on July 31, 2017 under the *Business Corporations Act* (Ontario). AYR continued on May 24, 2019 into British Columbia under the *Business Corporations Act* (British Columbia) ("**BCBCA**"), and changed its name to "AYR Strategies Inc.".

13. The Company changed its name to "AYR Wellness Inc." on February 12, 2021. The registered office of AYR is located at 1133 Melville Street, Suite 2700, Vancouver, British Columbia, V6E 2X8.

14. The common shares (formerly the subordinate voting shares), restricted voting shares and limited voting shares of the Company (collectively, the "**Equity Shares**") are listed under the single symbol "AYR.A" on the Canadian Stock Exchange (the "**CSE**"). Effective June 5, 2025, the Equity Shares are subject to a cease trade order by the Ontario Securities Commission (OSC).

15. Through the subsidiaries of the AYR Group, AYR operates a U.S.-based national cannabis consumer packaged goods and retail business.

16. The AYR Group includes the following direct and indirect subsidiaries of AYR, none of which are petitioners in these CCAA proceedings:

Entity Name	State of Formation	Entity Type	Ownershi
242 Cannabis LLC	Florida, USA	Real Estate	100.00%
Amethyst Health LLC	New York, USA	Joint Venture	49.00%
AYR Foundation Inc.	Florida, USA	Not-for-Profit Community Engagement	100.00%
AYR NJ LLC	Nevada, USA	Corporate - Holding Company	100.00%

Entity Name	State of Formation	Entity Type	Ownershi
AYR Ohio LLC	Ohio, USA	Corporate - Holding Company	100.00%
AYR Virginia LLC	Virginia, USA	Cultivation, Production, Retail	100.00%
AYR Wellness Holdings, LLC	Nevada, USA	Corporate - Holding Company	100.00%
AYR Wellness Inc	Massachusetts, USA	Corporate - Holding Company	100.00%
AYR Wellness NJ LLC	New Jersey, USA	Cultivation, Production, Retail	100.00%
BP Solutions LLC	Nevada, USA	Payroll	100.00%
CannTech PA, LLC	Pennsylvania, USA	Cultivation, Production, Retail	100.00%
Connecticut Cultivation Solutions, LLC	Connecticut, USA	Joint Venture - Cultivation	35.00%
Connecticut Retail Solutions II LLC	Connecticut, USA	Joint Venture - Retail	49.35%
Connecticut Retail Solutions LLC	Connecticut, USA	Joint Venture - Retail	49.35%
CSAC Acquisition AZ Corp	Nevada, USA	Corporate - Holding Company	100.00%
CSAC Acquisition Connecticut LLC	Nevada, USA	Delivery	100.00%
CSAC Acquisition FL Corp	Nevada, USA	Corporate - Holding Company	100.00%
CSAC Acquisition IL Corp	Nevada, USA	Corporate - Holding Company	100.00%
CSAC Acquisition IL II Corp	Nevada, USA	Corporate - Holding Company	100.00%
CSAC Acquisition Inc	Nevada, USA	Corporate - Holding Company	100.00%
CSAC Acquisition MA Corp	Nevada, USA	Corporate - Holding Company	100.00%
CSAC Acquisition MA II Corp	Nevada, USA	Corporate - Holding Company	100.00%
CSAC Acquisition NJ Corp	Nevada, USA	Corporate - Holding Company	100.00%
CSAC Acquisition NV Corp	Nevada, USA	Corporate - Holding Company	100.00%
CSAC Acquisition NY Corp	New York, USA	Corporate - Holding Company	100.00%
CSAC Acquisition PA Corp	Nevada, USA	Corporate - Holding Company	100.00%
CSAC Acquisition PA II Corp	Nevada, USA	Corporate - Holding Company	100.00%
CSAC Acquisition TX Corp	Texas, USA	Corporate - Holding Company	100.00%
CSAC Acquisition VA Corp	Nevada, USA	Corporate - Holding Company	100.00%
CSAC Holdings Inc	Nevada, USA	Corporate - Holding Company	100.00%
CSAC Ohio, LLC	Ohio, USA	Corporate - Holding Company	100.00%
Cultivauna, LLC d/b/a Levia	Massachusetts, USA	Production	100.00%
DFMMJ Investments LLC d/b/a AYR Cannabis	Florida, USA	Cultivation, Production, Retail	100.00%
Dochouse LLC	Pennsylvania, USA	Cultivation	100.00%
DWC Investments, LLC	Nevada, USA	Real Estate	100.00%
Eskar LLC	Massachusetts, USA	Corporate - Holding Company	100.00%
Green Light Holdings, LLC	Wyoming, USA	Corporate - Holding Company	100.00%
Green Light Management, LLC	Ohio, USA	Real Estate	100.00%
Herbal Remedies Dispensaries, LLC	Illinois, USA	Retail	100.00%
Klymb Project Management, Inc	Nevada, USA	Payroll	100.00%
Kynd-Strainz LLC	Nevada, USA	Retail	100.00%
Land of Lincoln Dispensary LLC	Illinois, USA	Retail	100.00%
Lemon Aide LLC	Nevada, USA	Retail	100.00%
Livfree Wellness LLC	Nevada, USA	Cultivation, Production, Retail	100.00%
Mercer Strategies FL, LLC	Nevada, USA	Payroll	100.00%
Mercer Strategies MA, LLC	Nevada, USA	Payroll	100.00%
Mercer Strategies PA, LLC	Nevada, USA	Payroll	100.00%
NV Green, Inc	Nevada, USA	Production	100.00%
PA Natural Medicine LLC	Pennsylvania, USA	Retail	100.00%
Parker RE MA, LLC	Nevada, USA	Real Estate	100.00%
Parker RE PA, LLC	Nevada, USA	Real Estate	100.00%
Parker Solutions CT LLC	Nevada, USA	Payroll	100.00%
Parker Solutions FL, LLC	Nevada, USA	Payroll	100.00%
Parker Solutions IL, LLC	Nevada, USA	Payroll	100.00%
Parker Solutions MA LLC	Nevada, USA	Payroll	100.00%
Parker Solutions NJ LLC	New Jersey, USA	Payroll	100.00%
Parker Solutions OH, LLC	Nevada, USA	Payroll	100.00%
Parker Solutions PA, LLC	Nevada, USA	Payroll	100.00%
Parma Wellness Center LLC	Ohio, USA	Managed Services - Cultivation	49.00%
Sira Naturals, Inc	Massachusetts, USA	Cultivation, Production, Retail	100.00%
Tahoe Capital Company	Nevada, USA	Corporate - Holding Company	100.00%
Tahoe Hydroponics Company, LLC	Nevada, USA	Cultivation and Production	100.00%
Tahoe-Reno Botanicals, LLC	Nevada, USA	Cultivation	100.00%
Tahoe-Reno Extractions, LLC	Nevada, USA	Production	100.00%

17. The AYR Group is functionally integrated and is consolidated financially.

18. All financial statements of the AYR Group are reported on a consolidated basis.

III. The Business

19. AYR Group is focused on delivering high quality cannabis products and a premium customer experience throughout its footprint. As of October 1, 2025, AYR Group has operations in seven U.S. States and employs roughly 1,974 people.

20. AYR, through its subsidiaries and affiliates in the United States, holds, operates and manages licenses and permits in the States of Florida, Illinois, Massachusetts, Nevada, New Jersey, Ohio, Pennsylvania, New York and Virginia (the latter two not yet in operation as of the date hereof).

21. AYR Group's strategy, which it has been unable to fully implement as a result of federal cannabis restrictions in the United States, is to vertically integrate through the consolidation of cultivation, production, distribution, and dispensing of cannabis brands and products at scale.

22. AYR Group's current portfolio of consumer-packaged goods brands includes its three core brands Kynd, HAZE, and Later Days, and an additional portfolio of legacy and local brands. The three core brands can be further detailed as follows:

    (a) Kynd: AYR's flagship brand offering premium flower, vapes, edibles, and tinctures, known for small-batch indoor-grown cultivation and distributed across core markets.

    (b) HAZE: A high-potency concentrates and vapes brand specializing in live resin products.

    (c) Later Days: A craft cannabis brand focused on fruit-flavored disposable pens and vapes.

23. AYR Group distributes and markets its products both through AYR Group-owned retail stores and to third-party licensed retail cannabis stores throughout AYR Group's operating footprint in the United States, as allowed by state cannabis laws and regulations.

24. AYR Group owns and operates a chain of cannabis retail stores in the United States under brand names including AYR and The Dispensary by AYR Wellness. AYR Group also owns stores in the United States under other names, primarily where acquired stores still retain their pre-acquisition branding. The income of AYR Group's retail stores derives primarily from the sale of cannabis products, with an immaterial portion of income resulting from the sale of other merchandise (such as cannabis accessories).

25. As of October 1, 2025, AYR Group operates 89 retail stores and 7 cultivation and production facilities across seven U.S. states (Florida, New Jersey, Nevada, Ohio, Pennsylvania, Massachusetts, and Illinois):

State	**Retail Locations**	**Cultivation / Production Facilities**
Florida	64	2
Nevada	6	0
New Jersey	3	2
Pennsylvania	6	1
Ohio	6	2
Massachusetts	3	0
Illinois	4	0
Virginia	0	0 (license held, operations planned)
New York	0	0 (license held)

A. Retail Business

26. AYR, through its subsidiaries, distributes its products to both AYR Group-owned retail stores (AYR's "**Retail**" business) as well as selling to third-party licensed retail stores (AYR's "**Wholesale**" business).

27. For the last 12 months (LTM) ended March 31, 2025, total revenue, net of discounts, from its retail locations was approximately $382,500,000. The following table shows a breakdown of total retail revenue by state:

State		$mm
Florida		136.7
Nevada		93.3
New Jersey		55.5
Pennsylvania		51.4
Ohio		18.5
Massachusetts		19.0
Illinois		7.1
Connecticut		1.0
Total	**$**	**382.5**

28. For the three months ended March 31, 2025 and 2024, total revenues net of discounts were $107,306,000 and $118,040,000 respectively, reflecting a decrease of $10,734,000 or 9.1%.

29. The revenue decline has been largely attributable to declining revenues to AYR's Retail business, as Retail revenues declined by $8,905,000 (approximately 8.9%) year-over-year in Q1. Same-store-sales have declined $12,183,000 or 12.2%, which has been partially offset by a $3,278,000 increase from new store openings. Wholesale revenue fell by $1,829,000 (approximately 10.1%), primarily because of increased competition in New Jersey as new cultivation capacity became available statewide.

B. Cannabis Licenses

30. AYR Group's various cannabis licenses as of September 2025 are listed in the First Affidavit of Blake Holzgrafe, made November 14, 2025.

C. Employees

31. As of October 1, 2025, AYR Group's workforce consists of approximately 1,974 employees, approximately 1,611 of whom are full-time employees and approximately 363 of whom are part-time employees. Of the 1,974 employees, approximately 402 employees are salaried, and approximately 1,572 are paid on an hourly basis. Approximately 90 employees work remotely while other employees work at various locations across the states.

32. A number of employees are unionized in the United Food and Commercial Workers International Union (UFCW) across New Jersey, Nevada, Massachusetts, and Pennsylvania. More specifically, approximately 147 workers belong to UFCW NJ, 121 to

UFCW NV, 39 to UFCW MA, and 105 to UFCW PA. The remainder, approximately 1,562 employees, are non-union employees. Union employees receive employer-paid benefits and a 401k match through the UFCW and Employer National Workforce Development Fund, the UFCW National Health and Welfare Fund, and the UFCW Union Retirement & Savings Plan. Non-union employees may receive medical, dental, and vision insurance through Anthem and United Healthcare as well as a 401k match program through SaveDaily Financial Group. Employees receive HSA and FSA benefits through Flores & Associates as well.

