

Court File No.: _____

**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 TRICHOME FINANCIAL CORP., TRICHOME JWC ACQUISITION CORP., MYM NUTRACEUTICALS INC., TRICHOME RETAIL CORP., MYM INTERNATIONAL BRANDS INC., AND HIGHLAND GROW INC.

Applicants

**APPLICATION RECORD
(Returnable November 7, 2022)
Volume 2 of 2**

November 7, 2022

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON M5X 1A4

Sean Zweig (LSO# 57307I)
Tel: (416) 777-6254
Email: zweigs@bennettjones.com

Joshua Foster (LSO# 79447K)
Tel: (416) 777-7906
Email: fosterj@bennettjones.com

Lawyers for the Applicants

TO: THE ATTACHED SERVICE LIST

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

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Applicants

SERVICE LIST

As at November 7, 2022	
BENNETT JONES LLP 3400 One First Canadian Place P.O. Box 130 Toronto, ON M5X 1A4 <i>Lawyers for the Applicants</i>	Sean Zweig Tel: (416) 777-6254 Email: zweigs@bennettjones.com Joshua Foster Tel: (416) 777-7906 Email: fosterj@bennettjones.com
KSV RESTRUCTURING INC. 150 King Street West Suite 2308 Toronto, ON M5H 1J9 <i>The Proposed Monitor</i>	Bobby Kofman Tel: (416) 932-6228 Email: bkofman@ksvadvisory.com Noah Goldstein Tel: (416) 932-6207 Email: ngoldstein@ksvadvisory.com Murtaza Tallat Tel: (416) 932-6031 Email: mtallat@ksvadvisory.com

<p>CASSELS BROCK & BLACKWELL LLP Suite 2100, Scotia Plaza 40 King Street West Toronto, ON M5H 3C2</p> <p><i>Lawyers for the Proposed Monitor</i></p>	<p>Ryan Jacobs Tel: (416) 860-6465 Email: rjacobs@cassels.com</p> <p>Jane Dietrich Tel: (416) 860-5223 Email: jdietrich@cassels.com</p> <p>Jeremy Bornstein Tel: (416) 869-5386 Email: jbornstein@cassels.com</p>
<p>CORTLAND CREDIT LENDING CORPORATION 200 Bay Street, Suite 3230 Royal Bank Plaza, South Tower Toronto, ON M5J 2J2</p> <p><i>The Agent and the Proposed DIP Lender</i></p>	<p>Bruce Sherk Tel: (416) 407-4440 Email: bsherk@cortlandcredit.ca</p>
<p>DENTONS CANADA LLP 77 King Street West Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1</p> <p><i>Lawyers for the Agent and the Proposed DIP Lender</i></p>	<p>John J. Salmas Tel: (416) 863-4737 Email: john.salmas@dentons.com</p> <p>Mark A. Freake Tel: (416) 863-4456 Email: mark.freake@dentons.com</p>
<p>DEPARTMENT OF JUSTICE (CANADA) Ontario Regional Office, Tax Law Section 120 Adelaide Street West, Suite 400 Toronto, ON M5H 1T1</p>	<p>Diane Winters Tel: (647) 256-7459 Email: diane.winters@justice.gc.ca</p>
<p>ONTARIO MINISTRY OF FINANCE (INSOLVENCY UNIT) Ministry of Finance – Legal Services Branch 11-777 Bay Street Toronto, ON M5G 2C8</p>	<p>Leslie Crawford Email: leslie.crawford@ontario.ca</p> <p>Copy to: insolvency.unit@ontario.ca</p>
<p>CANADA REVENUE AGENCY 1 Front Street West Toronto, ON M5J 2X6</p>	<p>Pat Confalone Tel: (416) 954-6514 Email: pat.confalone@cra-arc.gc.ca</p> <p>Sandra Palma Email: sandra.palma@cra-arc.gc.ca</p>

<p>HEALTH CANADA Controlled Substances and Cannabis Branch 150 Tunney's Pasture Driveway Ottawa, ON K1A 0T6</p>	<p>Cassandra Scullion Email: cassandra.scullion@hc-sc.gc.ca</p> <p>Licensing and Security Division Email: licensing-cannabis-licenses@hc-sc.gc.ca</p>
<p>KEMPENFELT, A DIVISION OF BENNINGTON FINANCIAL CORP. 100-1465 North Service Road East Oakville, ON L6H 1A7</p> <p><i>A Secured Creditor</i></p>	

EMAIL ADDRESS LIST

zweigs@bennettjones.com; fosterj@bennettjones.com; bkofman@ksvadvisory.com;
ngoldstein@ksvadvisory.com; mtallat@ksvadvisory.com; rjacobs@cassels.com;
jdietch@assels.com; jbornstein@assels.com; bsherk@kortlandcredit.ca;
john.salmas@dentons.com; mark.freake@dentons.com; diane.winters@justice.gc.ca;
leslie.crawford@ontario.ca; insolvency.unit@ontario.ca; pat.confalone@cra-arc.gc.ca;
sandra.palma@cra-arc.gc.ca; cassandra.scullion@hc-sc.gc.ca; licensing-cannabis-licenses@hc-
sc.gc.ca

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TAB D

THIS IS **EXHIBIT "D"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)



2021

ANNUAL REPORT



IM CANNABIS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

CANADIAN DOLLARS IN THOUSANDS

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Kost Forer Gabbay & Kasierer
144 Menachem Begin Road, Building A,
Tel-Aviv 6492102, Israel

Tel: +972-3-6232525
Fax: +972-3-5622555
ey.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

to the Shareholders and Board of directors of

IM CANNABIS CORP. and its subsidiaries

Opinion on the consolidated financial statements

We have audited the accompanying consolidated statements of financial position of IM Cannabis Corp. (the "Company") and its subsidiaries (collectively, the "Group"), as of December 31, 2021 and 2020 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended and the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2021 and 2020 and the results of its operations and its cash flows for the years then ended, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on the Group's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

We have served as the Company's auditor since 2018.

