Fourth Post Plan Implementation Report of KSV Restructuring Inc. Pursuant to Section 8.1 of the Plan of Compromise and Arrangement Dated December 16, 2021 of Rosebud Creek Financial Corp., 957855 Alberta Ltd. and Metro 360 General Partnership

February 9, 2024

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 957855 ALBERTA LTD. (FORMERLY NEWSWEST INC.) AND ROSEBUD CREEK FINANCIAL CORP. IN RESPECT OF METRO 360 GENERAL PARTNERSHIP

FOURTH POST PLAN IMPLEMENTATION REPORT OF KSV RESTRUCTURING INC. AS CCAA MONITOR

FEBRUARY 9, 2024

1.0 Introduction

1. Rosebud Creek Financial Corp. ("Rosebud") and 957855 Alberta Ltd. ("957") (jointly, the "Partners") are holding companies and the partners of Metro 360 General Partnership ("Metro", and together with the Partners, the "CCAA Entities").

2. On April 6, 2020, each of the Partners filed a Notice of Intention to Make a Proposal pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada), as amended (the "NOI Proceedings"). KSV Restructuring Inc. ("KSV") was appointed the proposal trustee (the "Proposal Trustee") in the NOI Proceedings.

3. On June 17, 2020, the Partners obtained an Initial Order[1] from the Ontario Superior Court of Justice (Commercial List) (the "Court"), among other things, taking up and continuing the NOI Proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA") and appointing KSV as monitor of the CCAA Entities (the "Monitor").

4. Pursuant to the CCAA, the CCAA Entities filed a Plan of Compromise and Arrangement dated December 16, 2021, as amended, and as it may be further amended, modified, varied and/or supplemented in accordance with its terms (the "Plan").

5. The Plan was unanimously accepted by Affected Creditors at a meeting conducted on December 16, 2021. Pursuant to a Court order made on January 14, 2022 (the "Sanction Order"), the Court, *inter alia,* sanctioned and approved the Plan. The Plan was implemented on February 9, 2022 (the "Plan Implementation Date"). A copy of the Plan can be found here: Plan.

6. Section 8.1 of the Plan requires the Monitor to file a report with the Court at least every six months after the Plan Implementation Date. This is the Monitor's fourth report since the Plan Implementation Date.

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[1] Capitalized terms not defined in this Report have the meanings ascribed to them in the Plan.

7. Additional information regarding the CCAA Entities, the Plan, the NOI Proceedings and these proceedings can be found in the affidavits sworn by Daniel Shapiro, the CCAA Entities' President and Chief Executive Officer, and in the prior reports filed by KSV as Proposal Trustee and Monitor, including the First Post-Plan Implementation Report dated August 9, 2022, the Second Post-Plan Implementation Report dated February 9, 2023 (the "Second Post Plan Implementation Report") and the Third Post-Plan Implementation Report dated August 9, 2023 (the "Third Post Plan Implementation Report"). Court materials are available on the Monitor's website at https://www.ksvadvisory.com/insolvency-cases/case/metro360 (the "Website").

1.1 Purposes of this Report

1. The purposes of this report (the "Report") are to provide:

   a) background information about the CCAA Entities and these proceedings; and

   b) an update regarding Metro and the Subsidiaries (as defined below below) in accordance with Section 8.1 of the Plan.

1.2 Currency

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

1.3 Restrictions

1. In preparing this Report, KSV has relied upon unaudited financial information prepared by, and discussions with, Metro's management (the "Financial Information"). KSV has not audited, reviewed or otherwise verified the accuracy or completeness of the Financial Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.

2. KSV expresses no opinion or other form of assurance with respect to the Financial Information presented in this Report or relied upon by KSV in preparing this Report. Any party wishing to place reliance on the Financial Information is required to perform its own due diligence and perform such additional investigations as it requires. KSV makes no representation or warranty as to the accuracy, completeness or fitness for purpose of the Financial Information presented herein.

3. Future oriented Financial Information relied upon in this Report is based upon management's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV expresses no opinion or assurance regarding the future oriented Financial Information presented in this Report.

2.0 Background

1. The Partners are holding companies. Rosebud is an Ontario corporation which holds a 69.4% partnership interest in Metro, and 957 is an Alberta corporation which holds the remaining 30.6% partnership interest in Metro. Rosebud is also the sole shareholder of 957.