D. Cash Management

33. AYR Group maintains a robust and multi-layered cash management system across its dispensaries, production sites, and administrative offices. Cash receipts are primarily generated through point-of-sale (POS) transactions at dispensaries and wholesale payments, including cash, debit cards, and CanPay — a mobile debit application linked directly to customer bank accounts.

34. At the dispensary level, cash is reconciled daily by budtenders using the Dutchie POS system, which interfaces automatically with AYR Group's general ledger (Sage Intacct). The POS system tracks all transactions completed by the budtender logged into the system. Each shift begins with a pre-counted cash bank and ends with a reconciliation between physical cash and POS records. Discrepancies are reviewed and signed off by the Dispensary Manager. Deposits are stored in secure safes and picked up by third-party transport companies (e.g., Empyreal) at least once per week, with signed deposit slips and weekly reconciliations performed by the accounting team. At the end of each business day, after the deposits are counted and stored, the Dispensary Manager prepares the cash bank for the beginning of the following day as well as the "End of Day" cash packet, which includes the Dutchie POS daily sales report and the physical deposits count. This packet is then sent to the regional accounting team for reconciliation, and the same cycle continues the next business day.

35. In Nevada, AYR Group uses reverse ATMs integrated with Green Check Verified and Dutchie to deposit cash directly into bank accounts, with built-in variance alerts and API-based reconciliation.

36. Monthly reconciliations are performed between the general ledger, cash vault counts, and bank statements, in accordance with AYR Group's Account Reconciliation Policy. Petty cash is maintained at select locations, subject to manager approval and monthly reconciliation.

37. Banking relationships are managed by Finance Leadership or the CFO, who approve all account openings, closures, and access changes. Online banking access is role-based and reviewed annually to ensure compliance.

38. These procedures are supported by a suite of internal controls, including:

(a) Restricted access to cash safes and banking portals;

(b) Daily and monthly reconciliations;

(c) Automated POS-to-GL integration;

(d) Annual access reviews; and

(e) Managerial oversight of petty cash and deposit preparation.

39. AYR Group's cash handling framework ensures transparency, accountability, and compliance with internal policies and external regulatory expectations.

E. Intellectual Property

40. AYR Group owns and maintains a valuable portfolio of intellectual property assets that are material to their business operations across multiple jurisdictions. The intellectual property portfolio is primarily held by CSAC Holdings Inc. and includes registered and pending trademark applications across various U.S. states and at the federal level. The portfolio comprises approximately 160 state-level trademarks across Florida (19), Ohio (6), Pennsylvania (11), Nevada (39), New Jersey (10), Massachusetts (37), and Arizona (29), along with 9 U.S. federal trademark registrations and 1 patent. These trademarks cover cannabis and cannabis-derivative products, including vaping cartridges, concentrates, tinctures, and infused pre-rolls, as well as cannabis retail store services and dispensary operations. Notable brands and trademarks include KYND, Later Days, and Entourage, among others, which enhance the Company's market presence. The trademark portfolio also includes marks related to educational services concerning cannabinoid medicine.

41. In addition to trademarks, certain AYR Group entities (not including the Petitioner) hold various regulatory licenses and permits necessary for cannabis operations, including licenses in Nevada, New Jersey, Pennsylvania, Illinois, Massachusetts, Florida, Virginia, and NY covering dispensary and grower/processor facilities, as well as operating similar regulatory authorizations in Ohio. These intellectual property assets are integral to the Group's business operations and brand recognition in the regulated cannabis market.

IV. Historical Background

42. In 2017, the Company completed its initial public offering.

43. On September 12, 2018, AYR incorporated a wholly-owned subsidiary in Nevada, United States, named CSAC Holdings Inc., to facilitate the Qualifying Transaction (as defined below).

44. On September 17, 2018, CSAC Holdings Inc. incorporated a wholly-owned subsidiary in Nevada, United States, named CSAC Acquisition Inc. ("**CSAC AcquisitionCo**").

45. On May 24, 2019, the Company completed its acquisitions of control of the target businesses of: (i) Washoe Wellness, LLC ("**Washoe**"), a Nevada limited liability company, (ii) The Canopy NV, LLC ("**Canopy**"), a Nevada limited liability company, (iii) Sira Naturals, Inc. ("**Sira**"), a Massachusetts corporation, (iv) LivFree Wellness, LLC ("**LivFree**"), a Nevada limited liability company, and (v) CannaPunch of Nevada LLC, a Nevada limited liability company, and entered into either a services agreement or operations agreement with Washoe, Canopy and LivFree pending regulatory approval for the consummation of the transaction (the "**Qualifying Transaction**").

46. Subsequent to the Qualifying Transaction, AYR Group expanded its operations into the States of Pennsylvania, Florida, New Jersey, Massachusetts, Nevada, Ohio, Illinois, Connecticut and Virginia.

47. AYR Group previously provided administrative, consulting, and operations services to licensed cannabis establishments in the State of Nevada, specifically to the businesses of Washoe, Canopy and LivFree, through separate services and operations agreements governed by Nevada law, pending regulatory approval to transfer the applicable Washoe, Canopy and LivFree cannabis licenses to the Company.

48. Washoe, Canopy, and LivFree received regulatory approval to transfer such licenses to AYR Group on April 27, 2021. Effective September 21, 2021, the Washoe, Canopy and LivFree licensed entities were transferred to AYR Group, such that CSAC AcquisitionCo now wholly-owns LivFree Wellness LLC, Tahoe-Reno Botanicals, LLC, Tahoe-Reno Extractions, LLC, Kynd-Strains LLC and Lemon-Aide LLC.

A. *The 2024 Notes*

49. AYR's 12.5% senior secured notes due December 10, 2024 (the "**2024 Notes**") began trading on the CSE effective April 21, 2021 under the symbol "AYR.NT.U".

50. The 2024 Notes, in the aggregate principal amount of $110 million, were initially issued on December 10, 2020 through a private placement led by Canaccord Genuity Corp.

51. On November 12, 2021, an additional approximately $147 million in 2024 Notes were issued. Pursuant to the Arrangement (as defined below), on February 7, 2024, 100% of the issued and outstanding 2024 Notes were assigned by the holders thereof (the "**2024 Noteholders**") to AYR Wellness Canada Holdings Inc. ("**AYR Wellness Canada**"), a wholly owned subsidiary of the Company, in exchange for, among other things, an equivalent aggregate principal amount of new 13.0% senior secured notes due December 10, 2026 of AYR Wellness Canada (the "**2026 Exchange Notes**").

B. *The 2023 Restructuring*

52. Beginning in late 2022, AYR initiated a strategic review to address its upcoming debt maturities, which included approximately $243 million of 2024 Notes and approximately $148 million of seller notes, vendor take back notes, or assumed debt from historical M&A transactions (collectively, the "**Seller Notes**").

53. Following negotiations with holders of certain Seller Notes (collectively, the "**Seller Noteholders**") and an ad hoc committee of 2024 Noteholders, and after evaluating alternative financing options, AYR determined that a court-approved plan of arrangement under Section 192 of the Canada Business Corporations Act (the "**Arrangement**") was in the best interests of the Company and its stakeholders.

54. On February 7, 2024, AYR completed the Arrangement involving AYR and AYR Wellness Canada, pursuant to which:

(a) 100% of the issued and outstanding 2024 Notes were exchanged for new 2026 Exchange Notes, guaranteed by AYR and its subsidiaries and secured by substantially all of their assets;

(b) 29,040,126 Equity Shares were issued to the 2024 Noteholders;

(c) A 2024 Noteholder subscribed for $50 million of additional senior secured notes due December 10, 2026 (together with the 2026 Exchange Notes, the "**Senior Notes**") and received 5,947,980 Equity Shares as a backstop premium;

(d) To mitigate dilution, existing shareholders received 23,045,965 Equity Share purchase warrants exercisable at $2.12 per share until February 7, 2026;

55. Certain Senior Noteholders holding approximately 99% of the 2024 Notes were granted governance and pre-emptive rights.

56. On March 31, 2024, AYR wound up AYR Wellness Canada, resulting in the cancellation of the 2024 Notes, and the Senior Notes becoming direct obligations of AYR.

57. As a result of the Arrangement and related transactions, AYR retired or extended the maturity of nearly $400 million in debt and secured extended maturities through 2026.

V. Financial Position of the Petitioner

58. As a publicly traded company, AYR files consolidated financial statements with SEDAR (the System for Electronic Document Analysis and Retrieval). These financial statements include the consolidated results of both the U.S. and Canadian entities for the entirety of the AYR Group. Most recently, AYR filed unaudited interim consolidated financial statements for the three months ended March 31, 2025.

59. On May 30, 2025, the Company was unable to meet the deadline to file its interim financial report, management's discussion and analysis, and related CEO and CFO's certificates for the three-month period ended March 31, 2025 as required under applicable Canadian securities laws. As a result, the Ontario Securities Commission (OSC) issued a failure to file cease trade order (FFCTO) effective June 5, 2025.

A. *Assets*

60. As of March 31, 2025, the AYR Group had total assets with a book value of approximately $1,256,022,000, broken down as follows:

(a) cash of approximately $37.638 million;

(b) accounts receivable of approximately $14.477 million;

(c) inventory of approximately $108.929 million;

(d) other current assets of approximately $18.949 million;

(e) property, plant and equipment of approximately $283.282 million;

(f) intangible assets and intellectual property of approximately $594.276 million;

(g) right-of-use assets (operating) of approximately $165.770 million;

(h) right-of-use assets (finance) of approximately $25.021 million; and

(i) other non-current assets of approximately $7.680 million.

B. *Liabilities*

61. As of March 31, 2025, the AYR Group had total liabilities of approximately $946,673,000 broken down as follows:

(a) current liabilities of approximately $365.437 million, comprised of, notably:

(i) trade payables of approximately $36.637 million;

(ii) accrued liabilities of approximately $26.878 million;

(iii) current portion of debts payable of approximately $265.746 million; and

(iv) other current liabilities of approximately $36.176 million: and

(b) non-current liabilities of approximately $581.236 million, comprised of, notably:

(i) tax liabilities (deferred and uncertain) of approximately $201.320 million;

(ii) lease liabilities (operating and finance) of approximately $201.439 million;

(iii) long-term debts payable of approximately $150.686 million[1]; and

(iv) other long-term liabilities of approximately $27.791 million.

C. Shareholder Equity

62. As of March 31, 2025, the shareholders' equity in respect of AYR was valued for accounting purposes at $309.349 million.

D. Earnings

63. For the year ended December 31, 2024, the AYR Group reported approximately $362.36 million in net loss, which compares to approximately $279.50 million net loss for the year ended December 31, 2023.

64. For the year ended December 31, 2024, the AYR Group reported adjusted EBITDA from continuing operations of approximately $100.014 million, compared to approximately $113.971 million for the same period in the preceding year.

65. For the three months ended March 31, 2025, AYR Group had a net loss of approximately $57.446 million, which compares to a net loss of approximately $108.336 million for the same period in the preceding year.

E. Secured Debt

66. AYR Group's secured debt is approximately $507 million. The following table summarizes the secured debt of AYR Group, which is comprised of the Senior Notes, the Bridge Facility, and Seller Notes listed by State as of November 2025:

[1] As of March 31, 2025, the Company reclassified $239.371 million of its Senior Notes from long-term to current liabilities under debts payable – current portion. This reclassification was made in accordance with ASC 470-10-45-11 due to uncertainty regarding the Company's ability to comply with its liquidity covenant to maintain an unrestricted cash balance of no less than $20.0 million for the next twelve months.