Tel-Aviv, Israel
March 31, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**Canadian Dollars in thousands**

		December 31,	
	Note	2021	2020
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		\$ 13,903	\$ 8,885
Restricted deposit		1	18
Trade receivables	6	16,711	5,501
Advances to suppliers		2,300	3,602
Other accounts receivable	7	14,481	689
Investments and financial instruments	5	3,129	-
Loans receivable	15e	2,708	-
Biological assets	8	1,687	78
Inventories	9	29,391	8,370
		<u>84,311</u>	<u>27,143</u>
NON-CURRENT ASSETS:			
Property, plant and equipment, net	10	30,268	5,532
Investments	15c	2,429	2,341
Derivative assets		14	-
Right-of-use assets, net	12	18,162	935
Deferred tax assets, net	17	16	769
Intangible assets, net	5, 11	30,885	1,092
Goodwill	5, 11	121,303	304
		<u>203,077</u>	<u>10,973</u>
Total assets		<u>\$ 287,388</u>	<u>\$ 38,116</u>

The accompanying notes are an integral part of the consolidated financial statements.

IM CANNABIS CORP.
and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Canadian Dollars in thousands

		December 31,	
	Note	2021	2020
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables		\$ 13,989	\$ 2,605
Bank loans	1a	9,502	-
Other accounts payable and accrued expenses	14	20,143	3,497
Accrued purchase consideration liabilities	5	6,039	-
Current maturities of operating lease liabilities	12	1,554	167
		51,227	6,269
NON-CURRENT LIABILITIES:			
Warrants measured at fair value	15	6,022	16,540
Operating lease liabilities	12	17,820	823
Long-term loans		392	-
Employee benefit liabilities, net	13	391	371
Deferred tax liability	17	6,591	1,503
		31,216	19,237
Total liabilities		82,443	25,506
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:			
	18		
Share capital and premium		237,677	37,040
Treasury Stock		(660)	-
Translation reserve		2,614	1,229
Reserve from share-based payment transactions		12,348	5,829
Accumulated deficit		(50,743)	(33,001)
		201,236	11,097
Total equity attributable to shareholders of the Company		201,236	11,097
Non-controlling interests		3,709	1,513
		204,945	12,610
Total equity		204,945	12,610
Total equity and liabilities		\$ 287,388	\$ 38,116

The accompanying notes are an integral part of the consolidated financial statements.

March 31, 2022			
Date of approval of the financial statements	Marc Lustig Chairman of the Board	Oren Shuster Chief Executive Officer	Shai Shemesh Chief Financial Officer

IM CANNABIS CORP.
and its subsidiaries

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

Canadian Dollars in thousands

	<u>Note</u>	<u>Year ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
Revenues		\$ 54,300	\$ 15,890
Cost of revenues		42,418	7,081
Gross profit before fair value adjustments		11,882	8,809
Fair value adjustments:			
Unrealized change in fair value of biological assets		7,210	11,781
Realized fair value adjustments on inventory sold in the year		(8,796)	(10,122)
Total fair value adjustments		(1,586)	1,659
Gross profit after fair value adjustments		10,296	10,468
General and administrative expenses		32,219	11,549
Selling and marketing expenses		8,995	3,782
Share-based compensation	18	7,471	3,382
Total operating expenses		48,685	18,713
Operating loss		(38,389)	(8,245)
Finance income	15	22,024	277
Finance expenses		(1,648)	(20,504)
Finance income (expense), net		20,376	(20,227)
Loss before income taxes		(18,013)	(28,472)
Income tax expense	17	505	262
Net Loss		(18,518)	(28,734)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit plans		21	(30)
Exchange differences on translation to presentation currency		858	1,144
Total other comprehensive income that will not be reclassified to profit or loss in subsequent periods		879	1,114
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:			
Adjustments arising from translating financial statements of foreign operation		530	(124)
Total other comprehensive income that will be reclassified to profit or loss in subsequent periods		530	(124)
Total other comprehensive income		1,409	990
Total comprehensive loss		\$ (17,109)	\$ (27,744)

The accompanying notes are an integral part of the consolidated financial statements.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

Canadian Dollars in thousands, except per share data

		Year ended December 31,	
	Note	2021	2020
Net loss attributable to:			
Equity holders of the Company		\$ (17,763)	\$ (28,698)
Non-controlling interests		(755)	(36)
		\$ (18,518)	\$ (28,734)
Total comprehensive income (loss) attributable to:			
Equity holders of the Company		(16,357)	(27,808)
Non-controlling interests		(752)	64
		\$ (17,109)	\$ (27,744)
Net loss per share attributable to equity holders of the Company:			
Basic	20	\$ (0.31)	\$ (0.74)
Diluted		\$ (0.66)	\$ (0.74)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Canadian Dollars in thousands