2. Prior to the commencement of the NOI Proceedings, Metro's business was primarily focused on wholesaling and distributing books and magazines to thousands of retailers across Canada (the "Literature Business"). The principal cause of Metro's financial difficulties leading up to the commencement of the NOI Proceedings was the decline of the Literature Business, which accelerated with the onset of the Covid-19 pandemic.

3. Due to unsustainable cash losses, immediately following the commencement of the NOI Proceedings, Metro sought approval of a sale of its Literature Business to Great Pacific Enterprises Inc. d/b/a TNG (the "TNG Transaction"). The TNG Transaction was approved by the Court on April 7, 2020 and closed on April 8, 2020.

4. Since completing the TNG Transaction, Metro's business has focused on: (a) distributing consumer-packaged goods ("CPG"), such as food products, music and consumer electronic accessories; and (b) growing businesses in which Metro and/or Rosebud directly or indirectly hold an equity interest, being Well Ventures Corp. ("Well"), Handfuel Inc. ("Handfuel"), Spectral Agriventures Inc. ("Spectral"), United Library Services Inc. ("ULS"), Recruiter.com Group, Inc. ("Recruiter") and Lucidsoft Inc. (dba Leankor) ("Leankor") (collectively, the "Subsidiaries"). Metro provides management, administrative and strategic support to the Subsidiaries.

5. As further discussed in Section 3.1.1 of this Report, in February 2024, Metro took steps to discontinue its CPG business and is now exclusively focused on supporting the Subsidiaries' growth and other strategic initiatives. Metro is in the process of reducing its headcount. When completed, Metro will not have any employees on its payroll. Danny Shapiro will continue to be Metro's President.

6. In the Monitor's Second Post Plan Implementation Report, the Monitor advised that on February 7, 2023, Metro transferred its 50% interest in Handfuel to 36M Capital Partnership LP (the "HF Partnership"). Metro is the sole limited partner of the HF Partnership and holds 99.999% of the partnership interest in the HF Partnership. The general partner of the HF Partnership is 1000437848 Ontario Limited, a wholly-owned subsidiary of Metro, with the result being that Metro continues to be the ultimate beneficiary of the 50% interest in Handfuel.

7. The transfer of the Handfuel interest required an administrative amendment to the Plan in order to maintain the status quo in respect of the treatment of any potential sale of Metro's interest in Handfuel under the Plan, and accordingly, the Monitor consented to an amendment of the Plan for this purpose. A copy of the Amended Plan dated February 7, 2023 is available on the Website at the following link: Amended Plan.

8. The businesses of Metro and the Subsidiaries are discussed in detail in the Monitor's Seventh Report to Court dated November 22, 2021 (the "Plan Assessment Report"). A copy of the Plan Assessment Report can be found here: Plan Assessment Report.

3.0 Monitor's Update

1. Section 8.1 of the Plan provides, *inter alia*, that for as long as obligations under the Promissory Note remain outstanding, the Monitor shall report at least every six months after the Plan Implementation Date, or periodically in response to or as a result of the occurrence of a material event, as determined by the Monitor in its sole discretion, by preparing a report that will be served on the service list in the CCAA Proceedings and posted on the Website. Those reports are required to report on, among other things:

   a) the affairs, activities and business of the CCAA Entities and the Subsidiaries;

   b) amounts outstanding under the Promissory Note;

   c) the status of any Disputed Claims;

   d) the Investment Reserve, including any amounts transferred or requests to transfer amounts therefrom;

   e) any determination regarding Excess Cash;

   f) the Creditor Distribution Pool, including requests to transfer Excess Cash therefrom; and

   g) the actual and projected expenses of the Monitor.

2. An update on each the above since the Third Post Plan Implementation Report is provided in the following sections of this Report.

3.1 Plan Subsection 8.1(a) – Update on CCAA Entities and the Subsidiaries

3.1.1 Metro

1. Since the Plan Implementation Date, Metro's management primarily focused on growing its CPG distribution business and the Subsidiaries.

2. In the Third Post Plan Implementation Report, the Monitor provided a summary of certain developments that Metro's management had projected would have a positive impact on its future financial performance, including steps to reduce the costs of the Metro business and to expand its product offerings. Despite Metro's efforts in this regard, Metro has continued to incur losses. As discussed below, Mr. Shapiro has accordingly caused Metro to take steps to reduce and eliminate virtually all of Metro's costs.