Note	Principal Amount (in 1,000)	Rate (%)	Amount Due (in 1,000)		Maturity	Security	Guarantor	Debtor Entity	Holder/ Lender
			2025	2026					
Senior Notes	$293,250	13	$0.00	$293,250	12/10/2026	Substantially all assets of the AYR Group	Ayr Wellness, Inc. and Restricted Subsidiaries	Ayr Wellness, Inc. and Ayr Wellness Canada Holdings Inc.	Senior Noteholders
Tranche A Bridge	$28,868	14	$0	$28,868[2]	TBD[3]	Substantially all assets of the AYR Group	AYR Wellness Holdings LLC and Subsidiaries	CSAC Holdings Inc.	Senior Noteholders
Tranche B Bridge	$3,640	14	$0	$3,640[2]	TBD[4]	Substantially all assets of the AYR Group	AYR Wellness Holdings, LLC and Subsidiaries	CSAC Holdings Inc.	Senior Noteholders
NV – Livfree	$17,000	10	$0.00	$17,000	05/24/26	All Assets of LivFree	CSAC (SPAC)	CSAC Acquisition Inc.	Steve Menzies
NV – Tahoe Hydro	$888.75	8.00	$395	$395	04/01/27	All Assets of Tahoe Hydro	AYR Wellness Inc.	CSAC Acquisition NV Corp.	Mark Bruno
NV – Green	$1,406.67	8.00	$496.67	$606.67	07/01/27	All Assets of NV - Green	AYR Wellness Inc.	CSAC Acquisition NV Corp.	Mark Bruno
NJ – GSD	$5,375.87	13.5 - 14.5	$3,583.92	$1,791.96	09/15/26	All Assets of GSD NJ LLC	AYR Wellness Inc.	CSAC Acquisition NJ Corp.	Elk Spring Partners LLC, JJE Special Assets, LLC
NJ – GSD	$12,679.07	13.5	$1,479.07	$11,200	12/15/26	All Assets of GSD NJ LLC	AYR Wellness Inc.	CSAC Acquisition NJ Corp.	Elk Spring Partners LLC, Strategic Healthcare Initiatives LLC, JJE Special Assets, LLC

[2] Rather than a cash payment, this will be converted to equity upon maturity.
[3] The Tranche A Loan Maturity Date is variable.
[4] The Tranche B Loan Maturity Date is variable.

Note	Principal Amount (in 1,000)	Rate (%)	Amount Due (In 1,000)		Maturity	Security	Guarantor	Debtor Entity	Holder/ Lender
			2025	2026					
PA – Canntech	$11,071.42	10 - 11	$0.00	$11,071.42	06/23/26	All Assets of CannTech	AYR Wellness Inc.	CSAC Acquisition PA Corp.	Canna Research LLC JJE Special Assets, LLC
PA – Nature's Medicine	$17,720	8.00	$1,000	$16,720	10/01/26	All Assets of PA Nature's Medicine	AYR Wellness Inc.	CSAC Acquisition PA II Corp.	A BDC Warehouse II, Anthony J. DePaul, Austin Meehan, Sunrising Health and Wellness
PA – Nature's Medicine	$9,058.38	8.00	$2,000	$2,000	03/01/27	All Assets of PA Nature's Medicine	AYR Wellness Inc.	CSAC Acquisition PA II Corp.	AFC BDC Warehouse LLC
MA – Sira (Mortgage-Backed Loans)	$24,159.62	4.63	$163.72	$671.29	04/01/32	Mortgage on Real Property	AYR Wellness Inc.	Parker RE MA, LLC	BCB Community Bank
MA – Sira (Mortgage-Backed Loans)	$9,641.06	8.00	$42.27	$175.72	04/01/32	Mortgage on Real Property	AYR Wellness Inc.	Parker RE MA, LLC	BCB Community Bank
MA – Sira (Earnout)	$24,750	6.00	$2,750	$22,000	12/10/26	All Assets of Sira	Cannabis Strategies Acquisition Corp. (SPAC)	CSAC Acquisition Inc.	Green Partners Lender I LLC
FL – Millstreet (Mortgage-Backed Loans)	$47,665.44	8.27	$165.75	$1,056.39	07/05/33	Mortgage on Real Property	Ayr Wellness holdings, CSAC Holdings Inc., CSAC Acquisition Inc, CSAC Acquisition FL Corp, DFMMJ Investments LLC	242 Cannabis LLC	Millstreet

F. Unsecured Debt

67. AYR Group's unsecured debt is approximately $20 million. The following table summarizes the unsecured debt of AYR Group by State:

Note	Amount as of FY24 (in 1,000)	Rate (%)	Amount Due (in 1,000)		Maturity	Security	Guarantor	Debtor Entity	Holder/ Lender
			2025	2026					
IL– Herbal Remedies	$4,000	8.00	$4,000	$0	12/31/25	n.a.	AYR Wellness Inc.	CSAC Acquisition IL Corp.	Robert J. Lansing
IL– Herbal Remedies	$9,000	8.00	$1,200	$1,200	05/20/27	n.a.	AYR Wellness Inc.	CSAC Acquisition IL Corp.	Robert J. Lansing
IL – Land of Lincoln (Settlement Agreement)	$413	0.00	$413	$0	07/01/25	n.a.	n.a.	n.a.	n.a.
PA – Dochouse	$1,908.90	8.00	$1,908.90	$0	11/18/25	n.a.	AYR Strategies Inc.	CSAC Acquisition Inc.	Matthew Radebach, Justin Moriconi
PA – Canntech (Assumed Debt)	$1,500	10.00	$1,500	$0	07/10/25	n.a.	AYR Strategies Inc.	CannTech PA, LLC	CannaPharmacy, LLC
NJ – GSD (Assumed Debt)	$3,000	11.00	$3,000	$0	08/06/25	n.a.	n.a.	GSD NJ LLC	JJE Special Assets, LLC

VI. Events Leading to the CCAA Filing

A. Debt Burden of the Petitioner

68. AYR Group is over-leveraged and has recurring operating losses and insufficient cash flow to meet its obligations, leading to it breaching its financial covenants under the Amended and Restated Indenture dated February 7, 2024 (the "**Indenture**") governing the Senior Notes.

69. As of March 31, 2025, the AYR Group had total liabilities of approximately $947 million.

70. AYR Group's recent performance has been challenged, achieving only approximately $9.632 million in operating cash flow for year-ended 2024. In contrast, operating cash flow for year-ended 2023 was approximately $27.165 million. Additionally, revenue was approximately $464 million for fiscal 2023 and 2024, with a net loss from continuing operations of approximately $93 million in 2023 and $362 million in 2024.

71. AYR Group's equity market capitalization stood at approximately $18 million as of November 15, 2025, following a year-to-date decline of approximately 95%.

72. Management has, to date, been able to maintain adequate liquidity by closely managing working capital and payables and with additional support from a $31.750 million cash injection from the Bridge Facility (as defined below) provided by certain Consenting Senior Noteholders (including funding $3.555 million to effectuate a court-supervised wind down of non-core assets pursuant to an approved Wind Down Budget (as defined below), including these CCAA proceedings).

B. Challenges in the Cannabis Sector

73. AYR Group's financial difficulties are in large measure symptomatic of the crisis facing the cannabis industry at large, which threatens the survival and growth of numerous businesses within this sector.

74. The cannabis sector is grappling with severe financial constraints due to a lack of availability of new equity capital and highly restricted debt markets. These limitations have significantly hindered the ability of cannabis businesses to refinance existing obligations and restructure their operations. The absence of viable financial avenues has left many cannabis companies on the brink of insolvency, unable to secure the necessary funds to sustain operations and invest in future growth.

75. The industry is further destabilized by tremendous political uncertainty regarding the rescheduling of cannabis in the United States. The Drug Enforcement Administration (DEA) has not provided a clear timeline or direction on this matter, leaving cannabis businesses in a state of limbo. This lack of clarity impedes strategic planning and investment, as companies are unable to predict the regulatory landscape and adjust their operations accordingly. The ambiguity surrounding cannabis rescheduling continues to stifle innovation and growth within the sector. State level regulations are highly variable and prior speculative investments by competitors have left many states with an oversupply of cannabis, which has had the effect of depressing market prices.

76. Furthermore, the inaction of Congress on the SAFER Banking Act exacerbates the financial difficulties faced by the cannabis industry in the United States. The absence of legislative progress on this crucial issue prevents cannabis businesses from accessing

traditional banking services, thereby complicating financial transactions and increasing operational risks. Additionally, the uncertainty regarding the current U.S. administration's stance on cannabis adds another layer of unpredictability to U.S. federal cannabis policy. This unpredictability hampers the ability of businesses to make informed decisions and undermines investor confidence in the sector.

C. *Management Instability*

77. Prior to the appointment of Scott Davido as Interim Chief Executive Officer and the engagement of Ankura on April 4, 2025, AYR had been operating under the leadership of Interim CEO Steven M. Cohen since September 18, 2024, following the resignation of former CEO David Goubert.

78. Further compounding the leadership challenges, CFO Brad Asher announced his resignation on February 3, 2025, effective following the filing of the 2024 annual financial statements.

79. On July 31, 2024, Jonathan Sandelman resigned and stepped down from his role as director and executive chairman of the Company, with Louis Karger replacing him as the chairman of the Board.

80. The Petitioner believes that the engagement of Ankura has brought much needed stability as it restructures its affairs.

VII. The Restructuring Support Agreement, the UCC Sale, and the Bridge Facility

81. The AYR Group is insolvent and is in need of comprehensive restructuring in order to provide the business with critical liquidity in the near term to address solvency issues and to provide for an orderly restructuring of its operations and assets.

82. Because AYR Group grows and sells cannabis, the U.S. entities within the group cannot access the protection of the U.S. Bankruptcy Code and thus cannot enter a coordinated Chapter 11 proceeding or a Chapter 15 recognition of the CCAA proceedings.

83. Moelis was engaged by the Petitioner in March 2025 to assist in evaluating strategic options to address (i) AYR Group's declining liquidity, (ii) covenant constraints under the

Indenture governing the Senior Notes, and (iii) AYR Group's significant debt load, including approximately $409 million of obligations maturing by December 2026.

84. As part of its efforts to restructure, the AYR Group commenced discussions in or about April 2025, with an ad hoc committee of holders of AYR's Senior Notes (the "**Ad Hoc Committee**") regarding the terms on which they would support a restructuring of the AYR Group.

85. Beginning on April 3, 2025, Moelis initiated outreach to potential strategic acquirers and financial investors regarding a sale of AYR Group and a potential refinancing of AYR Group's capital structure. Moelis contacted three strategic counterparties (other cannabis MSOs) and five financial investors, and also engaged with AYR Group's creditors. Initial outreach was conducted via phone calls and email, and Moelis held discussions with each party. All eight parties declined within one week, concluding on April 10, 2025. None of the parties executed NDAs or accessed the data room. Strategic counterparties indicated they were not interested in acquiring AYR at a value in excess of its outstanding debt, and financial investors advised they were not prepared to refinance AYR's debt at par. Moelis provided the Board with a comprehensive update on April 7, 2025, and continued to keep the Special Committee apprised through subsequent updates during the months of April and May. No actionable proposals or indications of interest were received for either a refinancing or a sale at that time.