	Share Capital and premium	Treasury Stock	Reserve from share-based payment transactions	Translation reserve	Accumulate d deficit	Total	Non-controlling interests	Total equity
Balance as of January 1, 2020	\$ 25,947	\$ -	\$ 2,677	\$ 309	\$ (4,273)	\$ 24,660	\$ 1,449	\$ 26,109
Net loss	-	-	-	-	(28,698)	(28,698)	(36)	(28,734)
Total other comprehensive income (loss)	-	-	-	920	(30)	890	100	990
Total comprehensive income (loss)	-	-	-	920	(28,728)	(27,808)	64	(27,744)
Exercise of warrants and compensation options	10,251	-	-	-	-	10,251	-	10,251
Exercise of options	834	-	(222)	-	-	612	-	612
Share-based compensation	-	-	3,382	-	-	3,382	-	3,382
Forfeited options	8	-	(8)	-	-	-	-	-
Balance as of December 31, 2020	37,040	-	5,829	1,229	(33,001)	11,097	1,513	12,610
Net loss	-	-	-	-	(17,763)	(17,763)	(755)	(18,518)
Total other comprehensive income (loss)	-	-	-	1,385	21	1,406	3	1,409
Total comprehensive income (loss)	-	-	-	1,385	(17,742)	(16,357)	(752)	(17,109)
Issuance of common shares, net of issuance costs of \$3,800	195,259	-	-	-	-	195,259	2,948	198,207
Purchase of treasury common shares	-	(660)	-	-	-	(660)	-	(660)
Exercise of warrants and compensation options	4,293	-	-	-	-	4,293	-	4,293
Exercise of options	1,053	-	(920)	-	-	133	-	133
Share-based compensation	-	-	7,471	-	-	7,471	-	7,471
Forfeited options	32	-	(32)	-	-	-	-	-
Balance as of December 31, 2021	\$ 237,677	\$ (660)	\$ 12,348	\$ 2,614	\$ (50,743)	\$ 201,236	\$ 3,709	\$ 204,945

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Canadian Dollars in thousands

	Year ended December 31,	
	2021	2020
<u>Cash provided from operating activities:</u>		
Net loss	\$ (18,518)	\$ (28,734)
Adjustments for non-cash items:		
Unrealized gain on changes in fair value of biological assets	(7,210)	(11,781)
Fair value adjustment on sale of inventory	8,796	10,122
Fair value adjustment on Warrants, Investments, and Accounts Receivable	(21,638)	20,155
Depreciation of property, plant and equipment	3,021	690
Amortization of intangible assets	1,158	31
Depreciation of right-of-use assets	1,550	209
Impairment of goodwill	275	-
Finance income, net	1,262	72
Deferred tax benefit	278	(66)
Share-based payments expenses	7,471	3,382
Share based acquisition costs related to business combination	807	-
	<u>(4,230)</u>	<u>22,814</u>
Changes in non-cash working capital:		
Increase in trade receivables, net	(6,602)	(3,534)
Increase in other accounts receivable and advances to suppliers	845	(1,029)
Decrease in biological assets, net of fair value adjustments	6,412	11,771
Increase in inventories, net of fair value adjustments	(19,707)	(12,729)
Increase in trade payables	5,573	2,135
Changes in employee benefit liabilities, net	28	59
Increase in other accounts payable and accrued expenses	2,661	1,929
	<u>(10,790)</u>	<u>(1,398)</u>
Taxes paid	<u>(834)</u>	<u>(601)</u>
Net cash used in operating activities	<u>(34,372)</u>	<u>(7,919)</u>
<u>Cash flows from investing activities:</u>		
Purchase of property, plant and equipment	(4,578)	(2,617)
Proceeds from loans receivable	7,796	-
Purchase of intangible assets	(17)	(93)
Acquisition of subsidiaries	(12,536)	-
Investments in associates	(13)	(1,347)
Proceeds from sale of investment	319	-
Proceeds from (investment in) restricted deposits	17	(18)
Net cash used in investing activities	<u>\$ (9,012)</u>	<u>\$ (4,075)</u>

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Canadian Dollars in thousands

	Year ended December 31,	
	2021	2020
<u>Cash provided by financing activities:</u>		
Proceeds from issuance of share capital, net of issuance costs	\$ 28,131	\$ -
Proceeds from issuance of warrants measured at fair value	11,222	-
Proceeds from exercise of warrants and compensation options	3,682	6,378
Proceeds from exercise of options	133	612
Repayment of lease liability	(633)	(182)
Repayment of lease liability interest	(1,347)	(68)
Proceeds from bank loan	7,804	-
Interest paid in respect of loans	(261)	-
	<u>48,731</u>	<u>6,740</u>
Effect of foreign exchange on cash and cash equivalents	(329)	213
Increase (decrease) in cash and cash equivalents	5,018	(5,041)
Cash and cash equivalents at beginning of year	8,885	13,926
	<u>\$ 13,903</u>	<u>\$ 8,885</u>
<u>Supplemental disclosure of non-cash activities:</u>		
Right-of-use asset recognized with corresponding lease liability	\$ 1,678	\$ 107
Conversion of warrant and compensation options into common shares	\$ 611	\$ 3,873

Schedule A - Acquisition of TFC:

The subsidiary's assets and liabilities at date of acquisition:

Working capital (excluding cash and cash equivalents)	\$ 9,427
Investments	319
Property, plant and equipment	15,193
Right of use assets	15,037
Lease liability	(15,037)
Intangible assets	6,458
Goodwill	67,269
Common shares issued upon the acquisition	(99,028)
	<u>\$ (362)</u>

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Canadian Dollars in thousands

Schedule B - Acquisition of Panaxia:

The assets and liabilities at date of acquisition:

Inventory	\$ 19
Accrued purchase consideration liability	(126)
Investments	2,837
Property, plant and equipment	88
Intangible assets	776
Goodwill	3,240
	3,240
	\$ 6,834

Schedule C - Acquisition of MYM:

The subsidiary's assets and liabilities at date of acquisition:

Working capital (excluding cash and cash equivalents)	\$ 4,471
Loan payables	(915)
Property, plant and equipment and right of use assets	6,735
Lease liability	(873)
Deferred tax liability	(4,061)
Intangible assets	17,200
Goodwill	39,932
Common shares issued upon the acquisition	(62,620)
	(62,620)
	\$ (131)

Schedule D - Acquisition of Pharm Yarok:

The subsidiary's assets and liabilities at date of acquisition:

