ksv advisory inc.

Sixth Report of KSV Restructuring Inc. as CCAA Monitor of MJardin Group, Inc., Growforce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation

February 28, 2023

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COURT FILE NO.: CV-22-00682101-00CL

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 INVOLVING MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

BETWEEN:

PRICEWATERHOUSECOOPERS INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF BRIDGING FINANCE INC. AND CERTAIN RELATED ENTITIES AND INVESTMENT FUNDS

APPLICANT

- and -

MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

RESPONDENTS

SIXTH REPORT OF KSV RESTRUCTURING INC. AS MONITOR

FEBRUARY 28, 2023

1.0 Introduction

1. By orders of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated April 30, 2021, May 3, 2021, and May 14, 2021, PricewaterhouseCoopers Inc. was appointed receiver and manager (in such capacity, the "Bridging Receiver") of Bridging Finance Inc. ("BFI") and certain related entities and investment funds (collectively, "Bridging") pursuant to section 129 of the *Securities Act* (Ontario).

2. Bridging has made various loans to certain subsidiaries of MJardin Group, Inc. ("MJar", and collectively with its subsidiaries, the "MJar Group").

3. On March 23, 2022, the Bridging Receiver obtained an Order (the "Receivership Order") appointing KSV Restructuring Inc. ("KSV") as the receiver and manager (the "Receiver") of MJar, excluding certain assets and business as specified in the Receivership Order. The Bridging Receiver sought the Receivership Order to stabilize the MJar Group's business and, with the assistance of the Receiver, review and consider available options to restructure and/or refinance the MJar Group. Following this review, the Receiver and the Bridging Receiver were of the view that formal restructuring proceedings were necessary to allow MJar and certain of its subsidiaries to pursue and implement an orderly operational and financial restructuring of their business as a going concern.

4. On June 2, 2022:

   a) the Bridging Receiver obtained an initial order (the "Initial Order") under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA"), among other things:

      (i) granting MJar and three of its subsidiaries, Growforce Holdings Inc. ("Growforce"), 8586985 Canada Corporation ("858") and Highgrade MMJ Corporation ("Highgrade" and, together with MJar, Growforce and 858, the "Debtors"), protection under the CCAA,

      (ii) appointing KSV as monitor of the Debtors (the "Monitor");

      (iii) approving a debtor-in-possession loan facility (the "DIP Facility") made available to the Debtors by Bridging, as DIP lender (in such capacity, the "DIP Lender"), in the initial maximum principal amount of $250,000, pursuant to a debtor-in-possession term sheet (the "DIP Term Sheet"), and

      (iv) granted a charge:

         - in favour of the Receiver and its counsel on all of the Debtors' current and future assets, property and undertaking (the "Property") for any unpaid professional fees and disbursements which were incurred during the receivership proceeding (the "Receiver's Charge");

         - in the amount of $100,000 on the Property to secure the fees and disbursements of the Monitor and its legal counsel (the "Administration Charge");

         - in the amount of $2,548,266.24, plus accrued and unpaid interest, fees and reimbursable expenses, to secure amounts advanced by the Bridging Receiver to the Receiver during the receivership proceedings (the "Receiver's Borrowings Charge");

- up to the maximum amount of $250,000 on the Property in favour of the DIP Lender (the "DIP Lender's Charge") to secure the DIP Lender's advances to the Debtors under the DIP Facility until June 9, 2022 being the date of the comeback motion; and

- in the amount of $335,000 on the Property in favour of the directors and officers (the "Directors and Officers") of the Debtors (the "Directors' Charge");

b) the Receiver obtained an order (the "Discharge Order"), among other things, authorizing the discharge of the Receiver effective upon the issuance of a certificate in the form attached to the Discharge Order (the "Discharge Certificate").[1]

5. On June 9, 2022, the Bridging Receiver obtained an Amended and Restated Initial Order (the "ARIO") that, among other things:

a) extended the stay of proceedings from June 10, 2022 to September 9, 2022 (the "Stay Period");[2]

b) approved the appointment of Howards Capital Corp. as the Chief Restructuring Officer of the Debtors (the "CRO");

c) increased the amount of the DIP Facility from $250,000 to $2 million;

d) increased the amount of the Court-ordered charges granted by the Initial Order, including:

(i) the Administration Charge to $300,000;

(ii) the DIP Lender's Charge to $2,000,000, plus accrued and unpaid interest, fees and reimbursable expenses; and

(iii) the Directors' Charge to $785,000; and

e) granted a charge as security for certain additional consideration potentially payable by MJar to the CRO pursuant to the terms of the CRO's engagement letter (the "CRO Additional Consideration Charge").

[1] The Discharge Certificate was issued and filed with this Court on June 3, 2022.

[2] On August 29, 2022, the Court issued an Order pursuant to which, among other things, the Stay Period was further extended to November 10, 2022.