86. However, the good faith, arm's length negotiations between the AYR Group and the Ad Hoc Committee were fruitful and, on July 30, 2025, the Petitioner and certain other AYR Group entities entered into the RSA with the Consenting Senior Noteholders.

87. The RSA outlines a comprehensive restructuring plan designed to facilitate the continued operation and orderly transition of the AYR Group's core business under new ownership through the UCC Sale, while maximizing value for stakeholders and minimizing liabilities associated with non-core assets in connection with a liquidation and wind-down of the Petitioner and the assets of the AYR Group not acquired in the UCC Sale.

88. To support the restructuring, certain Consenting Senior Noteholders further agreed to provide a senior secured multiple draw term loan facility in an aggregate principal amount of up to $50 million (the "**Bridge Facility**"). The Bridge Facility is funded in accordance with a budget approved by the requisite Bridge Facility lenders and will bear interest at

14% per annum, payable in kind. The Bridge Facility is secured by properly perfected liens and security interests in all assets and properties of the Bridge Facility loan parties (which loan parties do not include the Petitioner), ranking *pari passu* with the existing Senior Notes liens. On the effective date of the Asset Sale Transaction, all outstanding principal and accrued but unpaid interest under Tranche A of the Bridge Facility will convert into a new take-back debt facility (the "**Take-Back Debt Facility**") to be issued by the entity that will acquire certain specified assets and equity interests of certain U.S. subsidiaries of AYR under the Asset Sale Transaction ("**NewCo**").

A. *The UCC Sale*

89. In accordance with the RSA, and following the occurrence of certain events of default under the Indenture, Senior Noteholders holding over two-thirds in aggregate principal amount of the Senior Notes (the "**Majority Noteholders**") delivered a written direction to Odyssey Trust Company, in its capacity as collateral trustee under the Indenture (the "**Trustee**"), to accelerate the Senior Notes and commence a public disposition of collateral under the UCC Sale pursuant to sections 9-610 and 9-611 of the UCC.

90. Pursuant to the Majority Noteholders' direction, the Trustee initiated the UCC Sale process for the going concern sale of the specified assets. The UCC Sale was conducted in accordance with formal bid procedures (the "**Bid Procedures**") distributed by the Trustee at the direction of the Majority Noteholders. The Bid Procedures contemplated a credit bid by the Senior Noteholders pursuant to an agreement substantially in the form of the proposed purchase agreement attached to the Bid Procedures.

91. The Bid Procedures established a structured and competitive sale process, based on the following criteria for qualification:

Qualification Criterion	**Description**
Identification and Authority	Submit documentation identifying the Interested Party, its principals, and authorized representatives.
Bona Fide Interest	Provide a statement and factual support demonstrating genuine interest and ability to fund a cash purchase price sufficient to satisfy all Secured Obligations.

Regulatory Compliance	Submit cannabis license disclosures and criminal conviction statements for bidder and its principals.
Financial Capacity	Provide audited financial statements or other acceptable financial disclosures and demonstrate ability to close the transaction.
Due Diligence Cooperation	Comply with reasonable requests for information and access from advisors and the Trustee.
Automatic Qualification	Trustee, on behalf of the Senior Noteholders, and the Bridge Agent, on behalf of the Bridge Lenders, are automatically deemed Qualifying Bidders.

92. The Successful Bid was to be selected by the Trustee at the direction of the Majority Noteholders, based on the following criteria:

(a) **Satisfaction of Secured Obligations**: Any bid that pays the full amount of the Senior Notes and Bridge Facility obligations in cash would be deemed a winning bid.

(b) **Evaluation Factors**: The Trustee and Majority Noteholders considered:

(i) Changes to the proposed purchase agreement.

(ii) Likelihood and timing of closing.

(iii) Total consideration to be received.

(iv) Execution risk (e.g., financing certainty, regulatory approvals).

(v) Any other relevant factors.

(c) **Auction Process**: If multiple Qualifying Bids are received, an Auction is held. Bidders submit successive bids in open outcry format. The highest and best bid is selected as the Successful Bid. A Back-Up Bidder is also designated in case the Successful Bidder fails to close.

93. The key milestones of the Bid Procedures were as follows:

Date	Event
October 30, 2025	Deadline for non-binding indications of interest
November 6, 2025	Deadline to submit Qualifying Bids
November 10, 2025	Auction held at Paul Hastings LLP or virtually
November 11, 2025	Deposit due from Successful Bidder (10% of purchase price)
November 11, 2025	Execution of purchase agreement
November 14, 2025	Submission of regulatory filings
January 19, 2026	Target date for consummation of the Sale

94. Outreach for the UCC Sale commenced in September 2025 and intensified on October 9, 2025. Moelis undertook a comprehensive marketing process to identify potential participants, contacting a total of **53** parties. The contacted parties represented a diverse range of potential bidders, including individuals and family offices, financial sponsors, strategic acquirers, real estate developers and property managers, as well as consulting firms and law firms acting on behalf of clients. Of these, **40** parties received the Bid Procedures, and **4** executed non-disclosure agreements and accessed the virtual data room. Despite this outreach, no party submitted an indication of interest, and no qualifying bids were received at the conclusion of the auction.

95. As a result, no competing bid was submitted that would satisfy the outstanding Secured Obligations under the Senior Notes and the Bridge Facility, which as of November 10, 2025 totaled approximately $325.8 million in principal and $50.5 million in accrued interest and premiums. Accordingly, the credit bid of the Senior Noteholders was deemed to be the Successful Bid in the UCC Sale process.

B. *Asset Sale Transaction*

96. In accordance with the RSA, the credit bid of the Senior Noteholders will be implemented under a master purchase agreement (the "**MPA**") under which (a) in exchange for the cancellation of the credit bid portion of the Senior Notes, the Senior Noteholders will receive their pro rata share of 100% of the new equity interests issued by NewCo (subject to dilution by a management incentive plan and the equitization of certain Bridge Facility premiums); and (b) Newco will acquire certain assets and assume certain liabilities of AYR Group subsidiaries located in Florida, Ohio, Nevada, New Jersey, Pennsylvania, Massachusetts and Virginia.

97. The consideration under the Asset Sale Transaction includes a credit bid of a portion of the Secured Obligations and the assumption of liabilities. Secured Obligations of approximately $48.3 million remain outstanding and will not be released or discharged in connection with the Asset Sale Transaction. These outstanding Secured Obligations constitute the senior-ranking claims against the Petitioner and other loan parties in the AYR Group, and the holders of such claims are entitled to the residual value of the Petitioner's estate up to the remaining outstanding amount.

98. The AYR Group is now working to obtain necessary regulatory approvals in the United States and satisfy other closing conditions to complete the Asset Sale Transaction and proceed with the closing of the MPA.

99. On November 13, 2025, counsel to the Ad Hoc Committee delivered an email amendment to the RSA and the Bridge Facility, which is attached as part of Exhibit "E". Pursuant to this amendment, the Consenting Senior Noteholders consented to extend certain milestones under both agreements as follows:

(a) **APA (MPA) Execution Date**: Extended to November 14, 2025 under both the RSA and the Bridge Facility.

(b) **Regulatory Filings**: The deadline for submission of state-level regulatory applications is extended to December 31, 2025, and the deadline for submission of municipal-level regulatory applications is extended to a future date to be determined by the Required Consenting Senior Noteholders.

(c) **Asset Sale Transaction Effective Date**: Extended to June 1, 2026 under both agreements.

C. *The Bridge Facility*

100. On August 29, 2025, CSAC Holdings Inc. (the "**Bridge Borrower**"), an indirect wholly-owned subsidiary of AYR, entered into a senior secured bridge term loan agreement (the "**Bridge Credit Agreement**") with certain Consenting Senior Noteholders, as lenders (the "**Bridge Lenders**") and Acquiom Agency Services LLC, as administrative agent and collateral agent (the "**Bridge Agent**"). The Bridge Credit Agreement provides for a multiple-draw senior secured bridge facility in an aggregate principal amount of up to $50 million (the "**Bridge Facility**"), composed of Tranche A term loans in the amount of

$46,445,000 (the "**Tranche A loans**") and Tranche B term loans in the amount of $3,555,000 (the "**Tranche B loans**").

101. The Bridge Facility is guaranteed on a joint and several basis by AYR Wellness Holdings LLC and all direct and indirect subsidiaries of the Bridge Borrower (collectively, the "**Bridge Guarantors**"). The obligations under the Bridge Facility are secured by first-priority liens on all present and future assets of the Bridge Borrower and the Bridge Guarantors, ranking *pari passu* with the liens securing the Senior Notes and senior to all unsecured indebtedness.

102. The Petitioner is not a guarantor or obligor under the Bridge Facility and is not a party to the Bridge Credit Agreement. The Petitioner is not seeking any relief from this Court in connection with the Bridge Facility.

103. The Bridge Facility bears interest at a rate of 14% per annum, payable-in-kind and capitalized monthly. The maturity date for the Tranche A loans is the earlier of: (i) 60 days after the closing date of August 29, 2025 (as may be extended), or (ii) the occurrence of certain acceleration events. The maturity date for the Tranche B loans is the earlier of: (i) 95 days after consummation of the Asset Sale Transaction (as defined in the RSA), or (ii) February 19, 2026.

104. The proceeds of the Tranche A loans may be used for working capital and general corporate purposes in accordance with a 13-week cash-flow budget approved by Bridge Lenders holding a majority of commitments, as well as for costs associated with the Asset Sale Transaction and restructuring. The proceeds of the Tranche B loans are to be used to fund a court-supervised wind down of non-core assets pursuant to a wind down budget approved by the Consenting Senior Noteholders in accordance with the RSA (the "**Wind Down Budget**"), including these CCAA proceedings.

105. In connection with the Bridge Facility, the Bridge Borrower is required to pay the following premiums, each of which is fully earned on closing, payable-in-kind, and may be converted into equity in NewCo at the election of a particular Bridge Lender:

(a) A Commitment Premium equal to 10% of the aggregate commitments;

(b) A Backstop Premium equal to 15% of the aggregate commitments; and

(c) An Exit Premium equal to 10% of the aggregate commitments.

106. As previously outlined, on the effective date of the Asset Sale Transaction, all outstanding principal, accrued payment-in-kind interest, and unpaid premiums under Tranche A of the Bridge Facility will automatically convert, on a dollar-for-dollar basis, into the Take-Back Debt Facility, being a new senior secured term facility to be issued by NewCo.

107. The Bridge Credit Agreement contains customary affirmative and negative covenants, including:

(a) Weekly cash-flow reporting and budget variance testing (for the first 8 weeks) and then bi-weekly cash-flow reporting thereafter;

(b) Maintenance of a minimum liquidity covenant of $17.5 million, after giving consideration to undrawn commitments under Tranche A;

(c) Restrictions on additional indebtedness, liens, investments, asset sales, and affiliate transactions; and

(d) Maintenance of cannabis licenses and compliance with restructuring milestones.

108. Events of default under the Bridge Facility include, among other things, non-payment, breaches of covenants, cross defaults, unauthorized insolvency events, change of control, termination events under the RSA, and failure to satisfy restructuring milestones or the granting of any relief in these CCAA proceedings that restricts, prevents, delays or otherwise affects the Asset Sale Transaction.

109. The proceeds of Tranche B loans under the Bridge Facility provide the interim financing for these proceedings and provide AYR with the liquidity required to:

(a) Maintain ordinary-course operations of AYR's core business pending completion of the Asset Sale Transaction;

(b) Fund restructuring and transaction expenses; and

(c) Facilitate an orderly, court-supervised wind-down of non-core assets.