3. For the 11-month period ended November 30, 2023, Metro generated negative EBITDA of approximately $1.4 million (negative EBITDA was approximately $2.5 million for the same period in 2022). Mr. Shapiro has caused certain related companies unrelated to the CCAA Proceedings to support the Metro business. Advances from these entities since January 1, 2023 total $457,000. To the extent Metro generates free cash flow going forward, Metro intends to repay these post-filing advances together with other post-filing obligations, if any, in consultation with the Monitor.

4. In January 2024, Metro's management advised the Monitor of its plan to forthwith cease active business operations and convert the Metro business to a holding company. In this regard, Metro's management has, among other things:

   a) provided Metro's employees with working notices of termination. The Monitor understands that certain of these employees have been or will be offered employment by the Subsidiaries;

   b) worked with Well's management to develop a plan for Well to assume certain of the strategic and administrative functions that Metro was providing to Well; and

   c) informed Metro's customers and suppliers of its intention to cease operations and to work closely with its customers to sell its remaining inventory and collect accounts receivable.

5. Metro's management is of the view that closing its distribution operations is the most viable option in the circumstances. Metro's management has advised that doing so will allow Metro to substantially eliminate its negative cash flow by vacating its current leased premises, removing all operating costs and terminating all distribution and supply agreements. Mr. Shapiro has advised the Monitor that he is not prepared to continue to fund losses of Metro related to the CPG business.

6. As at February 1, 2024, Metro's cash balance available for operating purposes was approximately $185,000. With the assistance of the Monitor, Metro's management is pursuing tax refunds from Canada Revenue Agency. Metro's management has advised the Monitor that it has or will have sufficient funding to wind-down its business operations. If any additional funding is required to complete the wind-down, Mr. Shapiro has advised that an affiliated entity, which is not subject to the CCAA proceedings, will be the source of this funding (being the entity referenced in paragraph 3 above).

3.1.2 Subsidiaries

1. Rosebud and Metro do not have a controlling interest in the Subsidiaries; however, Metro has historically provided the Subsidiaries with back-office support and Metro's management (principally Mr. Shapiro) oversees the growth and strategic decision-making of certain of these businesses. Services provided by Mr. Shapiro, through Metro, include capital raising, product development, developing and managing distribution and sales relationships and overall strategic guidance. Mr. Shapiro is not compensated by any of the Subsidiaries for providing these services. Notwithstanding Metro's discontinuation of operating activities, Metro (principally Mr. Shapiro) intends to continue to provide these support services to the Subsidiaries. Going forward, this will be Metro's principal focus. Mr. Shapiro intends to have Metro compensate him and Metro's CFO for their ongoing services to Metro (which includes overseeing the Subsidiaries), which is currently the case. Such amounts will be reviewed by the Monitor.

2. The continued growth of the Subsidiaries and their eventual sale or other liquidity transaction is the only mechanism through which Affected Creditors are expected to receive further distributions to be applied against the Promissory Note.

3. The following sections provide a brief update on the business and activities of each of the Subsidiaries since the Third Post Plan Implementation Report.

Well

a) Well is a manufacturer and distributor of cold pressed juices. On a fully diluted basis, Metro and Rosebud own 19.7% and 3.5% of Well's equity, respectively.

b) Well's activities since the Third Post Plan Implementation Report are summarized below.

   i. Increased Capacity: In the Third Post Plan Implementation Report, the Monitor advised that Well's sales have outgrown the production and storage capacity at its current facility. Well was working to add approximately 7,000 to 10,000 square feet of new cold and dry storage space and a limited amount of new equipment. In this regard, in Q4 2023, Well secured a lease of additional space in an existing cold storage warehouse. Management advised that it estimates approximately $250,000 of capital expenditures will be required to build a loading dock at the new storage facility. Well does not intend to incur these capital expenditures until its next capital raise.

   ii. Strategic Partnerships: Well continues to secure listings with major retailers, including a new 12-warehouse test listing with Costco Canada. Management advises that the first orders were shipped the week of February 5, 2024. Mr. Shapiro has advised that Well is also in the final stages of negations with Costco US for a significant listing. Management expects to receive a new vendor number from Costco US and its first purchase order under this listing in the next ninety days. Mr. Shapiro is unable to provide sales guidance at this time, as Well has not yet been advised as to the number of locations that will be included in the first phase of the listing. In order to meet the anticipated increased demand, Mr. Shapiro has advised that Well is exploring several co-packing opportunities.