Working capital deficit (excluding cash and cash equivalents)	\$ (646)
Accrued purchase consideration liability	(1,332)
Property, plant and equipment	1,145
Long-term loans	(1,042)
Deferred tax liability	(224)
Intangible assets	974
Goodwill	4,294
	4,294
	\$ 3,169

Schedule E - Acquisition of Vironna:

The subsidiary's assets and liabilities at date of acquisition:

Working capital (excluding cash and cash equivalents)	\$ 44
Accrued purchase consideration liability	(1,855)
Property, plant and equipment	210
Deferred tax liability	(532)
Intangible assets	2,316
Goodwill	2,250
Non-controlling interest	(1,026)
	(1,026)
	\$ 1,407

CONSOLIDATED STATEMENTS OF CASH FLOWS

Canadian Dollars in thousands

Schedule F - Acquisition of Oranim:

The subsidiary's assets and liabilities at date of acquisition:

Working capital deficit (excluding cash and cash equivalents)	\$ 595
Accrued purchase consideration liability	(2,726)
Property, plant and equipment	389
Right of use assets	1,312
Lease liability	(1,312)
Intangible assets	2,991
Deferred tax liability	(688)
Goodwill	2,907
Non-controlling interest	<u>(1,849)</u>
	<u>\$ 1,619</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 1:- GENERAL

a. Corporate information:

IM Cannabis Corp. (the "Company" or "IMCC") is listed for trading on the Canadian Securities Exchange ("CSE") and, commencing from March 1, 2021, on NASDAQ under the ticker symbol "IMCC". IMCC's main office is located in Kibutz Gilil-Yam, Israel.

IMCC operates in the field of medical cannabis, through Focus Medical Herbs Ltd. ("Focus"), which is licensed under the regulations of medical cannabis by the Israeli Ministry of Health ("MOH") through its Israel Medical Cannabis Agency ("IMCA") to breed, grow and supply medical cannabis product in Israel and all of its operations are performed pursuant to the Israeli Dangerous Drugs Ordinance (New Version), 1973 (the "Dangerous Drugs Ordinance"), and the related regulations issued by IMCA. During 2021 IMCC entered to the retail market using pharmacies selling medical cannabis and other pharma products.

In Europe, IMCC operates through Adjupharm, a German-based subsidiary acquired by IMC Holdings on March 15, 2019. Adjupharm is an EU-GMP certified medical cannabis producer and distributor with wholesale, narcotics handling, manufacturing, procurement, storage and distribution licenses granted by German regulatory authorities that allow for import/export capability with requisite permits.

In Canada, IMCC operates through Trichome JWC Acquisition Corp. ("TJAC") d/b/a JWC and MYM, both Canadian federally licensed producer of cannabis products in the adult-use recreational cannabis market in Canada.

The Company and its subsidiaries do not engage in any U.S. cannabis-related activities as defined in Canadian Securities Administrators Staff Notice 51-352.

The Company, its subsidiaries and Focus (collectively: the "Group"), operate in geographical reporting segments (note 23). The majority of the Group's revenues are generated from sales of medical cannabis products to customers in Israel and recreational cannabis in Canada. The remaining revenues are generated from sales of medical cannabis, as well as other products, to customers in Germany.

COVID-19:

Since March 31, 2020, the outbreak of the novel strain of coronavirus ("COVID-19") and the ongoing pandemic, has resulted in governments worldwide enacting various emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, closing of non-essential businesses and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 1:- GENERAL (Cont.)

The Group has taken proactive measures to protect the health and safety of its employees in order to continue delivering high quality medical cannabis products to its patients and to maintain its financial health, including postponed planned investments in certain jurisdictions until global economic risks subside.

To date, the Group's cannabis operations, results and financial position have not been materially impacted by COVID-19 related issues. Apart for temporary delays in Canada, the Group has not experienced material disruptions in its labor inputs and cultivation and processing activities, there have been no indicators of material issues to the Group's supply chain, and on the consumer side, product demand has remained stable and medical cannabis has been declared an essential service across Israel, Germany and Canada, as such, the Group's overall distribution remains relatively unimpacted.

While the precise impact of the COVID-19 outbreak on the Group remains unknown, the rapid spread of COVID-19 and declaration of the outbreak as a global pandemic have resulted in travel advisories and restrictions, certain restrictions on business operations, social distancing precautions and restrictions on group gatherings which are having direct impacts on businesses in Canada, Israel, Germany and elsewhere in the world. Such additional precautionary measures could also impact the Group's business. The spread of COVID-19 may also have a material adverse effect on global economic activity and could result in volatility and disruption to global supply chains and the financial and capital markets. These disruptions could cause interruptions in supplies and other services from third parties upon which the Group relies; decrease demand for products; and cause staff shortages, reduced customer traffic, and increased government regulation, all of which may materially and negatively impact the business, financial condition and results of operations of the Group.

Liquidity and capital resources:

On May 10, 2021, the Company completed an overnight marketed offering (the "Offering") of 6,086,956 Common Shares (each an "Offered Share") at a price of US\$5.75 per Offered Share for aggregate gross proceeds of approximately US\$35 million (approximately \$42,000) (see Note 15c).

