Third 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

August 9, 2023

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COURT FILE NO.: CV-20-00642783-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

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

AUGUST 9, 2023

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 third report since the Plan Implementation Date.

[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 "First Post Plan Implementation Report") and the Second Post-Plan Implementation Report dated February 9, 2023 (the "Second 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 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"), All Day Nutritionals Canada Ltd. ("ADN Canada") and All-Day Nutritionals Inc. (jointly, "Swift Work Wellness"), 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. 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.

6. 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.

7. The businesses of Metro and the Subsidiaries are described 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 Second 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 Second Post Plan Implementation Report, Metro's management has continued to focus on growing its CPG business and the Subsidiaries.

2. Based on recent discussions with Metro's management, the Monitor understands that Metro is continuing to expand its product offerings with existing CPG customers and to pursue new CPG supply relationships, although the selling cycle is slower than management had anticipated.

3. For the 5-month period ended May 31, 2023, Metro generated negative EBITDA of approximately $700,000, compared to negative EBITDA of approximately $1.1 million for the same period in 2022. Management is continuing its efforts to rationalize costs.

4. Recent developments that are projected to have a positive impact on Metro's future financial performance include:

   a) Metro continuing to attract new CPG clients to its wholesale roster;

   b) Metro gaining traction with several new products notwithstanding the traditionally slow selling cycle with Canadian retailers; and

   c) Management continuing its efforts to cut all non-essential costs.

5. As at August 1, 2023, Metro's cash balance available for operating purposes was approximately $21,500. Management is pursuing tax refunds of approximately $550,000, which have been delayed as a result of the CCAA filing. Should additional working capital be required in order for Metro to continue to operate in the normal course, the Monitor understands that a related party has indicated that it is prepared to provide funding to Metro. Mr. Shapiro advised that $150,000 is likely to be advanced in the near term should the tax refunds continue to be delayed. The terms of any such related party financing, once finalized, will be disclosed in a subsequent report to be filed by the Monitor.

3.1.2 Subsidiaries

1. Rosebud and Metro do not have a controlling interest in the Subsidiaries; however, Metro provides the Subsidiaries with back-office support and Metro's management (principally Mr. Shapiro) oversees and guides 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 relationships and overall strategic guidance. Mr. Shapiro is not compensated by any of the Subsidiaries for providing these services.

2. The continued growth of the Subsidiaries and their eventual sale or other transaction is the primary 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 Second 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 Second Post Plan Implementation Report are summarized below.

   i. Capital Raise: Well's sales volume has outgrown the production capacity at its current facility. Well is working to add approximately 7,000 to 10,000 square feet of new cold storage space and a limited amount of new equipment. As described in the Second Post Implementation Report, Well had engaged Ernst & Young as its advisor to assist in raising additional equity capital. As discussed further in Section 4.4 below, Well recently completed an equity raise of $500,000 in order to support this initiative and is looking to complete an additional debt financing in order to be in a position to fund its capital expenditure requirements.

   ii. Strategic Partnerships: Well continues to secure listings with major retailers, including recent new national listings with Sobeys, which is expected to add approximately 800 additional points of distribution in the fall of 2023. Well has also secured a listing with Farm Boy Ontario, which has 44 supermarkets within its network, which is expected to commence in September 2023. Recent market data received by Well's management suggests that its products are one of the top-selling products in their categories within the Canadian grocery retail market.

   iii. Leadership: On August 2, 2023, Well announced to its shareholders that Scott Cooper has joined Well in the role of President and will be added as a member of Well's board of directors in the near term. Mr. Cooper is a seasoned CPG and beverage executive having served in senior roles with SC Johnston, Cadbury, Unilever, Sobeys and a 12-year stint with Molson Coors.

c) Well continues to have access to an operating line facility under which it can borrow up to $500,000, which is not drawn at this time.

d) For the year-ended May 31, 2023, Well's net revenue was slightly less than budget (7%) and prior year (4%), primarily as a result of the discontinuation of its ready-to-drink alcohol beverage segment, as gross margin percentage was the same as budget and prior year. For the year ended May 31, 2023, Well was virtually break-even on an EBITDA basis. Management expects that that the additional capital raised will allow Well to invest in additional space and capital needs, which will create efficiencies and economies of sale.

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.

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

   i. Strategic Partnerships: In the Second Post Plan Implementation Report, the Monitor advised that Handfuel was set to launch in Costco Canada in March 2023. Management advised that the Costco Canada launch has since been successful and Handfuel continues to acquire new listings in Costco and throughout independent stores in Canada. Handfuel is also currently expanding into the hospitality channel throughout Canada, at venues such as cafes and golf and other sporting clubs.

   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 later in 2023.

c) For its five-month period ended May 31, 2023, Handfuel's financial results reflect strong growth and profitability, including:

   i. net sales have more than doubled year-over-year and reflect a 62% positive variance to budget for the same period;

   ii. positive operating income, which is tracking approximately 49% higher than budget; and

   iii. positive EBITDA, which is tracking approximately 163% higher than budget.

Spectral

a) Metro and Well own a 9% and 39% equity interest in Spectral, respectively. Spectral has developed a turnkey greenhouse model that Metro's management 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.

b) Spectral is in early-stage discussions with a large US indoor grower to develop a co-venture arrangement for the Canadian market.

Swift Work Wellness

a) Metro's interests in Swift Work Wellness consist of a 27% holding in its US parent, and a 45% interest in its Canadian subsidiary, which together form Swift Work Wellness. Swift Work Wellness produces a liquid supplement designed to support immune system health, enhance focus and improve energy. Swift Work Wellness' liquid supplement is dispensed through a cooler system and is marketed towards use in workplace break rooms as a means of improving workplace wellness and overall employee performance.

b) Swift Work Wellness recently discontinued its Canadian and US operations, largely as a result of the Covid-19 pandemic. ADN Canada recently filed an assignment in bankruptcy. Accordingly, the Monitor's subsequent reports will not include any update on the Swift Work Wellness subsidiaries.

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. The business is profitable, has excess cash and is expected to pay dividends in 2023. 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 SAS project management software.

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.

3. The amount owing under the Promissory Note (approximately $13.9 million) has not changed since the Second Post Plan Implementation Report as no further distributions have been made.

3.3 Plan Subsection 8.1(c) – Disputed Claims

1. 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 $613,000 (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. Metro is not expected to generate free cash flow in the near term, and 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 $41,759, 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 February 1, 2023 to July 31, 2023 total approximately $12,000 and $7,000, 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 February 9, 2024.

2. Should there be a material development prior to February 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