c) Well continues to have access to an operating line facility under which it can borrow up to $500,000. As of February 5, 2024, Well had drawn down approximately $170,000.

d) For the nine-months ended December 31, 2023, Well's net revenue was approximately 22% lower than budget but increased by 5% versus prior year's results. The negative revenue variance from budget is primarily a result of the decline in Well's private label business, with a large customer, recently having closed approximately 35% of its stores. For the nine-months ended December 31, 2023, Well generated negative EBITDA at a level consistent with prior year. Well expects that the relationship with Costco and additional capacity will allow Well to create efficiencies, economies of scale and lead to profitability for its fiscal year commencing April 1, 2024.

Handfuel

a) Metro, through its interest in the HF Partnership, owns a 50% equity interest in Handfuel, a manufacturer of flavourful and nutritious food products which it distributes across Canada, such as fruit and nut snack mix products. Handfuel's products are sold in major grocery store chains and high-end grocers across Canada and maintains a significant direct to consumer e-commerce business. According to Mr. Shapiro, Handfuel has also taken steps to enter the US market in the future.

b) Handfuel's activities since the Third Post Plan Implementation Report are summarized below.

  i. Strategic Partnerships: Management advised that Handfuel has continued to make progress to secure more in-store listings, including with Walmart in Q1 2024. Handfuel also continues to expand into the hospitality and service sector, including a recently secured deal with WestJet which would see Handfuel's products distributed to passengers for free on approximately 65% of WestJet's flights.

  ii. Financing Considerations: Management is currently preparing to undertake Handfuel's first equity raise, the proceeds of which are expected to be used to support a launch into the US market. No details in respect of this financing are available at this time.

c) For its nine-month period ended September 30, 2023, Handfuel's financial results reflect significant growth and profitability, including:

  i. net sales have grown significantly, representing an 81% positive variance year-over-year and a 39% positive variance to budget for the same period;

  ii. positive operating income, which is tracking 74% higher year-over-year and approximately 26% higher than budget;

  iii. positive EBITDA, which is tracking approximately 116% higher than budget; and

  iv. positive net income, representing approximately 146% higher than budget.

Spectral

a) Metro and Well own a 9% and 39% equity interest in Spectral, respectively. Metro's management advises that Spectral has developed a turnkey greenhouse model that Mr. Shapiro believes has the potential to reposition how Canadian grocery retailers source produce and sell leafy greens. The greenhouse model allows produce to be grown and distributed within Canada on a cost-efficient basis, ensuring freshness, reducing the carbon footprint and maintaining price competitiveness. There has been no meaningful progress advancing this business since the Monitor's last report. It is unclear to the Monitor if this business will continue to be advanced.

ULS

a) Rosebud owns a 50% interest in ULS. ULS is a Calgary-based wholesale distributor of books to schools and libraries, primarily in Western Canada. The ULS business remains profitable based on year-to-date results and currently has no debt financing. Rosebud received dividends of approximately $450,000 from ULS since March, 2023, which was used to fund, *inter alia*, Metro's operational losses and the cost of these proceedings. Rosebud continues to consider strategic options for its interest in ULS.

Recruiter and Leankor

a) Rosebud owns 4,144 shares of Recruiter, which operates a recruiting platform. Recruiter is publicly traded on the NASDAQ stock exchange under the ticker RCRT. Based on Recruiter's share price as at the date of this Report, Rosebud's nominal interest in Recruiter is valued at approximately US$1,000.

b) Rosebud also has a small interest in Leankor, which is a privately held company that provides SaaS project management software. This investment has negligible value.

c) There are no material updates on Recruiter or Leankor at this time.

3.2 Plan Subsection 8.1(b) – Promissory Note

1. Pursuant to the Plan, the CCAA Entities were required, within 30 days of the Plan Implementation Date, to make an initial distribution (the "Initial Distribution") to Affected Creditors with Proven Claims. Proven Claims totalled approximately $18.6 million. On or around February 18, 2022, the CCAA Entities made the Initial Distribution of approximately $4.7 million in respect of the Proven Claims.