As of December 31, 2021, the Company's cash position (cash and cash equivalents) totaled \$13,903 and the Company's working capital (current assets less current liabilities) amounted to \$33,084. In the year ended December 31, 2021, the Company had an operating loss of (\$38,389) and negative cash flows from operating activities of (\$34,372). The Company's current operating budget includes various assumptions concerning the level and timing of cash receipts from sales and cash outlays for operating expenses and capital expenditures, including a cost saving plan. The Company is planning to finance its operations from its existing and future working capital resources and to continue to evaluate additional sources of capital and financing. However, there is no assurance that additional capital and or financing will be available to the Company, and even if available, whether it will be on terms acceptable to the Company or in amounts required. Accordingly, the Company's board of directors approved a cost saving plan, to be implemented if needed, in whole or in part, at its discretion, to allow the Company to continue its operations and meet its cash obligations. The cost saving plan consist of cost reduction due to efficiencies and synergies, which include mainly the following steps: reduction in payroll and headcount, reduction in compensation paid to key management personnel, operational efficiencies and reduced capital expenditures. The Company and the board of directors believe that its existing financial resources and its operating plans, including the effects of the costs saving plan, will be adequate to satisfy its expected liquidity requirements for a period of at least twelve months from the end of the reporting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 1:- GENERAL (Cont.)

During the year, TJAC and certain MYM subsidiaries entered into a revolving credit facility (the "Facility") with a private Canadian creditor. The Facility is guaranteed by Trichome Financial Corp. Advances from the Facility is used for working capital needs.

The Facility has a total commitment of up to \$10,000 and has a one-year term, renewable upon mutual agreement by the parties on May 14, 2022 for up to two additional periods of 180 days. The borrowing base available for draw at any time throughout the Facility is a function of the trade receivable and inventory balances at the time of drawdown. The Facility bears interest at the higher of 9.75% and the Toronto Dominion Bank Prime Rate plus 7.30% per annum. The balance as at December 31, 2021 was \$8,582.

In January 2022, Focus entered into a Revolving Credit Facility with Bank Mizrahi (the "Mizrahi Facility"). The Mizrahi Facility is guaranteed by Focus assets. Advances from the Mizrahi Facility will be used for working capital needs.

The Mizrahi Facility has a total commitment of up to NIS 15,000 thousand (approximately \$6,000) and has a one-year term for on-going needs and 6 months term for imports and purchases needs. The Mizrahi Facility is renewable upon mutual agreement by the parties. The borrowing base available for draw at any time throughout the Mizrahi Facility and is subject to several covenants to be measured on a quarterly basis. The Mizrahi Facility bears interest of Israeli Prime interest plus 1.5% (approximately 3.3%) per annum.

b. Strategic developments:

1. On April 2, 2019, IMC undertook a restructuring process (the "IMC Restructuring") to divest its holdings in Focus, I.M.C Pharma Ltd and I.M.C.C. Ltd. (the "Licensed Entities") and sold its interest to the two Principal Shareholders of the Company. In the process, IMC restructured its connection to the Government Issued License, from Direct Ownership to a Business Agreement relationship, according to which IMC will still gain most of the economic values generated from the License, without directly owning it. Furthermore, IMC has the option to buy back the ownership of the license from the two Principal Shareholders. The restructuring process was subject to the prior approval of the Ministry of Health (the "MOH") and became effective on June 24, 2019.

Following the IMC Restructuring of the Licensed Entities, the Company does not currently hold, directly or indirectly, any licenses to engage in the cultivation, production, processing, distribution or sale of medical cannabis in Israel.

Subsequent to the IMC Restructuring, according to accounting criteria in IFRS 10, the Company is still viewed as effectively exercising control over Focus, and therefore, the accounts of Focus continue to be consolidated with those of the Company.

2. On March 8, 2021, the Company announced that Focus signed a multi-year supply agreement with GTEC Holdings Ltd. ("GTEC"), a Canadian licensed producer of handcrafted and high-quality cannabis (the "GTEC Agreement"). According to the GTEC Agreement, Focus will import GTEC's high-THC medical cannabis inflorescence into Israel to be sold under the IMC brand. With the arrival of these commercial shipments, the Company will launch a new category of imported premium indoor medical cannabis products under its well-established brand.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 1:- GENERAL (Cont.)

The first import of the Canadian-grown high-THC strains from GTEC's subsidiary, Grey Bruce Farms Incorporated ("GBF"), arrived during September 2021. According to the GTEC Agreement, Focus will purchase a minimum quantity of 500kg of high-THC medical cannabis inflorescence from GBF and will be the exclusive recipient of GTEC cannabis products in the Israeli market for a period of 12 months from the date that the first shipment of GTEC products arrives in Israel (the "Exclusive Term"). The Exclusive Term can be extended under the terms of the GTEC Agreement by an additional 6 months.

3. On March 12, 2021, the Company filed a preliminary short form base shelf prospectus (the "Preliminary Shelf Prospectus") with the securities commissions or similar securities regulatory authorities in each of the provinces and territories of Canada (the "Securities Commissions"), and on March 15, 2021, the Company filed a corresponding shelf registration statement on Form F-10 with the SEC, under the Multijurisdictional Disclosure System ("MJDS") established between Canada and the United States.

On March 31, 2021, in connection with the Preliminary Shelf Prospectus, the Company filed a final short form base shelf prospectus (the "Final Shelf Prospectus") with the Securities Commissions and a corresponding shelf registration statement on Form F-10 (the "Registration Statement") with the SEC. The Final Shelf Prospectus and the Registration Statement enable the Company to offer up to US\$250 million (or its equivalent in other currencies) of Common Shares, warrants, subscription receipts, debt securities, units (collectively, the "Qualified Securities"), or any combination of such Qualified Securities from time to time, during the 25-month period that the Final Shelf Prospectus is effective. The specific terms of any offering under the Final Shelf Prospectus and the intended use of the net proceeds will be established in a prospectus supplement, which will be filed with the Securities Commissions and the SEC in connection with any such offering.