110. The Bridge Facility is therefore an important element of the restructuring contemplated by the RSA and positions the AYR Group to consummate the Asset Sale Transaction within the agreed milestones and liquidate and wind-down the remaining business and assets that are not acquired in the Asset Sale Transaction. While the Petitioner is not a party to the Bridge Facility, the Petitioner is permitted to access funding provided under the Bridge Facility, subject to the Wind Down Budget and the RSA, to fund its orderly wind-down and liquidation in these CCAA proceedings.

111. The AYR Group, with the assistance of the Proposed Monitor has prepared cash flow projections for the period from November 16, 2025, to February 21, 2026 (the "**Cash-Flow Forecast**"). The Cash-Flow Forecast indicates that the Bridge Facility and the Wind Down Budget are forecasted to provide the Petitioner with sufficient funding during the extended Stay Period as will be requested at the Comeback Hearing (i.e., February 20, 2026).

VIII. Relief Sought

A. Stay of Proceedings

112. The Petitioner is insolvent and requires a stay of proceedings and other protections provided by the CCAA in order to preserve value, pursue opportunities for the maximization of value of its remaining assets, and complete an orderly wind-down in these CCAA proceedings. The proposed Amended and Restated Initial Order provides a stay of proceedings until November 27, 2025 (the "**Stay Period**") following the expiration of the initial 10-day period of the Initial Order.

B. Appointment of Monitor

113. The Proposed Monitor (KSV) has consented to act as the Monitor of the Petitioner under the CCAA.

C. Approval of the Ankura and Moelis Engagement Letters

114. In March 2025, the Board approved the engagement of Moelis as financial adviser to the Company in the context of the present turnaround efforts, all in accordance with the terms set out in an engagement letter dated March 13, 2025 (the "**Moelis Engagement Letter**").

115. Throughout the restructuring process, Moelis has worked closely with the Board, the Special Committee, and senior management to evaluate strategic alternatives, analyze financial options, and negotiate key elements of the transaction. Over the course of nine months, Moelis engaged directly with dozens of individual creditors and their advisors, as well as numerous strategic counterparties and potential capital providers, to advance a comprehensive solution for the Company's liquidity and capital structure challenges.

116. In April 2025, the Board engaged Ankura to assist the AYR Group with the assessment of its operations and consider potential restructuring options, all in accordance with the terms set out in an engagement letter dated April 3, 2025 (the "**Ankura Engagement Letter**" and together with the Moelis Engagement Letter, the "**Engagement Letters**").

117. Since its engagement in April 2025, Ankura has provided critical leadership and advisory support to the Company throughout its restructuring efforts. Ankura deployed senior professionals, including Scott Davido and Blake Holzgrafe, to stabilize operations, manage liquidity, and develop a comprehensive restructuring strategy in coordination with the Board, the Special Committee, and key stakeholders. Ankura has overseen the preparation of cash-flow forecasts, assisted in negotiations with secured creditors, and supported the design and implementation of the wind-down plan for non-core assets. Its team has also played an integral role in planning for the UCC Sale process and ensuring continuity of management during the transition, positioning the Company to maximize value for stakeholders while maintaining operational stability during these proceedings.

118. The Petitioner asks this Honourable Court to approve the Engagement Letters, *nunc pro tunc* to the date these insolvency proceedings were commenced, and authorize the Company, subject to the Wind Down Budget and the RSA, to continue to honor its obligations under these agreements, including all indemnification obligations thereunder and payment by the Company of all fees and expenses in accordance with the terms thereunder.

D. Appointment of CRO

119. As the AYR Group considered potential restructuring options, it was determined that a CRO would be accretive to the process. Blake Holzgrafe was accordingly appointed as CRO of AYR pursuant to the terms of the Ankura Engagement Letter.

120. It is expected that, following the closing of the Successful Bid under the UCC Sale process, Mr. Scott Davido will continue in his role as CEO of the entity acquiring AYR's core-operations. In light of this anticipated continuity in leadership, and given Mr. Blake Holzgrafe's integral role in overseeing AYR's restructuring efforts to date, Mr. Holzgrafe will succeed Mr. Davido as CEO of AYR, in addition to assuming the role of CRO, as of the commencement of these proceedings, ensuring consistency and stability in the execution of AYR's restructuring strategy.

121. Scott Davido has significant restructuring advisory experience and is a Senior Managing Director at Ankura, a global advisory and business consulting firm. He previously served in the same role at FTI Consulting, leading companies in financial and operational transitions. Among his roles, Mr. Davido has previously served as Interim CEO of DCL Corporation, CEO of Advantage Rent a Car, and CEO of Experience.com (formerly Social Survey). Mr. Davido has also held senior executive roles at Calpine Corporation and NRG Energy.

122. Blake Holzgrafe is a Managing Director at Ankura with deep expertise in leading complex corporate restructurings. He has advised various stakeholders in high-profile Chapter 11 cases and out-of-court workouts, including the $1.3 billion restructuring of Associated Materials, and the liquidation of Harvest Sherwood. Mr. Holzgrafe brings hands-on experience managing organizations through complicated liquidity positions, winding down operating assets, and effectuating reorganization activities and is highly skilled in liquidity management, operational turnaround, and stakeholder negotiations.

123. Mr. Holzgrafe's track record and leadership make him well-suited to serve as CEO and CRO of AYR following Mr. Davido's anticipated transition from his current role as Interim CEO of AYR following the closing of the Asset Sale Transaction. In accordance with the RSA, Mr. Davido is expected to continue as CEO of the entity acquiring AYR's core operations, while Mr. Holzgrafe will assume the role of CEO of AYR in addition to his responsibilities as CRO, ensuring continuity and stability during the wind-down process.

E. Administration Charge

124. The Petitioner proposes that the Monitor, its counsel, and counsel to the Petitioner be granted a court-ordered charge on the Property (as such term is defined in the Initial Order) as security for their respective fees and disbursements relating to services

rendered in respect of the Petitioner (the "**Administration Charge**"). The Administration Charge is in priority to the D&O Charge (as defined below). With the concurrence of the Proposed Monitor, the Petitioner is proposing that the Administration Charge for the first ten days be limited to $250,000 CAD and will be seeking to increase the charge at the comeback hearing to $500,000 CAD.

F. Directors' and Officers' Charge

125. The completion of an orderly liquidation of the Petitioner, and the completion of the Asset Sale Transaction in the United States, will only be possible with the continued participation of the AYR Group's directors, officers, management, and employees.

126. In certain circumstances, directors of a Canadian company can be held liable for certain obligations of the company owing to employees and government entities, and may be exposed to certain liabilities by virtue of their role as a directors or officers of the company.

127. The Petitioner's present and former directors and officers are among the potential beneficiaries of a directors' and officers' insurance policy, however, coverage under that policy is expected to be $2.5 million. This amount is wholly inadequate for an enterprise of the size of the AYR Group with its cross-border operations. The existing insurance policy does not have sufficient coverage against the potential liability that the directors and officers could incur in relation to these CCAA proceedings. Additional coverage is not available.

128. In light of the complexity and scope of the AYR Group's operations and potential liabilities, and the uncertainty surrounding available insurance, the directors and officers of AYR have indicated that their continued service to AYR and involvement in these CCAA proceedings is conditional upon the granting of an order under the CCAA that grants a charge in favour of the directors and officers of AYR (the "**D&O Charge**") to secure any obligations that they may incur in their role as directors and officers of AYR from and after the commencement of the CCAA proceedings. The Petitioner is proposing that the D&O Charge for the first ten days be limited to $500,000 CAD and to be increased at the comeback hearing to $1,000,000 CAD.

129. The D&O Charge is proposed to rank subordinate to the Administration Charge. The D&O Charge is necessary so that the AYR Group may benefit from the experience and industry

knowledge of the Petitioner's directors and officers while it completes an orderly restructuring and liquidation process.

130. The D&O Charge is reasonable and necessary in the circumstances, and is necessary and beneficial to the process itself.

Part 3: LEGAL BASIS

1. The Petitioner relies upon:

   (a) the CCAA;

   (b) the *Supreme Court Civil Rules*, B.C. Reg. 168/2009, as amended (the "**Civil Rules**");

   (c) the *Business Corporations Act*, S.B.C. 2002, c. 57 (the "**BCBCA**");

   (d) the *Interpretation Act*, R.S.B.C. 1996 c. 238 (the "**BC Interpretation Act**");

   (e) the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**");

   (f) the inherent jurisdiction of this Honourable Court; and

   (g) such further and other legal basis as counsel may advise and this Honourable Court may allow.

2. Pursuant to section 11 of the CCAA, this Honourable Court may make any order that it considers appropriate in the circumstances with or without notice to any person as this Honourable Court may see fit.

I. Application of the CCAA

3. The CCAA applies in respect of a debtor company or affiliated debtor companies if the total of claims against the debtor company or affiliated debtor companies is more than $5M CAD.

CCAA, ss. 2, 3.

4. The CCAA defines "company", in relevant part, as a company, corporation or legal person incorporated by or under an Act of Parliament or of the legislature of a province. A "debtor company" is any company that is bankrupt or insolvent.

CCAA, ss. 2(1).

5. The BIA defines an "insolvent person" as follows:

> *insolvent person* means a person who is not bankrupt and who resides, carries on business or has property in Canada, whose liabilities to creditors provable as claims under this Act amount to one thousand dollars, and:
>
> (a) who is for any reason unable to meet his obligations as they generally become due,
>
> (b) who has ceased paying his current obligations in the ordinary course of business as they generally become due, or
>
> (c) the aggregate of whose property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due;

BIA, s. 2.

6. Whether a company is insolvent under the CCAA is evaluated pursuant to the definition of "insolvent person" under the BIA. This test is considered expansively under the CCAA. If a company is "reasonably expected to run out of liquidity within a reasonable proximity of time as compared with the time reasonably required to implement a restructuring", it is considered insolvent.

Stelco Inc., Re, 2004 CarswellOnt 1211 (Ont. Sup. Ct. J.) ("***Stelco***") at para. 26, leave to appeal ref d 2004 CarswellOnt 2936 (C.A.), leave to appeal ref'd 2004 CarswellOnt 5200 (S.C.C.).

Lemare Holdings Ltd., Re., 2014 BCSC 893 at para. 18.

7. Given the foregoing, the CCAA applies to the Petitioner as:

(a) The Petitioner is a corporation under the BCBCA and therefore a company under the CCAA; and

(b) The Petitioner is subject to claims of more than $5M CAD. The Petitioner has insufficient cash flow to meet its needs, as its current sales revenue is far below what is necessary to cover expenses and repay outstanding liabilities. The Petitioner has run out of liquidity and is unable to meet its obligations as the same become due.

II. The BC Court is the Appropriate Venue for these Proceedings

8. Subsection 9(1) of the CCAA provides that a CCAA application may be made to the court that has jurisdiction in the province in which the head office or chief place of business of the company in Canada is situated, or if the company has no place of business in Canada, in any province within which any assets of the company are situated.

CCAA, s. 9(1).

9. The wording of this provision is disjunctive. It provides for three separate bases for this Court to take jurisdiction over a proceeding, namely: (a) the head office is located in the province; (b) the chief place of business is located in the province; or (c) the debtor company or companies have assets in the province (if there is no place of business in Canada).

10. Case law interpreting subsection 9(1) has held that "head office" for the purposes of that section means registered office, as determined under corporate law. The registered office of AYR is located in BC. This factor alone is sufficient to establish jurisdiction of this Court over the Petitioner under subsection 9(1).

Oblats de Marie Immaculée du Manitoba, (Re), 2002 SKQB 161 at para. 13, citing *Royal Bank v. Perfection Foods Ltd.*, 1991 CarswellPEI 116, 80 A.P.R. 302.