6. Pursuant to the ARIO, the Charges have the following priority:

   a) first, the Receiver's Charge. All obligations secured by the Receiver's Charge have been fully satisfied;

   b) second, the Administration Charge;

   c) third, the Receiver's Borrowing Charge;

   d) fourth, the DIP Lender's Charge;

   e) fifth, the Directors' Charge; and

   f) sixth, the CRO Additional Consideration Charge;

7. On November 4, 2022, the Court issued an order (the "SISP Order"), which, among other things:

   a) approved a sale and investment solicitation process (the "SISP") for the Debtors' assets and business operations;

   b) extended the Stay Period to March 3, 2023; and

   c) approved an amendment to the DIP Term Sheet to extend the maturity date of the DIP Facility from December 21, 2022 to March 3, 2023 (the "First DIP Amendment").

8. Consistent with the terms of the SISP Order, the Monitor, with the assistance of the Debtors and the CRO, carried out the SISP. The SISP generated limited interest and did not generate any bids prior to the bid deadline, being December 15, 2022, that represented a compelling opportunity for a value maximizing transaction that was in the best interests of the Debtors and their stakeholders. Accordingly, the Monitor and the Debtors, in consultation with the Bridging Receiver, elected to terminate the SISP.

9. As reported in the Fifth Report of the Monitor dated January 6, 2023 (the "Fifth Report"), following termination of the SISP, the Bridging Receiver advised the Monitor and the Debtors that it expected to proceed with a credit bid for the Debtors' business and assets (the "Credit Bid Transaction") and that it was in the process of preparing draft transaction documentation for review by the Debtors and the Monitor.

10. On January 9, 2023, the Court issued an order (the "DIP Increase Order"), which, among other things, (i) approved an amendment to the DIP Term Sheet to increase the maximum amount available under the DIP Facility from $2 million to $2.5 million (the "Second DIP Amendment"), and (ii) increased the DIP Charge to $2.5 million.

11. Additional background information regarding the Debtors and these proceedings is included in the Monitor's prior reports to Court, and accordingly, is not repeated herein. The Monitor's prior reports, together with all other court materials filed in these proceedings, are available on the Monitor's website at the following link: https://www.ksvadvisory.com/experience/case/mjardin-group-inc.

1.1 Purposes of this Report

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

   a) provide the Court with an update on the status of the potential Credit Bid Transaction, and a recent unsolicited expression of interest from a third party to acquire a significant portion of the Cultivation Operations (as defined below);

   b) report on the Debtors' cash flow projection for the period March 3, 2023 to April 3, 2023 (the "Cash Flow Forecast");

   c) discuss the reasons for the Court to extend the Stay Period for the period ending April 3, 2023;

   d) discuss a proposed amendment to the DIP Term Sheet to, among other things, increase the maximum amount of the DIP Facility from $2.5 million to $2.95 million and extend the maturity date of the DIP Facility from March 3, 2023 to April 3, 2023 (the "Third DIP Amendment"); and

   e) discuss the request to increase the Administration Charge to a maximum of $600,000 (the "Revised Administration Charge");

2. Recommend that the Court issue orders:

   a) extending the Stay Period to April 3, 2023;

   b) approving the Third DIP Amendment and increasing the DIP Charge to $2.95 million (plus accrued and unpaid interest, fees and reimbursable expenses);

   c) approving the Revised Administration Charge; and

   d) approving the Fifth Report of the Monitor dated January 6, 2023, and this Report and the Monitor's activities and conduct described herein.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the unaudited financial information of the Debtors, the books and records of the Debtors, discussions with the Debtors' management, discussions with the Bridging Receiver and its counsel and discussions with the CRO.

2. The Monitor has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Debtors' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

1.3 Currency

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

2.0 Background

1. MJar is a corporation incorporated under the laws of the Province of Ontario. Prior to being delisted shortly following the granting of the Receivership Order and a cease trade order being issued by the Ontario Securities Commission on May 6, 2022, MJar's shares were traded publicly since 2018 on the Canadian Securities Exchange under the ticker symbol "MJAR".

2. MJar is the ultimate parent company of the MJar Group, which consists of subsidiaries based out of Canada and the U.S. (the latter being referred to collectively as the "U.S. Subsidiaries"). The corporate chart for the MJar Group is provided in Appendix "A".

3. In Canada, the MJar Group engages in the production and sale of cannabis through its wholly-owned subsidiary Growforce, which owns 100% and 75.51% of the outstanding shares of 858 and Highgrade, respectively (the "Cultivation Operations"). Each of 858 and Highgrade are licensed producers of cannabis in accordance with the Cannabis Act, S.C. 2018, c. 16 and its associated regulations ("Cannabis Act"). The Monitor understands that Growforce and MJar are holding companies that have never conducted active business operations.