4. On March 12, 2021, Adjupharm entered into a supply agreement with Northern Green Canada Inc. ("NGC") (the "NGC Supply Agreement"). Under the terms of the NGC Supply Agreement, NGC will provide Adjupharm with three new strains of medical cannabis products, to be distributed under the IMC brand to German pharmacies pursuant to Adjupharm's distribution agreements with its German distribution partners. Shipments from NGC commenced in October 2021.
5. On March 18, 2021, the Company acquired all of Trichome Financial Corp.'s ("Trichome" or "TFC") issued and outstanding shares (the "Trichome Shares"). Pursuant to the terms of the Trichome Transaction, former holders of Trichome Shares and former holders of Trichome convertible instruments (the "Trichome Securityholders") received 0.24525 of a Common Share for each Trichome Share held and each in-the-money convertible instrument of Trichome. As a result of the Trichome Transaction, a total of 10,104,901 Common Shares were issued to the Trichome Securityholders. In addition, 100,916 Common Shares were issued to financial advisors for advisory fees in connection with the Trichome Transaction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 1:- GENERAL (Cont.)

6. On March 29, 2021, Adjupharm entered into a supply agreement with MediPharm Labs Corp. (“MediPharm Labs”) for certain medical cannabis extract products to be delivered by MediPharm Labs over an initial two-year term with an automatic two-year extension period. Shipments from MediPharm Labs commenced in October 2021.
7. On March 30, 2021, Zur Rose Pharma GmbH (“Zur Rose”) and the Company entered into a termination settlement agreement in connection with the sales agreements announced in July 2020 according to Zur Rose's request, and under which Adjupharm received a termination fee. According to the termination agreement, no inventory will be transferred from Zur Rose to Adjupharm or vice versa.
8. During March 2021, Adjupharm entered into two supply agreements with supply partners in China, under which Adjupharm bought COVID-19 rapid antigen test kits. Concurrently, Adjupharm entered into several resale agreements with reseller partners in Germany, under which Adjupharm sold the COVID-19 antigen test kits to pharmacies and retailers in Germany.
9. On April 30, 2021, the Company announced that its wholly-owned Israeli subsidiary, IMC Holdings, signed a definitive agreement (the “Panaxia Agreement”) with Panaxia Pharmaceutical Industries Israel Ltd. and Panaxia Logistics Ltd. (collectively “Panaxia”) (the “Panaxia Transaction”). Pursuant to the Panaxia Agreement, IMC Holdings will acquire Panaxia’s trading house license and in-house pharmacy activities, certain distribution assets and an option to purchase a pharmacy with licenses to sell medical cannabis to patients, for an aggregate purchase price of NIS 18.7 million (approximately \$7,000), comprised of NIS 7.6 million (approximately \$2,800) in cash and NIS 11.1 million (approximately \$4,200) in Common Shares (the “Panaxia Consideration Shares”). As of December 31, 2021, all of the cash consideration was paid and all of the common shares consideration were issued.

Panaxia Transaction will be finalized in two stages, with an option of a third stage. Upon the initial closing, on May 30, 2021, all online-related activities and intellectual property will be transferred to IMC Holdings. The second stage requires that Panaxia will transfer its IMC-GDP license, which allows the holder to store and distribute medical cannabis in Israel, to IMC Holdings or its subsidiary (the “Panaxia IMC-GDP License”). The second stage was subject to MOH approval, which granted its approval subsequent to December 31, 2021, on February 15, 2022. Panaxia Transaction includes an option to acquire Panaxia’s pharmacy (the “Panaxia Option”), including licenses to dispense and sell products to cannabis patients (the “Panaxia Pharmacy Licenses”) for additional payment in the amount equal to the medical cannabis inventory of the pharmacy at the time of exercise. The option was exercised on February 1, 2022.

The Panaxia Agreement provides the Company with the power to unilaterally make all decisions regarding the financial and operating policies of all of the abovementioned acquired assets and activities and the rights to obtain all economic benefits from those assets and activities. Accordingly, the Company has concluded that it exercises control over the acquired assets and activities as of the date of the definitive agreement, which is the date from which the assets are included in these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 1:- GENERAL (Cont.)

10. On July 9, 2021, the Company acquired all the issued and outstanding shares of MYM Nutraceuticals Inc. and closed the MYM transaction (the "MYM Transaction"). The Company acquired MYM's licensed producer subsidiary Highland Grow Inc., pursuant to a plan of arrangement to be completed under the Business Corporations Act in British Columbia. MYM operates two licensed, craft cultivation facilities in Canada; SublimeCulture Inc. in Laval, Quebec, and Highland Grow Inc., in Antigonish, Nova Scotia. MYM's flagship brand, Highland, is an ultra-premium brand sold in most provinces throughout Canada. Under the terms of the MYM Transaction, the shareholders of MYM will receive 0.022 Common Shares of IMCC for each common share of MYM. As a result of the MYM transaction, a total of 10,073,437 Common shares were issued to the MYM former shareholders (including 49,802 Common Shares issued to a financial advisor of MYM).
11. On July 28, 2021, IMC Holdings entered into a definitive agreement to acquire all of the issued and outstanding share of R.A. Yarok Pharm Ltd., Rosen High Way Ltd. and High Way Shinua Ltd. (collectively "Pharm Yarok Group"). The aggregate consideration for the Pharm Yarok Group acquisition is NIS 11,900 thousand (approximately \$4,600), of which NIS 3,500 thousand (approximately \$1,300) shall be in the form of issuance of Common Shares of the Company at closing to the former shareholders. The closing of the Pharm Yarok Group acquisition is conditional upon receipt of all requisite approvals, including from the MOH, which granted its approval subsequent to December 31, 2021, on February 15, 2022. As of December 31, 2021, the Company has not transferred the Common Share consideration. Pharm Yarok Group is a leading medical cannabis pharmacy and trading company located in central Israel, Rosen High Way, a trade and distribution center providing medical cannabis storage, distribution services and logistics solutions for cannabis companies and pharmacies in Israel and High Way Shinua, an applicant for a medical cannabis transportation license from the IMCA, the receipt of which would permit High Way Shinua to transport large quantities of medical cannabis to and from Pharm Yarok's pharmacy and Rosen High Way's distribution center and to and from third parties in the medical cannabis sector, including medical cannabis growing facilities, pharmacies, manufacturers and distribution centers across Israel.