11. In a recent Ontario decision, the Ontario Court held that the requirements of subsection 9(1) of the CCAA were satisfied on the basis that the Applicant, the ultimate parent of a number of affiliates in Canada and the United States, was incorporated in Ontario, with assets in Ontario (bank accounts and shareholdings).

Chalice Brands, (Re), 2023 ONSC 3174 at para. 27 ("***Chalice Brands***").

III. The Relief Sought is Necessary

12. Section 11 of the CCAA provides that the Court may make any order that it considers appropriate in the circumstances, "on notice to any other person or without notice as it may see fit".

13. Rule 8-5(6) of the Civil Rules provides the court may make an order without notice in the case of urgency.

14. The Petitioner requires relief in order to protect against actions by creditors and stakeholders that could impair the value of the Petitioner's remaining business and adversely impact its ability to implement the comprehensive restructuring under the RSA, which contemplates the initiation of these CCAA proceedings to facilitate an orderly wind-down and liquidation of the Petitioner and the distribution of any remaining value to creditors in accordance with their priorities.

15. The AYR Group is not able to repay the Senior Notes, and the Senior Noteholders are therefore the fulcrum creditors of the Petitioner. The Consenting Senior Noteholders have consented to the initiation of the CCAA proceedings, subject to the terms of the RSA, and are prepared to fund the cost of these CCAA proceedings in accordance with the Bridge Facility and the Wind Down Budget.

16. Therefore, the Petitioner submits that granting the Initial Order is appropriate in the circumstances and in the best interests of the Petitioner's stakeholders.

IV. A Stay of Proceedings is Appropriate

17. Section 11.02 of the CCAA provides:

> A court may, on an initial application in respect of a debtor company, make an order on any terms that it may impose, effective for the period that the court considers necessary, which period may not be more than 10 days,
>
> (a) staying, until otherwise ordered by the court, all proceedings taken or that might be taken in respect of the company under the Bankruptcy and Insolvency Act or the Winding-up and Restructuring Act;

(b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and

(c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

18. The purpose of the stay of proceedings is to assist the debtor in maintaining the status quo, while working to stabilize its affairs and implement a restructuring, thus benefiting both the debtor and its creditors.

Ted Leroy Trucking [Century Services] Ltd., Re, 2010 SCC 60 ("***Century Services***") at paras. 60-62.

19. The power to grant a stay of proceedings should be construed broadly to facilitate the CCAA's legislative purpose. The CCAA is remedial legislation, affording courts with broad jurisdiction to approve and implement restructuring arrangements:

> The legislation is remedial in the purest sense in that it provides a means whereby the devastating social and economic effects of bankruptcy or creditor initiated termination of ongoing business operations can be avoided while a court supervised attempt to reorganize the financial affairs of the debtor company is made.

Century Services at para. 59.

20. An noted by the Ontario Court of Appeal, the CCAA is skeletal in nature and does not contain a comprehensive code that lays out all that is permitted or barred. As a result, the CCAA is a remedial legislation to be liberally construed in accordance with the modern purposive approach to statutory interpretation. It is designed to be a flexible instrument and it is that very flexibility which gives the Act its efficacy.

ATB Financial v. Metcalfe & Mansfield Alternative Investments II Corp., 2008 ONCA 587 at para. 44.

21. As the primary policy instrument available under the CCAA, a stay of proceedings helps to facilitate compromises and arrangements between companies and their creditors. It provides an essential period of reprieve from litigation proceedings, allowing a debtor company to instead focus on negotiations with creditors.

Campeau v. Olympia & York Developments Ltd., 1992 CarswellOnt 185 (Ct. J. (Gen. Div.)) at para. 17.

22. The stay of proceedings also facilitates the on-going operations of the debtor's business, preserves the value of the operations and provides the debtor with the necessary time, flexibility and "breathing room" to carry out a court-supervised restructuring, sale process or liquidation.

Lehndorff General Partners Ltd., Re, 1993 CarswellOnt 183 (Ont. Ct. J.) at paras. 5-7.

23. The Court of Appeal in *Port Capital* held that the absence of a plan should not weigh as a "crucial" factor in determining appropriateness under s. 11. The Act's objectives have evolved beyond its long title; they now include avoiding social and economic losses from liquidation, maximizing value, and ensuring fairness.

Port Capital Development (EV) Inc. v. 1296371 B.C. Ltd., 2021 BCCA 382 ("***Port Capital***") at paras. 69, 77–78.

24. Liquidating CCAA proceedings are a viable restructuring option that are now commonplace, as they permit equal treatment of creditors of the same type; permit a broad balancing of stakeholder interests; and, in appropriate circumstances, effect a sale, winding-up or liquidation of a debtor company and its assets.

Michelle Grant & Tevia R M Jeffries, "Having Jumped Off the Cliffs, When Liquidating: Why Choose CCAA over Receivership (or vice versa)?" (2013) 11 Ann Rev Insolv L 11.

25. Case in point, sale processes are commonly implemented even when a 'true' reorganization is not feasible and a liquidation is warranted to maximize value for the benefit of the entire stakeholder group.

Inca One Gold Corp. (Re), 2024 BCSC 1478 at para 33; *9354-9186 Québec inc. v. Callidus Capital Corp.*, 2020 SCC 10 at paras. 42–46; *Montréal (City) v. Deloitte Restructuring Inc.*, 2021 SCC 53 (CanLII), [2021] 3 SCR 736 ("***SM Group***") paras. 45–47.

26. It follows that stays are requested and granted systematically, other than in certain exceptional cases. The threshold for a debtor company to obtain a stay of proceedings under the CCAA is low. The company only has to satisfy the Court that a stay of

proceedings would "usefully further" its efforts to reorganize. The debtor company is not required to put forward anything more than a germ of a plan that requires protection.

> *Century Services* at para. 70; *SM Group* at para. 49; *Industrial Properties Regina Limited v. Copper Sands Land Corp.*, 2018 SKCA 36 at para. 21.

27. Pursuant to s. 11.02(1) of the CCAA, any stay of proceedings in an initial order under the CCAA is restricted to ten days, subject to extension at the first comeback application and subsequently thereafter. This short initial stay period is meant to minimize prejudice to creditors who may have received short or no notice of the initial petition. Any creditor with concerns about the adequacy of service is only required to wait ten days to make its case in opposition to the debtor company's filing or the resulting stay of proceedings.

28. The requested stay of proceedings conforms to the British Columbia model CCAA initial order and is sought to enable the Petitioner to implement the liquidation and wind-down of AYR contemplated under the RSA.

29. Therefore, the Petitioner submits that a ten-day stay of proceedings until the scheduled Comeback Hearing is appropriate in these circumstances.

V. Appointment of the Monitor

30. Section 11.7 of the CCAA provides that the court shall appoint a person to monitor the business and affairs of a debtor company granted relief under the CCAA.

31. Section 11.7(2) of the CCAA provides restrictions on who may be appointed as a monitor. In particular, if in the two preceding years an entity was an auditor or accountant for the debtor company than they are barred from acting as monitor except with the permission of the Court.

32. KSV has acted as a monitor in this and other Canadian jurisdictions and is qualified and competent to act as a monitor in these proceedings. At no time in the past two years has KSV or any of its partners or managers been:

    (a) a director, officer, or employee of the Petitioner;

    (b) related to the company or any director or officer of the Petitioner; or

(c) the auditor, accountant or legal counsel, or a partner or an employee of the auditor, accountant or legal counsel, of the Petitioner.

33. KSV is not under a trust indenture or power of attorney related to the Petitioner, nor is it related to a holder of any such indenture or power of attorney.

34. KSV has consented to act as the monitor in these CCAA proceedings.

VI. Commencement of CCAA Proceedings

35. Pursuant to subsection 10(2) of the CCAA, an initial application must be accompanied by:

(a) a statement indicating, on a weekly basis, the projected cash flow of the debtor company;

(b) a report containing the prescribed representations of the debtor company regarding the preparation of the cash-flow statement; and

(c) copies of all financial statements, audited or unaudited, prepared during the year before the application or, if no such statements were prepared in that year, a copy of the most recent such statement.

36. The Petitioner has provided the documents required under subsection 10(2), and commencing CCAA proceedings will enable the Petitioner to carry out an orderly wind-down and liquidation of its remaining assets, and distribution to creditors in accordance with their priorities.

37. The Petitioner has acted and is acting in good faith and with due diligence.

VII. The Administration Charge is Appropriate

38. CCAA s. 11.52 provides this Court express statutory jurisdiction to grant the Administration Charge, provided notice is given to secured creditors who are likely to be affected by it.

39. The Administration Charge satisfies the well-accepted factors originally established in *Canwest Publishing*:

(a) the requested amount is fair and reasonable having regard to the size and complexity of the debtor and its business;

(b) the debtor's senior affected creditors support the Administration Charge, as does KSV, the Proposed Monitor;

(c) the Proposed Monitor will provide notice of the Initial Order (if granted) and the materials filed by the Petitioner in support of a comeback hearing to all other secured creditors who may be impacted by the Administration Charge.

Canwest Publishing Inc., 2010 ONSC 222 at para. 54; *Re Walter Energy Canada Holdings, Inc.*, 2016 BCSC 107, at paras. 42-48 ("***Walter Energy***").

VIII. The D&O Charge is Appropriate

40. Pursuant to s. 11.51 of the CCAA, the Court has specific authority to grant a "super priority" charge to the directors and officers of a debtor company as security for the indemnity provided by the company in respect of certain statutory obligations. Such charge can rank in priority over the claims of any secured creditor of the debtor company. In deciding whether to grant a D&O Charge, the court must be satisfied that:

(a) notice is given to the secured creditors who are likely to be affected;

(b) the charge relates to obligations or liabilities that may be incurred after the commencement of CCAA proceedings;

(c) the amount of the charge is reasonable;

(d) directors' and officers' insurance is not otherwise available; and

(e) the charge will not provide coverage for wilful misconduct or gross negligence.

CCAA, s. 11.51.

Laurentian University of Sudbury, 2021 ONSC 659.

Nordstrom Canada Retail, Inc., 2023 ONSC 1422.

41. In these circumstances, the D&O Charge is appropriate because:

(a) the Petitioner will benefit from the active and committed involvement of its directors and officers, who have considerable institutional knowledge and valuable

experience and whose continued participation will help facilitate the wind-down and liquidation of the Petitioner in these CCAA proceedings;

(b) the existing insurance coverage is inadequate for an enterprise of this size and additional coverage is unavailable;

(c) the D&O Charge does not secure obligations incurred by a director or officer as a result of their gross negligence or wilful misconduct; and

(d) the Proposed Monitor is of the view that the D&O Charge is reasonable and appropriate in the circumstances.

IX. The Appointment of a Chief Restructuring Officer and the Approval of the Engagement Letters are Appropriate

42. The Petitioner seeks approval of the engagement and continued involvement of Mr. Blake Holzgrafe in his capacity as the CRO pursuant to the terms and conditions set out in the Ankura Engagement Letter. The Ankura Engagement Letter also sets out the compensation to be received by the Interim CEO/CRO for its services to be provided throughout these CCAA proceedings.

43. This Court has the jurisdiction to approve the engagement of the CRO under Section 11 of the CCAA.

CCAA, s. 11.

44. This Court has held that the appointment of a chief restructuring officer is appropriate where such expertise will assist the debtor company to proceed with its restructuring efforts under the CCAA. Courts have frequently appointed a chief restructuring officer as part of the initial stay order where there are creditor concerns that the debtor company's directors and officers may not have the skills or expertise to deal with a restructuring.