4. Highgrade owns and operates a cannabis production facility in Dunnville, Ontario (the "GRO Facility"). Cannabis is neither processed nor sold from the GRO Facility. 858 primarily operates out of a leased cannabis production facility located in Brampton, Ontario (the "WILL Facility"). The WILL Facility is used to process and sell cannabis produced at both the GRO Facility and the WILL Facility.

5. 858 currently holds a Cannabis Act license (the "858 License") which permits it to cultivate, process and sell cannabis for the medical and recreational/adult-use markets and to sell cannabis plant seeds, cannabis plants, dried cannabis and fresh cannabis to provincially/territorially authorized distributors/retailers and directly to consumers with medical documents. Highgrade holds a Cannabis Act license (the "Highgrade License" and together with the 858 License, the "Licenses") which permits it to cultivate cannabis plant seeds, cannabis plants, dried cannabis and fresh cannabis, but is limited in its ability to process and sell the cannabis.

6. In addition to the Debtors' business, the MJar Group has several other key assets:

   a) unsecured promissory notes (the "Unsecured Notes") with a face value of approximately $16.2 million held by Buddy Boy Brands, LLC ("BBBL"), a U.S. Subsidiary, representing amounts advanced to 3B Ventures LLC and TwoG Ventures LLC d/b/a Buddy Boy Brands ("BBB"). BBB is a cannabis producer which also operates seven retail cannabis stores in Colorado, USA. BBB is actively engaged in a sale process. Management is working cooperatively with BBB in respect of such sale efforts;

   b) a 100% equity interest in 13295389 Canada Corporation ("132"), a non-debtor subsidiary of Growforce, which has an interest in certain proceeds relating to the sale of a 120,000 square-foot building in Winnipeg, Manitoba (the "Warman Proceeds"). The Monitor understands there is a dispute between the Bridging Receiver and Peguis First Nation on entitlements to the Warman Proceeds;

   c) the MJar Group's interest in OG DNA Genetics Inc. ("OG DNA"), a California-based private cannabis company with proprietary genetics. The Bridging Receiver and Management are considering next steps with respect to OG DNA; and

   d) an indirect minority equity interest in AtlantiCann Medical Inc. ("AMI"), an operator of a cannabis production facility in Halifax, Nova Scotia, held through Growforce's 39% shareholdings in Growforce AC Holdings Inc. ("GFAC"), which in turn holds 100% of the shares of AMI.

3.0 Update on Potential Exit Transactions

1. A detailed summary of the results of the SISP was provided in the Fifth Report and is not repeated herein. An excerpt of Section 2 from the Fifth Report addressing the SISP results is attached for reference as Appendix "B".

2. As discussed above, the bid deadline in the SISP was December 15, 2022, and the SISP was terminated on January 6, 2023. After the bid deadline, the Bridging Receiver advised the Monitor and the Debtors that it expected to proceed with a Credit Bid Transaction.

3. To that end, the Monitor and the Bridging Receiver have been reviewing, discussing and preparing transaction documentation pursuant to which a newly formed subsidiary of Bridging would: (i) acquire the shares of Growforce, Highgrade and 858 (and, by extension, the Cultivation Operations) via a reverse vesting transaction (the "MJar 2.0 Transaction"); and (ii) acquire Growforce's equity interest in GFAC (the entity that holds the 39% interest in AMI) and 132 (the entity that holds the Warman Proceeds) as well as various ancillary assets of MJar (the "Residual Transaction").

4. The MJar 2.0 Transaction, if completed, would maintain the Cultivation Operations as a going-concern business upon emergence from the CCAA proceedings. The Monitor understands that the Bridging Receiver has had numerous discussions with the CRO regarding the CRO's participation in the potential MJar 2.0 Transaction and that the Bridging Receiver has also discussed the proposed transactions with representative counsel to Bridging's investors ("Representative Counsel") and its financial advisor.

5. On February 24, 2023, the Monitor received an unsolicited expression of interest from a third party to acquire the majority of the Cultivation Operations (the "EOI"). The Bridging Receiver, after consulting with Representative Counsel, has asked the Monitor to further explore the EOI. The Monitor has requested additional information from the interested party so it can properly assess the EOI. The Monitor expects it will take one to two weeks to explore whether the EOI represents a viable potential transaction and to consult with stakeholders in respect of same and the best path forward in the circumstances. The Monitor concurs with the Bridging Receiver that the EOI merits further exploration.

4.0 Post-Filing Accounts Payable

1. According to the CRO's February 15th report, there was approximately $1 million owing in respect of post-filing accounts payable, including $239,000[3] owing to the CRO and the CRO's consultants and approximately $360,000 owing to suppliers in respect of normal course accounts payable. Over the course of January and February 2023, the Bridging Receiver, the Monitor and the CRO have met on a weekly basis to discuss the status of the Debtors' business, including cash flow forecasts and the amounts due and accruing due to employees, post-filing trade creditors, consultants and professionals, and resulting funding requirements.