The definitive agreement provides the Company with the power to unilaterally make all decisions regarding the financial and operating policies of the Pharm Yarok Group and the rights to obtain all related economic benefits. Accordingly, the Company has concluded that it exercises control over the Pharm Yarok Group as of the date of the definitive agreement, which is the date from which the accounts of the Pharm Yarok Group are included in these consolidated financial statements.

12. On August 16, 2021, IMC Holdings signed a definitive agreement to acquire 51% of the outstanding ordinary shares of Revoly Trading and Marketing Ltd. ("Vironna") for a total consideration of NIS 8,500 thousand (approximately \$3,300), of which NIS 5,000 thousand (approximately \$1,950) in cash and NIS 3,500 thousand (approximately \$1,350) is in Common Shares of the Company to be issued at closing of Vironna transaction. The closing is conditional upon receipt of all requisite approvals, including from the MOH, which granted its approval subsequent to December 31, 2021, on February 15, 2022. As of December 31, 2021, the Company paid a consideration amounted to NIS 3,750 (approximately 1,400) to the former shareholders of Vironna. Vironna is a leading pharmacy licensed to dispense and sell medical cannabis to licensed medical cannabis patients, located in central Israel.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 1:- GENERAL (Cont.)

As of December 31, 2021 the Company paid a consideration amounted to NIS 3,750 (approximately \$1,400) to the former shareholders of Vironna.

The definitive agreement provides the Company with the power to unilaterally make all decisions regarding the financial and operating policies of Vironna and the rights to obtain all related economic benefits. Accordingly, the Company has concluded that it exercises control over Vironna as of the date of the definitive agreement, which is the date from which the accounts of Vironna are included in these consolidated financial statements.

13. On December 1, 2021, IMC Holdings signed a definitive agreement to acquire 51% of the rights in Oranim Pharm, one of the largest pharmacies selling medical cannabis in Israel and the largest pharmacy selling medical cannabis in the Jerusalem area, by acquiring 51.3% of the outstanding shares of Oranim Plus, which holds 99.5% of the rights in Oranim Pharm (the “Oranim Transaction”).

The Oranim Transaction closed on March 28, 2022, upon receipt of all requisite approvals, including the approval of the MOH, for an aggregate consideration of NIS 11,940 (approximately \$4,900), consisting of NIS 5,202 (approximately \$2,104) paid in cash upon signing, NIS 5,202 (approximately \$2,104) which will be paid in cash on the first quarter of 2023 and NIS 1,536 (approximately \$630) paid in 251,001 Common Shares on March 30, 2022. The number of Oranim Consideration Shares issuable was calculated based on the average closing price of the IM Cannabis’s common shares on the NASDAQ over the 14 trading day period immediately preceding closing of the Oranim Transaction.

The definitive agreement provides the Company with the power to unilaterally make all decisions regarding the financial and operating policies of Oranim and the rights to obtain all related economic benefits. Accordingly, the Company has concluded that it exercises control over Oranim as of the date of the definitive agreement, which is the date from which the accounts of Oranim are included in these consolidated financial statements.

- c. Approval of consolidated financial statements:

These consolidated financial statements of the Group were authorized for issue by the board of directors on March 31, 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

d. Definitions:

In these financial statements:

The Company, or IMCC - IM Cannabis Corp.

The Group - IM Cannabis Corp., its Subsidiaries and Focus

Subsidiaries - Companies that are controlled by the Company (as defined in IFRS 10) and whose accounts are consolidated with those of the Company

CAD or \$ - Canadian Dollar

NIS - New Israeli Shekel

USD or US\$ - United States Dollar

EURO or € - Euro

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation:

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The Group's financial statements have been prepared on a cost basis, except for:

- Financial instruments which are presented at fair value through profit or loss.
- Biological assets which are presented at fair value less cost to sell up to the point of harvest.

The Group has elected to present the profit or loss items using the function of expense method.

b. Consolidated financial statements:

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

As of December 31, 2021, and 2020, major subsidiaries over which the Company has control, directly or indirectly, include:

Subsidiaries	Percentage ownership	
	2021	2020
I.M.C. Holdings Ltd ("IMC")	100%	100%
Focus Medical Herbs Ltd. ("Focus") *)	74%	74%
I.M.C Farms Israel Ltd. ("IMC Farms")	100%	100%
I.M.C Ventures Ltd. ("IMC Ventures")	75%	75%
I.M.C - International Medical Cannabis Portugal Unipessoal Lda	100%	100%
Adjupharm GmbH ("Adjupharm")	90.02%	92.5%
R.A. Yarok Pharm Ltd. ("Pharm Yarok")	100%	-
Rosen High Way Ltd. ("Rosen High Way")	100%	-
High Way Shinua Ltd. ("HW Shinua")	100%	-
Revolvy Trading and Marketing Ltd. ("Vironna")	51%	-
Oranim Plus Pharm LTD.	51.3%	-
Oranim Pharm	51%	-
Trichome Financial Corp. ("Trichome")	100%	-
Trichome Financial Cannabis GP Inc.	100%	-
Trichome Financial Cannabis Manager Inc.	100%	-
Trichome Asset Funding Corp.	100%	-
Trichome JWC Acquisition Corp. ("TJAC")	100%	-
Trichome Retail Corp.	100%	-
MYM Nutraceuticals Inc. ("MYM")	100%	-
SublimeCulture Inc.	100%	-
CannaCanada Inc.	100%	-
MYM International Brands Inc.	100%	-
Highland Grow Inc.	100%	-