Walter Energy at para. 35.

Pascan Aviation Inc. (Arrangement relatif à), 2015 QCCS 4227, at para. 57 ("***Pascan Aviation***").

45. Courts consider the following factors in determining whether to approve the appointment of a chief restructuring officer:

(a) whether the appointment enhances the likelihood of generating maximum value for the debtor company's stakeholders;

(b) whether the appointment will allow the debtor company's operations to continue in an orderly fashion, pending a transaction;

(c) whether the proposed CRO has experience in restructuring;

(d) whether the CRO has experience and necessary skills to oversee the debtor company;

(e) whether the monitor supports the appointment of the CRO;

(f) whether the proposed CRO has a good knowledge of industry in which the debtor company operates so that the CRO's presence is reassuring to all industry stakeholders;

(g) whether the proposed CRO is independent from the parties; and

(h) whether the proposed CRO will incur reasonable costs.

Walter Energy, at para. 27, 32-35.

Pascan Aviation, at paras. 68-69.

Re JTI-Macdonald Corp., 2019 ONSC 1625, at paras. 26-27.

46. In April 2025, the Petitioner, in consultation with the Ad Hoc Committee, determined that additional management support was required to support AYR Group in its restructuring efforts.

47. The Petitioner requires management support in respect of these CCAA proceedings and its restructuring. The CRO is experienced in large, complex restructurings in capital-intensive industries and, accordingly, has the skills necessary to oversee the Petitioner's business and restructuring through these proceedings.

48. In April 2025, the Petitioner engaged Ankura to provide Scott Davido and Blake Holzgrafe, among other personnel, and the necessary resources to assist AYR with its restructuring. Since then, Messrs. Davido and Holzgrafe have been working with AYR in an effort to restructure its affairs. In consultation with stakeholders, the Petitioner determined that these proceedings were necessary to facilitate its restructuring and to maximize value for stakeholders.

49. In anticipation of Mr. Davido continuing in his role as CEO of the entity acquiring AYR's core-operations, and in light of Mr. Holzgrafe's integral role in overseeing AYR's restructuring efforts to date, as of the commencement of the CCAA, Mr. Holzgrafe will replace Mr. Davido in his role as Interim CEO of AYR, while Mr. Davido will continue as Interim CEO of AYR's U.S. subsidiaries until the closing of the Asset Sale Transaction.

50. Mr. Holzgrafe is familiar with the Petitioner and the issues it faces, having worked closely with the Board, senior management and the management of AYR's subsidiaries.

51. As a result of the Petitioner's need for management support, the CRO's experience with the Petitioner and the CRO's experience in restructuring matters, the Petitioner submits that the CRO's continued engagement enhances the likelihood of maximizing stakeholder value.

52. The Proposed Monitor has reviewed the Engagement Letters and supports the continued involvement of the CRO, Ankura and Moelis, in addition to the legal counsel to the Petitioner.

53. Section 11.52(1)(c) of the CCAA expressly empowers this Court to authorize a debtor company to pay the fees and expenses of any financial, legal or other experts engaged by the debtor company in connection with the CCAA proceedings. This provision reflects the broad remedial purpose of the CCAA and recognizes that the involvement of such advisors is often essential to achieving a fair and efficient restructuring. The Petitioner respectfully submits that the Court has clear jurisdiction to grant the requested authorization, which will facilitate continued engagement and cooperation among stakeholders and advance the restructuring process in a manner that protects the interests of the stakeholders.

CCAA, s. 11.52(1).

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Blake Holzgrafe made on November 14, 2025;

2. Pre-Filing Report of the Proposed Monitor, to be filed; and

3. Such further and other materials as counsel may advise and this Honourable Court may allow;

The Petitioner estimates that the hearing of the Petition will take two hours.

November 14, 2025
Dated

Signature of ☒ lawyer for Petitioner
DLA Piper (Canada) LLP
(Jeffrey D. Bradshaw & Arad Mojtahedi)

To be completed by the court only:

Order made

☐ in the terms requested in paragraphs _____ of Part 1 of this petition

☐ with the following variations and additional terms:

_____

_____

_____

_____

Date: _____

Judge

_____
Signature of ☐ Judge ☐ Associate

Schedule "A"

Initial Order

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF AYR WELLNESS INC.

PETITIONER

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE JUSTICE WALKER	)))	November 17, 2025

THE APPLICATION of the Petitioner coming on for hearing at Vancouver, British Columbia, on the 17th day of November, 2025 (the "**Order Date**"); AND ON HEARING Jeffrey D. Bradshaw and Arad Mojtahedi, counsel for the Petitioner and those other counsel listed on Schedule "A" hereto; AND UPON READING the material filed, including the First Affidavit of Blake Holzgrafe sworn November __, 2025 (the "**Holzgrafe Affidavit**") and the consent of KSV Restructuring Inc. (the "**Monitor**") to act as Monitor; AND UPON BEING ADVISED that the secured creditors who are likely to be affected by the charges created herein were given notice; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

SERVICE

1. Service of the materials filed in support of this Application by the Petitioner shall be deemed good and valid and, further, shall be and is hereby abridged, such that the service of such application materials is deemed to be timely and sufficient.

JURISDICTION

2. The Petitioner is a company to which the CCAA applies.

DEFINED TERMS

3. Capitalized terms that are used in this Order shall have the meanings ascribed to them in the Holzgrafe Affidavit if they are not otherwise defined herein.

SUBSEQUENT HEARING DATE

4. The hearing of the Petitioner's application for an extension of the Stay Period (as defined in paragraph 16 of this Order) and for any ancillary relief shall be held at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at __ _.m. on Tuesday, the 25th day of November, 2025 or such other date as this Court may order.

POSSESSION OF PROPERTY AND OPERATIONS

5. Subject to this Order and any further Order of this Court, the Petitioner shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), and continue to carry on its business (the "**Business**") in the ordinary course and in a manner consistent with the preservation of the Business and the Property. The Petitioner shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.

6. The Petitioner shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Order Date:

(a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively "**Wages**"); and

(b) subject to the RSA and the Wind Down Budget, the fees and disbursements of any Assistants retained or employed by the Petitioner or the ad hoc committee of Senior Noteholders represented by Paul Hastings and Goodmans (the "**Ad Hoc Committee**") which are related to the Petitioner's restructuring, at their standard

rates and charges, including payment of the fees and disbursements of legal counsel retained by the Petitioner and the Ad Hoc Committee, whenever and wherever incurred, in respect of:

(i) these proceedings or any other similar proceedings in other jurisdictions in which the Petitioner or any subsidiaries or affiliated companies of the Petitioner are domiciled;

(ii) any litigation in which the Petitioner is named as a party or is otherwise involved, whether commenced before or after the Order Date; and

(iii) any related corporate matters.

7. Except as otherwise provided herein, the Petitioner shall be entitled to pay all expenses reasonably incurred by the Petitioner in carrying on the Business in the ordinary course following the Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services, provided that any capital expenditure exceeding **$50,000** shall be approved by the Monitor;

(b) all obligations incurred by the Petitioner after the Order Date, including without limitation, with respect to goods and services actually supplied to the Petitioner following the Order Date (including those under purchase orders outstanding at the Order Date but excluding any interest on the Petitioner's obligations incurred prior to the Order Date); and

(c) fees and disbursements of the kind referred to in paragraph 6(b) which may be incurred after the Order Date.

8. The Petitioner is authorized to remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to Section 6(3) of the CCAA;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Petitioner in connection with the sale of goods and services by the Petitioner, but only where such Sales Taxes accrue or are collected after the Order Date, or where such Sales Taxes accrued or were collected prior

to the Order Date but not required to be remitted until on or after the Order Date; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.

9. Until such time as a real property lease is disclaimed in accordance with the CCAA, the Petitioner shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between the Petitioner and the landlord from time to time ("**Rent**"), for the period commencing from and including the Order Date, twice-monthly in equal payments on the first and fifteenth day of the month in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including Order Date shall also be paid.

10. Except as specifically permitted herein, the Petitioner is hereby directed, until further Order of this Court:

(a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Petitioner to any of its creditors as of the Order Date except as authorized by this Order;

(b) to make no payments in respect of any financing leases which create security interests;

(c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of its Property, nor become a guarantor or surety, nor otherwise become liable in any manner with respect to any other person or entity except as authorized by this Order;

(d) to not grant credit except in the ordinary course of the Business only to its customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by the Petitioner to such customers as of the Order Date; and

(e) to not incur liabilities except in the ordinary course of Business.

RESTRUCTURING

11. Subject to such requirements as are imposed by the CCAA, the Petitioner shall have the right to:

(a) permanently or temporarily cease, downsize or shut down all or any part of its Business or operations and commence marketing efforts in respect of any of its redundant or non-material assets and to dispose of redundant or non-material assets not exceeding **$50,000** in any one transaction or **$250,000** in the aggregate; and

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate;

all of the foregoing to permit the Petitioner to proceed with an orderly restructuring or liquidation of the Business (the "**Restructuring**").

12. The Petitioner shall provide each of the relevant landlords with notice of the Petitioner's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Petitioner's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors who claim a security interest in the fixtures, such landlord and the Petitioner, or by further Order of this Court upon application by the Petitioner, the landlord or the applicable secured creditors on at least two (2) clear days' notice to the other parties. If the Petitioner disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any dispute concerning such fixtures (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Petitioner's claim to the fixtures in dispute.

13. If a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then: (a) during the period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours on giving the Petitioner and the Monitor 24 hours' prior written notice; and (b) at the effective time of the disclaimer, the landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims the landlord may have against the Petitioner, or any other rights the landlord might have, in respect of such lease or leased premises and the landlord shall be entitled to notify the Petitioner of the basis on which it is taking possession and gain possession of and re-lease such leased premises to any third party or parties on such terms as the landlord considers advisable, provided that nothing herein shall relieve the landlord of its obligation to mitigate any damages claimed in connection therewith.

14. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronics Documents Act*, S.C. 2000, c. 5 and Section 18(1)(o) of the *Personal Information Protection Act*,

S.B.C. 2003, c. 63, and any regulations promulgated under authority of either Act, as applicable (the "**Relevant Enactment**"), the Petitioner, in the course of these proceedings, is permitted to disclose personal information of identifiable individuals in its possession or control to stakeholders, its advisors, prospective investors, financiers, buyers or strategic partners (collectively, "**Third Parties**"), but only to the extent desirable or required to negotiate and complete the Restructuring or to prepare and implement any transactions for that purpose; provided that the Third Parties to whom such personal information is disclosed enter into confidentiality agreements with the Petitioner binding them in the same manner and to the same extent with respect to the collection, use and disclosure of that information as if they were an organization as defined under the Relevant Enactment, and limiting the use of such information to the extent desirable or required to negotiate or complete the Restructuring or to prepare and implement transactions for that purpose, and attorning to the jurisdiction of this Court for the purposes of that agreement. Upon the completion of the use of personal information for the limited purposes set out herein, the Third Parties shall return the personal information to the Petitioner or destroy it. If the Third Parties acquire personal information as part of the Restructuring or the preparation and implementation of transactions in furtherance thereof, such Third Parties may, subject to this paragraph and any Relevant Enactment, continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Petitioner.