2. As discussed in greater detail below, in connection with negotiations pertaining to the proposed extended Stay Period, subject to Court approval, the Bridging Receiver has agreed to provide additional DIP funding to be used to satisfy a significant portion of the Debtors' post-filing accounts payable, including amounts owing to suppliers and consultants. The Monitor has advised the Bridging Receiver of its view that all post-filing payables will need to be satisfied or assumed as part of any transaction(s).

5.0 Cash Flow Forecast

1. The Debtors prepared the Cash Flow Forecast for the period March 3, 2023 to April 3, 2023 (the "Period"). The Cash Flow Forecast and the Debtors' statutory representations on the cash flow pursuant to Section 10(2)(b) of the CCAA are attached as Appendix is attached as Appendix "C".

2. The Debtors have borrowed $2.35 million under the DIP Facility. Accordingly, they have $150,000 of remaining potential current availability, which the Bridging Receiver has confirmed will be advanced. In addition, the proposed Third DIP Amendment would increase the maximum amount available under the DIP Facility to $2.95 million (an increase of $450,000). As described above, the additional funding will be used to pay down a portion of post-filing accounts payable.

3. Based on the Monitor's review of the Cash Flow Forecast, the assumptions appear reasonable. The Monitor's statutory report on the Cash Flow Forecast is attached as Appendix "D".

[3] The Monitor understands the CRO Report excluded January consulting fees owing to the CRO and consultants totaling approximately $165,000.

6.0 DIP Amendment

1. A copy of the Third DIP Amendment is attached as Appendix “E”.

2. The Third DIP Amendment, among other things, amends the DIP Term Sheet to increase the maximum amount available under the DIP Facility to $2.95 million (from $2.5 million) and extends the maturity from March 3, 2023 to April 3, 2023. The Third DIP Amendment is conditional upon Court approval.

3. The Monitor recommends that the Court issue an order approving the Third DIP Amendment as:

   a) the Third DIP Amendment is necessary to allow the Bridging Receiver, the Debtors and the Monitor time to assess the EOI and pursue the best available transaction(s);

   b) the additional DIP funding will allow the Debtors to pay down their outstanding post-filing accounts payable, principally via payments to suppliers and consultants;

   c) although limited notice is being provided in respect of the proposed Third DIP Amendment, no stakeholder has previously objected to or otherwise taken issue with the DIP Facility or the related priority charge to date; and

   d) the Monitor does not believe any stakeholder is prejudiced by the Third DIP Amendment, and the only pre-filing creditor with an economic interest in the Debtors is supporting this further funding.

7.0 Stay Extension

1. The Bridging Receiver is seeking an extension of the Stay Period for the Debtors from March 3, 2023 to April 3, 2023.

2. The Monitor is supportive of the stay extension for following reasons:

   a) in the Monitor’s view, the Debtors are acting in good faith and with due diligence;

   b) the proposed extension of the Stay Period will provide time for the Monitor to assess the EOI (as has been requested by the Bridging Receiver following consultation with Representative Counsel), consult with stakeholders, and finalize and seek Court approval of proposed transaction(s);

   c) no creditor will be materially prejudiced if the extension is granted; and

   d) as of the date of this Report, the Monitor is not aware of any party opposed to an extension of the Stay Period.

3. The Monitor is of the view that any proposed transaction(s) should be finalized and brought for Court approval prior to the end of the proposed Stay Period.

8.0 Revised Administration Charge

1. The Administration Charge currently secures the fees and expenses of the Monitor, counsel to the Monitor, and the CRO up to $300,000 (in the case of the CRO, up to a maximum of $160,000, and not in respect of the obligation to pay any Additional Consideration).

2. As of the date of this Report, the Monitor and its counsel are owed approximately $430,000, for the period October 2022 through to on or about the date hereof (approximately 5 months), and have not received any payments on their accounts since November 2022. Except for a payment of $50,000 to be funded under the Third DIP Amendment, it is not anticipated that the outstanding accounts of the Monitor and its counsel will be paid at present.

3. The majority of the Monitor and its counsel's outstanding fees and expenses relate to designing and conducting the SISP approved by the Court in November 2022 and progressing the potential transactions with the Bridging Receiver described in Section 3.0, with the balance related to day-to-day administration of the CCAA proceeding, including assisting the Debtors in their dealings with creditors, their landlord and suppliers and facilitating the provision of cash flow and other financial and business reporting information to the Bridging Receiver. Of note, this is a creditor commenced CCAA in which the Debtors have no counsel, with the result that the Monitor and its counsel have been required to perform a greater scope of work than is typically the case in a CCAA proceeding, including (and as expressly authorized by the ARIO), advising the Debtors in respect of any restructuring transaction that may be pursued by the Bridging Receiver or the Debtors.