2. On the Plan Implementation Date, a non-interest-bearing promissory note was issued by the CCAA Entities and held by the Monitor on behalf of Affected Creditors who are not Convenience Class Creditors, in respect of the remaining balance owing to such Affected Creditors after payment of the Initial Distribution. The Promissory Note matures on February 9, 2027 (being five years from the Plan Implementation Date), but such maturity may be extended by the CCAA Entities, with the consent of the Monitor, for up to two additional five-year periods.

3. There have been no further distributions to Affected Creditors with Proven Claims. Accordingly, the amount owing by the CCAA Entities under the Promissory Note (approximately $13.9 million) has not changed since the Initial Distribution.

3.3 Plan Subsection 8.1(c) – Disputed Claims

1. Pursuant to Section 8.1(c), the Monitor is required to report on Disputed Claims in the Claims Procedure.

2. There are no Disputed Claims or any outstanding issues in the Claims Procedure.

3.4 Plan Subsection 8.1(d) – Investment Reserve

1. Pursuant to Section 5.1 of the Plan, the CCAA Entities transferred $1 million to the Investment Reserve Account (being an account maintained by the Monitor) on February 3, 2022.

2. The Investment Reserve Account was created under the Plan to set aside funds from the cash then on hand, so that the CCAA Entities can, in consultation with the Monitor, participate in the Subsidiaries' future capital raising transactions to avoid or minimize dilution of their equity interests in the Subsidiaries. As of the date of this Report, there have been two transfers made from this account:

   a) on June 13, 2022, the Monitor transferred $30,900 to Metro from the Investment Reserve Account to enable Metro to exercise in-the-money warrants in Well before they were set to expire; and

   b) on June 27, 2023, the Monitor transferred $400,000 to Metro from the Investment Reserve Account so Metro could participate as the lead investor in Well's capital raise, thereby avoiding dilution of the CCAA Entities' interest in Well. This advance allowed Metro to acquire an additional 153,846 shares at $2.60 per share.

3. As of the date of this Report, the balance in the Investment Reserve Account is approximately $630,000 (inclusive of interest).

3.5 Plan Subsection 8.1(e) – Excess Cash

1. Commencing at the end of Metro's first full fiscal year following the Plan Implementation Date (being the year ended December 31, 2023), the Plan provides that the CCAA Entities must transfer any Excess Cash to the Creditor Distribution Pool Account, which can then be used to make distributions to Intercompany Creditors and Affected Creditors if the balance of the Creditor Distribution Pool Account exceeds $1 million.

2. As provided in Section 3.1.1 above, Metro generated negative EBITDA of $1.4 million for the eleven-month period ended November 30, 2023 and is not expected to generate free cash flow for its fiscal year ending December 31, 2023. Accordingly, the Monitor does not expect that the CCAA Entities will generate Excess Cash in the near term.

3.6 Plan Subsection 8.1(f) – Creditor Distribution Pool

1. To date, there have been no transfers to the Creditor Distribution Pool Account other than to fund the Initial Distribution.

2. As at the date of this Report, the balance in the Creditor Distribution Pool Account is approximately $42,000, which represents Uncashed Distribution cheques from the Initial Distribution.

3. In its Second Post Implementation Report, the Monitor advised that the Uncashed Distribution Notification Deadline had expired on August 18, 2022, and accordingly, the claims of such Affected Creditors are considered satisfied, forever discharged and forever barred, and the Uncashed Distributions are to remain in the Creditor Distribution Pool Account for future distribution to creditors.

3.7 Plan Subsection 8.1(g) – Monitor's Fees

1. The fees and disbursements of the Monitor and its legal counsel, Bennett Jones LLP ("Bennett Jones"), from the Plan Implementation Date to January 31, 2023 were reported in the Monitor's previous post-plan implementation reports.

2. The fees (excluding disbursements and HST) of the Monitor and Bennett Jones from August 1, 2023 to January 31, 2024 total approximately $18,500 and $11,600, respectively.

3. Pursuant to the Sanction Order, the fees of the Monitor and Bennett Jones incurred following the Plan Implementation Date do not require Court approval.

4.0 Next Steps

1. There are no distributions to Affected Creditors projected at this time. The Monitor is required to file its next report no later than August 9, 2024.

2. Should there be a material development prior to August 9, 2024, the Monitor will file, serve and make available on the Website a further report in accordance with Section 8.1 of the Plan.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

KSV RESTRUCTURING INC.,
SOLELY IN ITS CAPACITY AS MONITOR OF
THE PARTNERS AND METRO
AND NOT IN ITS PERSONAL CAPACITY