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

15. A chief restructuring officer shall be appointed on the following terms:

(a) the agreement dated as of April 3, 2025, pursuant to which the Petitioner has engaged Ankura Consulting Group, LLC ("**Ankura**") to provide the services of Blake Holzgrafe to act as chief restructuring officer to the Petitioner (the "**CRO**") and other supporting personnel of Ankura (the "**Supporting Personnel**"), a copy of which is attached as Exhibit "L" to the Holzgrafe Affidavit (the "**Ankura Engagement Letter**"), and the appointment of the CRO pursuant to the terms thereof is hereby approved, including, without limitation, payment of the Fee (as defined in the Ankura Engagement Letter) subject to further approval by this Court;

(b) the CRO and Ankura shall perform the functions set out in the Ankura Engagement Letter. The CRO and Ankura shall provide timely updates to the Monitor in respect of their activities;

(c) in addition to the rights and protections afforded the CRO as an officer of this Court, the CRO shall not be or be deemed to be a director, *de facto* director, or employee of the Petitioner;

(d) nothing in this Order shall be construed as resulting in Ankura (or any director, officer or employee thereof) or the CRO being an employer, successor employer, a responsible person, operator or person with apparent authority within the

meaning of any statute, regulation or rule of law, or equity (including any Environmental Legislation, each as defined below) for any purpose whatsoever;

(e) none of Ankura, its officers, directors, or employees, nor the CRO shall, as a result of the performance of their respective obligations and duties in accordance with the terms of the Ankura Engagement Letter, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation; provided however, if Ankura or the CRO is nevertheless found to be in Possession of any Property under Environmental Legislation, then Ankura or the CRO, as the case may be, shall be entitled to the benefits and protections in relation to the Petitioner and such Property as are provided to a monitor under section 11.8(3) of the CCAA; provided further however, that nothing in this subparagraph shall exempt Ankura or the CRO from any duty to report or make disclosure imposed by a law and incorporated by reference in section 11.8(4) of the CCAA;

(f) Ankura and the CRO shall not incur any liability or obligation as a result of the appointment or carrying out duties as CRO, whether before or after the granting of this Order, save and except for any gross negligence or wilful misconduct, provided that any liability of Ankura and the CRO with respect to carrying out duties as CRO shall in no event exceed the quantum of the fees paid under the Ankura Engagement Letter;

(g) no action or other proceeding shall be commenced in relation to the Petitioner directly, or by way of counterclaim, third party claim or otherwise, against or in respect of Ankura, its officers, directors, employees, or the CRO, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the CRO or with leave of this Court on notice to the Petitioner, the Monitor, and the CRO, provided, however, that nothing in this order, including this subparagraph 15(g) shall affect such investigations, actions, suits or proceedings by a regulatory body that are permitted by section 11.1 of the CCAA. Notice of any such motion seeking leave of this Court shall be served upon the Petitioner, the Monitor, and the CRO at least seven (7) days prior to the return date of any such motion for leave;

(h) the obligations of the Petitioner to Ankura (and any director, officer or employee thereof) and the CRO pursuant to the Ankura Engagement Letter, are not claims that may be compromised pursuant to any plan of compromise or arrangement, any proposal under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**") or any other restructuring and no such plan, proposal or restructuring shall be approved that does not provide for the payment of all amounts due to Ankura (and any director, officer or employee thereof) and the CRO pursuant to the terms of the Ankura Engagement Letter; and

(i) for the purpose of carrying out the functions and duties set out in the Ankura Engagement Letter, the CRO (i) shall have full and complete access to the property of the Petitioner, including the premises, books, records, data (including data in electronic format) and other financial documents of the Petitioner, and (ii) is hereby authorized to meet with any employee, director, representative or agent of the Petitioner. The employees, directors, representatives, and agents of the Petitioner are hereby directed to fully cooperate with the CRO in connection with the functions and duties set out in the Ankura Engagement Letter.

STAY OF PROCEEDINGS, RIGHTS AND REMEDIES

16. Until and including November 27, 2025 or such later date as this Court may order (the "**Stay Period**"), no action, suit or proceeding in any court or tribunal (each, a "**Proceeding**") against or in respect of the Petitioner or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written consent of the Petitioner and the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Petitioner or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

17. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Petitioner or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Petitioner and the Monitor or leave of this Court.

18. Nothing in this Order, including paragraphs 16 and 17, shall: (i) empower the Petitioner to carry on any business which the Petitioner is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Petitioner.

NO INTERFERENCE WITH RIGHTS

19. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Petitioner, except with the written consent of the Petitioner and the Monitor or leave of this Court.

20. Without limiting the generality of the foregoing, any Person who provided any kind of letter of credit, guarantee, surety or bond (the "**Issuing Party**") at the request of the Petitioner shall be required to continue honouring any and all such letters, guarantees, sureties and bonds, issued on or before the date of the Order, provided that all conditions under such letters, guarantees, sureties and bonds are met save and except for defaults resulting from this Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid.

CONTINUATION OF SERVICES

21. During the Stay Period, all Persons having oral or written agreements with the Petitioner or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Petitioner, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the Petitioner, and the Petitioner shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Order Date are paid by the Petitioner in accordance with normal payment practices of the Petitioner or such other practices as may be agreed upon by the supplier or service provider and the Petitioner and the Monitor, or as may be ordered by this Court.

22. Without limiting the generality of the foregoing and subject to Section 21 of the CCAA, if applicable, cash or cash equivalents placed on deposit by the Petitioner with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person as of the Order Date or due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by Petitioner and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into the Petitioner's account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

NON-DEROGATION OF RIGHTS

23. Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to the Petitioner on or after the Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

24. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against the directors or officers of the Petitioner with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Petitioner whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Petitioner, if one is filed, is sanctioned by this Court or is refused by the creditors of the Petitioner or this Court. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a director or officer of the Petitioner that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

DIRECTORS AND OFFICERS INDEMNIFICATION AND CHARGE

25. The Petitioner shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Petitioner after the commencement of the within proceedings, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

26. The directors and officers of the Petitioner shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of **$500,000** as security for the indemnity provided in paragraph 25 of this Order. The Directors' Charge shall have the priority set out in paragraphs 38 and 41 herein.

27. Notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Petitioner's 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, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 25 of this Order.

APPOINTMENT OF MONITOR

28. KSV Restructuring Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Petitioner with the powers and obligations set out in the CCAA or set forth herein, and that the Petitioner and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Petitioner pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

29. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Petitioner's receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the Petitioner, to the extent required by the Petitioner, in its dissemination, to the Ad Hoc Committee and its counsel of financial and other information as agreed to between the Petitioner and the Ad Hoc Committee which may be used in these proceedings, including reporting on a basis to be agreed with the Ad Hoc Committee;

(d) advise the Petitioner in its preparation of the Petitioner's cash flow statements and reporting required by the Ad Hoc Committee, which information shall be reviewed with the Monitor and delivered to the Ad Hoc Committee and its counsel on a periodic basis as agreed to by the Ad Hoc Committee;

(e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Petitioner, to the extent that is necessary to adequately assess the Petitioner's business and financial affairs or to perform its duties arising under this Order;

(f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(g) perform such other duties as are required by this Order or by this Court from time to time.

30. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

31. Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any

of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Fisheries Act*, the British Columbia *Environmental Management Act*, the British Columbia *Fish Protection Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

32. The Monitor shall provide any creditor of the Petitioner and the Ad Hoc Committee with information provided by the Petitioner in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Petitioner is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Petitioner may agree.

33. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation.

FEES AND DISBURSEMENTS

34. The Engagement Letters are hereby approved, and the Petitioner is hereby authorized and directed *nunc pro tunc* to the Order Date to enter into and carry out the terms of the Engagement Letters and, subject to the RSA and the Wind Down Budget, to continue to honor its obligations under these agreements, including all indemnification obligations thereunder and payment by the Petitioner of all fees and expenses in accordance with the terms thereunder.

35. Subject to the RSA and the Wind Down Budget, the Monitor (KSV), counsel to the Monitor (Cassels Brock & Blackwell LLP) and counsel and financial advisors to the Petitioner (DLA Piper (Canada) LLP and Moelis & Company LLC) shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Petitioner as part of the cost of these proceedings, whether incurred prior to, on, or subsequent to the date of this Order. The Petitioner is hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel and financial advisors to the Petitioner on a weekly basis and, in addition, the Petitioner is hereby authorized to pay to the Monitor, counsel to the Monitor and counsel and

financial advisors to the Petitioner, retainers in the amount provided for under their respective engagement letters, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time. For greater clarity, the retainers of the Monitor and counsel to the Monitor are $75,000 each.

36. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.

ADMINISTRATION CHARGE

37. The Monitor, counsel to the Monitor, and counsel to the Petitioner shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of **$250,000**, as security for their respective fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 38 and 41 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

38. The priorities of the Administration Charge and the Directors' Charge as among them, shall be as follows:

First – Administration Charge (to the maximum amount of **$250,000**); and

Second – Directors' Charge (to the maximum amount of **$500,000**);

39. Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge and the Directors' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be effective as against the Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect any such Charges.

40. Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person, save and except those claims contemplated by section 11.8(8) of the CCAA.

41. Except as otherwise expressly provided herein, or as may be approved by this Court, the Petitioner shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Petitioner obtains the prior written consent of the Monitor and the beneficiaries of the Charges.

42. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Petitioner; and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Charges shall not create or be deemed to constitute a breach by the Petitioner of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

(c) the payments made by the Petitioner pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

43. Any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Petitioner's interest in such real property leases.

SERVICE AND NOTICE

44. The Monitor shall (i) without delay, publish in one national newspaper a notice containing the information prescribed under the CCAA, (ii) within five days after Order Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against the Petitioner of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of the individuals who are creditors publicly available.

45. The Petitioner and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Petitioner's creditors or other interested parties at their respective addresses as last shown on the records of the Petitioner and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

46. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: https://www.ksvadvisory.com/experience/case/AYR (the "**Monitor's Website**").

47. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on the Monitor's Website.

48. Notwithstanding paragraphs 51 and 52 of this Order, service of the Petition, the Notice of Hearing of Petition, any affidavits filed in support of the Petition and this Order shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the Federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.

GENERAL

49. The Petitioner or the Monitor may from time to time apply to this Court for directions in the discharge of its powers and duties hereunder.

50. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or Licensed Insolvency Trustee of the Petitioner, the Business or the Property.

51. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioner and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioner and the Monitor and their respective agents in carrying out the terms of this Order.

52. Each of the Petitioner and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the CRO, acting as the authorized officer for Petitioner, Ayr Wellness Inc. as a foreign representative, duly and hereby appointed, is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of the Petitioner to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended.

53. The Petitioner may (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when the Petitioner determines that such a filing is appropriate.

54. The Petitioner is hereby at liberty to apply for such further interim or interlocutory relief as it deems advisable within the time limited for Persons to file and serve Responses to the Petition.

55. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

56. Any interested party (including the Petitioner and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

57. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.

58. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

[Signature page follows]

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

_____

Signature of
☐ Party ☑ Lawyer for the Petitioner
DLA Piper (Canada) LLP (Jeffrey D. Bradshaw)

BY THE COURT

_____

REGISTRAR

Schedule "A"

NAME OF COUNSEL	PARTY REPRESENTING

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF

AYR WELLNESS INC.

PETITIONER

ORDER MADE AFTER APPLICATION
(INITIAL ORDER)

DLA Piper (Canada) LLP
Barristers & Solicitors
1133 Melville Street, Suite 2700
Vancouver, BC V6C 2Z7

Tel. No. 604.687.9444
Fax No. 604.687.1612

File No.: 108610-00008 AM/day

No.

Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF

AYR WELLNESS INC.

PETITIONER

PETITION TO THE COURT

DLA Piper (Canada) LLP
Barristers & Solicitors
1133 Melville Street, Suite 2700
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