4. Based on discussions with the Bridging Receiver, the Monitor understood that its accounts and those of its counsel would be settled on the closing of the potential transactions with the Bridging Receiver outlined in Section 3.0. In light of the desire to explore the EOI and the resulting extension of these proceedings, it is no longer anticipated that any transactions will close in the near term. In the circumstances, the Monitor has requested, and the Bridging Receiver has agreed to seek and support, the Revised Administration Charge.

5. As outlined above, significant fees and costs have been incurred, and will continue to be incurred, by the Monitor and its counsel in advancing these proceedings, and the Debtors have not made any payments on account of the Monitor and its counsel's outstanding accounts since November 2022.The Monitor believes that the Revised Administration Charge is reasonable and appropriate in the circumstances given the complexities of the Debtors' proceeding, the expanded role of the Monitor in the context of a creditor commenced CCAA, the Debtors' liquidity position, the unpaid professional fees as of the date of this Report, and the professional fees that continue to accrue. Without such protection or other acceptable arrangements being put in place, the Monitor and its counsel are not prepared to continue to provide services in these proceedings.

9.0 Conclusion and Recommendation

1. For the reasons stated herein, the Monitor respectfully recommends that this Court issue an order approving the relief described in Section 1.1 (2).

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

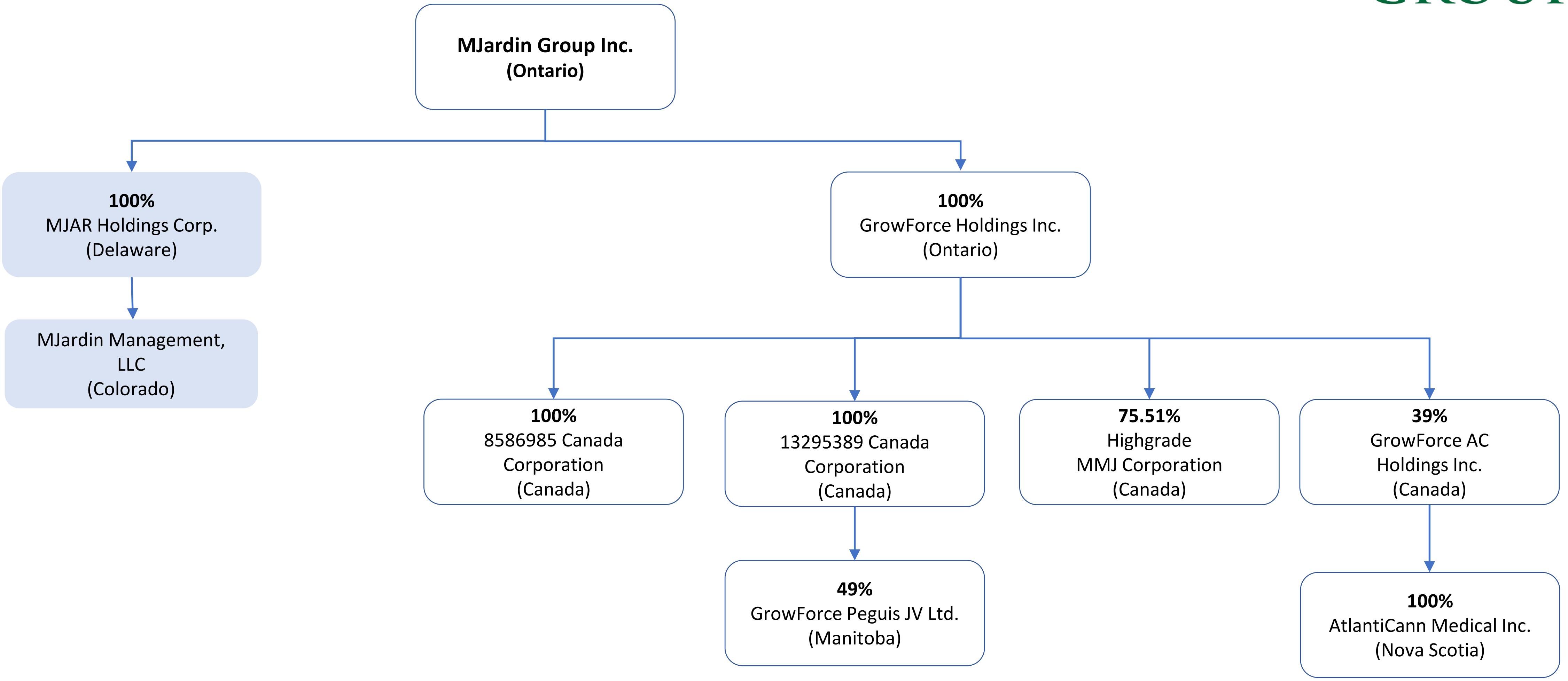
KSV RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR OF
MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC.,
8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION
AND NOT IN ITS PERSONAL CAPACITY

Appendix “A”

MJardin Group Inc – Legal Entities*

As at December 31st, 2021

MJARDIN GROUP



LEGEND

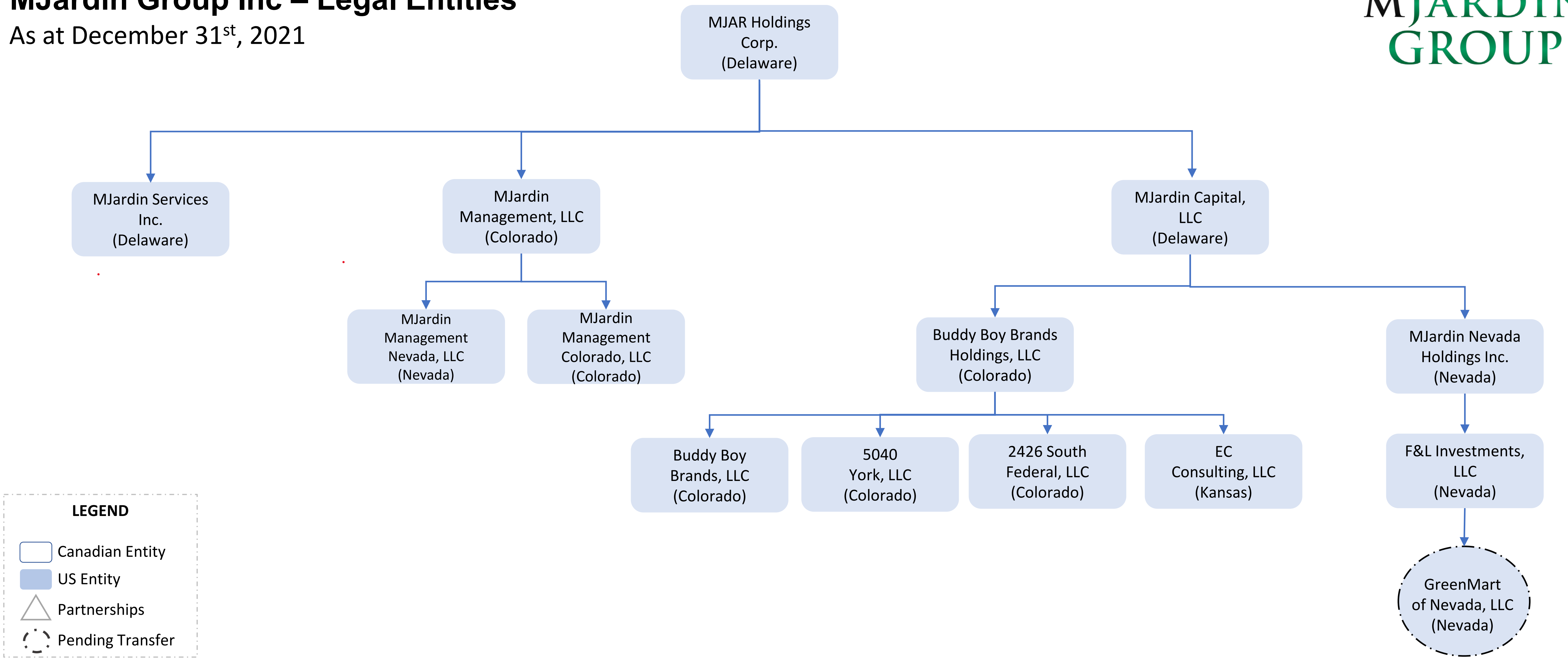
- Canadian Entity
- US Entity
- Partnerships
- Pending Transfer

**Dormant entities to be wound up by 12/04/22*

MJardin Group Inc – Legal Entities

As at December 31st, 2021

MJARDIN GROUP



Appendix “B”

2.0 SISP Results

1. A detailed summary of the SISP was provided in the Monitor's Fourth Report to Court dated October 28, 2022 (the "Fourth Report") and is not repeated herein. An excerpt of Section 4 from the Fourth Report addressing the SISP is attached for reference as Appendix "B".

2. A summary of the results of the SISP is as follows:

   a) 130 potentially interested parties were sent a process summary describing the opportunity and a form of non-disclosure agreement (an "NDA");

   b) notice of the SISP was published in Insolvency Insider during November 2022;

   c) five parties executed an NDA and were provided with a copy of a Confidential Information Memorandum, as well as access to a virtual data room which contained additional information about the Debtors; and

   d) no bids were received before December 15, 2022, being the bid deadline in Phase 1 of the SISP (the "Bid Deadline").

3. One party expressed an interest in acquiring the assets during the SISP, although the party did not make a formal offer. The Monitor and the Debtors, in consultation with the Bridging Receiver, determined that the potential offer did not represent a compelling opportunity for a value maximizing or other transaction that was in the best interests of the Debtors and their stakeholders. Accordingly, the Monitor and the Debtors, in consultation with the Bridging Receiver, elected to terminate the SISP

4. The Bridging Receiver has advised the Monitor and the Debtors that it expects to proceed with a credit bid for the Debtors' business and assets (the "Credit Bid Transaction") and is in the process of preparing draft transaction documentation for review by the Debtors and the Monitor. Any Credit Bid Transaction will be subject to Court approval, which the Monitor expects would be sought prior to the end of the current Stay Period.

Appendix “C”

MJardin Group, Inc., GrowForce Holdings Inc., Highgrade MMJ Corporation and 8586985 Canada Corporation (collectively, the "Debtors")

Projected Consolidated Cash Flow - 5 Week Forecast

For the Period Ending April 3, 2023

(Unaudited; $CAD in 000's)

		Week Ending				10 day period	
	Note	3-Mar-23	10-Mar-23	17-Mar-23	24-Mar-23	3-Apr-23	Total
Receipts							
Collections from cannabis sales	1	66	226	130	284	58	764
Total Receipts		66	226	130	284	58	764
Disbursements							
Operating Costs:	2						
Payroll and benefits		(33)	(129)	(13)	(118)	(13)	(304)
Operating expenses		(40)	(200)	(189)	(75)	(75)	(578)
Insurance		-	-	(20)	-	-	(20)
Rent	3	(20)	-	-	-	(20)	(40)
Excise Taxes	4	(51)	-	-	-	(75)	(126)
HST refund (payment)		(15)	-	-	-	(75)	(90)
Total Operating Disbursements		(158)	(329)	(221)	(193)	(257)	(1,158)
Net Cash Flow Before the Undernoted		(92)	(103)	(91)	91	(200)	(394)
Other Receipts / (Disbursements)							
Professional fees	5	(50)	-		-	-	(50)
Restructuring costs	6	-	-	(114)	-	-	(114)
		(50)	-	(114)	-	-	(164)
Net Cash Flow		(142)	(103)	(205)	91	(200)	(558)
Opening cash		45	104	1	196	287	45
Net cash flow		(142)	(103)	(205)	91	(200)	(558)
Required DIP funding		200	-	400	-	-	600
Closing cash		104	1	196	287	87	87
DIP Loan Balance		2,550	2,550	2,950	2,950	2,950	2,950

MJardin Group, Inc., GrowForce Holdings Inc., Highgrade MMJ Corporation and 8586985 Canada Corporation (collectively, the "Debtors")
Projected Consolidated Cash Flow - 5 Week Forecast
For the Period Ending April 3, 2023
(Unaudited; $CAD in 000's)

Purpose and General Assumptions

The purpose of the projection is to present a cash flow forecast of the Debtors for the period January 2, 2023 to April 3, 2023 (the "Period") in respect of their proceedings under he *Companies' Creditors Arrangement Act* ("CCAA").

The cash flow projection has been prepared based on most probable assumptions.

Hypothetical Assumptions

None.

Probable Assumptions

1. Represents projected collections from outstanding invoices, existing purchase orders and forecasted sales. Collections are presented net of any deductions from projected returns and price reductions.

2. Operating costs include payroll, payments to trade vendors and insurance.

3. Occupancy costs include rent for the Debtors' leased premises in Brampton, Ontario.

4. Represents normal course excise tax remittances.

5. Represents the estimated payments to the Monitor and its counsel in respect of their professional fees.

6. Represents the monthly obligations associated with the Chief Restructuring Officer and other consultants.

COURT FILE NO.: CV-22-00682101-00CL

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 MJARDIN GROUP, INC.

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

The management of MJardin Group, Inc., Growforce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation (collectively, the "Debtors") have developed the assumptions and prepared the attached statement of projected cash flow as of the 28th day February, 2023 for the period February 27, 2023 to April 3, 2023 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

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

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

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

Dated at Toronto, Ontario this 28th day of February, 2023.

MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

Per: Howard Steinberg
Howards Capital Corp., in its capacity as
Chief Restructuring Officer of MJardin Group, Inc.

Appendix “D”

COURT FILE NO.: CV-22-00682101-00CL

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 MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

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

The attached statement of projected cash-flow of MJardin Group, Inc., Growforce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation (collectively, the "Debtors") as of the 28th day February, 2023, consisting of a weekly projected cash flow statement for the period February 27, 2023 to April 3, 2023 ("Cash Flow") has been prepared by the management of the Debtors for the purpose described in Note 1, using probable assumptions set out in the notes to the Cash Flow.

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

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

a) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Debtors or do not provide a reasonable basis for the Cash Flow; or

b) the Cash Flow does not reflect the probable assumptions.

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

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

Dated at Toronto this 28th day of February, 2023.

KSV Restructuring Inc.

KSV RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR OF
MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC.,
8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION
AND NOT IN ITS PERSONAL CAPACITY

Appendix “E”

MJARDIN GROUP

MJardin Group, Inc.
PO Box 846 – Toronto Adelaide Retail
Toronto, ON M5C 2K1
1 778-363-9925

February 28, 2023

VIA EMAIL

PricewaterhouseCoopers Inc.,
in its capacity as court-appointed receiver
and manager of Bridging Finance Inc. and
certain related entities and investment funds
18 York Street, Suite 2600
Toronto, ON M5J 0B2

Attention: Michael McTaggart and Graham Page

Dear Sir,

Re: Debtor in Possession Financing for MJardin Group, Inc. Growforce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation (collectively, the "Borrower")

We write on behalf of the Borrower in regards to the Debtor-in-Possession Financing Term Sheet between the Borrower and PricewaterhouseCoopers Inc., in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds (the "**Bridging Receiver**") made as of June 1, 2022, as amended by letter agreements dated September 8, 2022, November 4, 2022 and January 9, 2023 (the "**DIP Term Sheet**"). Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the DIP Term Sheet.

The Maturity Date contemplated by item (iv) of the "Term" section of the DIP Term Sheet is currently March 3, 2023. The DIP Term Sheet contemplates the extension of the Maturity Date if agreed to in writing by the DIP Lender.

The Borrower, following consultation with the Monitor, hereby requests (i) an extension of the Maturity Date specified in item (iv) in the "Term" section to April 3, 2023, (ii) that the principal amount of the Facility be increased by an additional $450,000 (the "**Additional DIP Funding**") (to $2,950,000 in the aggregate), and (iii) that the amount of the Administration Charge that will rank in priority to the DIP Charge be increased by an additional $300,000 (to $600,000 in the aggregate).

For good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), this letter agreement confirms that the parties agree as follows:

(a) The Maturity Date specified in item (iv) in the "**TERM**" section of the DIP Term Sheet shall be April 3, 2023.

(b) The first sentence of the section of the DIP Term Sheet titled "**LOAN AMOUNT**" is deleted and replaced with the following:

A non-revolving debtor-in-possession credit facility in the maximum principal amount of $2,950,000 (the "**Facility**").

(c) The second paragraph of the section of the DIP Term Sheet titled "**SECURITY**" is hereby deleted and replaced with the following:

The DIP Charge shall rank subordinate only to: (i) the Receiver's Charge and the Receiver's Borrowings Charge (as each such term is defined in the Order (Appointing Receiver) of the Court dated March 23, 2022 (CV-22-00678813-00CL) (the "**Receivership Order**"); and (ii) the Administration Charge in the CCAA Proceeding in the amount of $600,000.

(d) This letter agreement shall become effective upon execution thereof by the parties and approval of this agreement by the Court in the CCAA Proceeding pursuant to an Order (the "**Approval Order**") in form and substance satisfactory to the DIP Lender, among other things, approving an increase of the DIP Charge to $2,950,000, plus accrued and unpaid interest, fees and reimbursable expenses. The DIP Lender agrees that upon granting of the Approval Order and receipt of a written request from the Borrower for the Additional DIP Funding, all conditions to the Advance of the Additional DIP Funding shall be satisfied.

Please indicate your acceptance of the foregoing by executing this letter agreement in the space indicated below and returning a copy to the Borrower at howard@howardscapital.com. All other terms and conditions of the DIP Term Sheet shall remain the same.

[*Signature pages follow*]

Yours truly,

MJardin Group, Inc. Growforce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation

Per: ______________________________

Name: Howard Steinberg
Title: Howards Capital, Corp., in its capacity as Chief Restructuring Officer of MJardin Group, Inc., Growforce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation

ACCEPTED AND AGREED this 28th day of February, 2023.

PricewaterhouseCoopers Inc., solely in its capacity as court-appointed receiver and manager of the DIP Lender and with no personal or corporate liability

Per: ______________________

Name: Graham Page
Title: Vice-President

cc: Noah Goldstein, KSV Restructuring Inc. (*via email*)

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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 INVOLVING MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

Court File No: CV-22-00682101-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

SIXTH REPORT OF THE MONITOR
DATED FEBRUARY 28, 2023

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Christopher Armstrong LSO#: 55148B
carmstrong@goodmans.ca

Andrew Harmes LSO#: 73221A
aharmes@goodmans.ca

Brennan Caldwell LSO#: 81627N
bcaldwell@goodmans.ca

Tel: (416) 979-2211/ Fax: (416) 979-1234

Lawyers for the Monitor, KSV Restructuring Inc.