*) See also Note 1b(1)

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Non-controlling interests in subsidiaries represent the equity in subsidiaries not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. Profit or loss and components of other comprehensive income are attributed to the Company and to non-controlling interests. Losses are attributed to non-controlling interests even if they result in a negative balance of non-controlling interests in the consolidated statement of financial position.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The disposal of a subsidiary that does not result in a loss of control is recognized as a change in equity. Upon the disposal of a subsidiary resulting in loss of control, the Company:

- Derecognizes the subsidiary's assets (including goodwill) and liabilities.
- Derecognizes the carrying amount of non-controlling interests.
- Derecognizes the adjustments arising from translating financial statements carried to equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any remaining investment.
- Reclassifies the components previously recognized in other comprehensive income (loss) on the same basis as would be required if the subsidiary had directly disposed of the related assets or liabilities.
- Recognizes any resulting difference (surplus or deficit) as gain or loss.

c. Business combinations and goodwill:

Business combinations are accounted for by applying the acquisition method. The cost of the acquisition is measured at the fair value of the consideration transferred on the acquisition date with the addition of non-controlling interests in the acquiree. In each business combination, the Company chooses whether to measure the non-controlling interests in the acquiree based on their fair value on the acquisition date or at their proportionate share in the fair value of the acquiree's net identifiable assets.

Direct acquisition costs are carried to the statement of profit or loss as incurred.

In a business combination achieved in stages, equity interests in the acquiree that had been held by the acquirer prior to obtaining control are measured at the acquisition date fair value while recognizing a gain or loss resulting from the revaluation of the prior investment on the date of achieving control.

Contingent consideration is recognized at fair value on the acquisition date and classified as a financial asset or liability in accordance with IFRS 9. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss. If the contingent consideration is classified as an equity instrument, it is measured at fair value on the acquisition date without subsequent remeasurement.

Goodwill is initially measured at cost which represents the excess of the acquisition consideration and the amount of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the resulting amount is negative, the acquirer recognizes the resulting gain on the acquisition date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Functional currency, presentation currency and foreign currency:

1. Functional currency and presentation currency:

The functional currency of the Company is the Canadian dollar ("CAD"). The Group determines the functional currency of each Group entity.

Assets, including fair value adjustments upon acquisition, and liabilities of an investee which is a foreign operation, and of each Group entity for which the functional currency is not the presentation currency are translated at the closing rate at each reporting date. Profit or loss items are translated at average exchange rates for all periods presented. The resulting translation differences are recognized in other comprehensive income (loss).

Upon the full or partial disposal of a foreign operation resulting in loss of control in the foreign operation, the cumulative gain (loss) from the foreign operation which had been recognized in other comprehensive income is transferred to profit or loss. Upon the partial disposal of a foreign operation which results in the retention of control in the subsidiary, the relative portion of the amount recognized in other comprehensive income is reattributed to non-controlling interests.

2. Transactions, assets and liabilities in foreign currency:

Transactions denominated in foreign currency are recorded upon initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at each reporting date into the functional currency at the exchange rate at that date. Exchange rate differences, other than those capitalized to qualifying assets or accounted for as hedging transactions in equity, are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

e. Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of investment or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

f. Short-term deposits:

Short-term bank deposits are deposits with an original maturity of more than three months from the date of investment and which do not meet the definition of cash equivalents. The deposits are presented according to their terms of deposit.

g. Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable directly or indirectly.
- Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

h. Biological assets:

The Group's biological assets consist of cannabis plants.

The Group capitalizes the direct and indirect costs incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest. The direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2, Inventories. These costs include the direct cost of planting and growing materials as well as other indirect costs such as utilities and supplies used in the cultivation process.

Indirect labor for individuals involved in the cultivation and quality control process is also included, as well as depreciation on growing equipment and overhead costs such as rent to the extent it is associated with the growing space. All direct and indirect costs of biological assets are capitalized as they are incurred, and they are all subsequently recorded within the line item cost of revenues on the Group's statements of profit or loss and other comprehensive income in the period that the related product is sold.

The Group then measures the biological assets at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of inventories after harvest. The fair value is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price per gram and also for any additional costs to be incurred (e.g., post-harvest costs). The net unrealized gains or losses arising from changes in fair value less cost to sell during the period are included in the gross profit for the related period and are recorded in a separate line on the face of the Group's statements of profit or loss and other comprehensive income.

Determination of the fair values of the biological assets requires the Group to make assumptions about how market participants assign fair values to these assets. These assumptions primarily relate to the level of effort required to bring the cannabis up to the point of harvest, costs to convert the harvested cannabis to finished goods, sales price, risk of loss, expected future yields from the cannabis plants and estimating values during the growth cycle.

The Group accretes fair value on a straight-line basis according to stage of growth (e.g., a cannabis plant that is 50% through its growing cycle would be ascribed approximately 50% of its harvest date expected fair value, subject to wastage adjustments).

The fair value of biological assets is categorized within Level 3 of the fair value hierarchy. For the inputs and assumptions used in determining the fair value of biological assets, see Note 8.

The Group's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

i. Inventories:

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises costs of purchase and costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale. The Group reviews inventory for obsolete, redundant and slow-moving goods and any such inventory are written-down to net realizable value.

Inventories of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value.

The direct and indirect costs of inventory initially include the fair value of the biological asset at the time of harvest. They also include subsequent costs such as materials, labor and depreciation expense on equipment involved in packaging, labeling and inspection.

All direct and indirect costs related to inventory are capitalized as they are incurred, and they are subsequently recorded within cost of revenues on the Group's statements of profit or loss and other comprehensive income at the time cannabis is sold, except for realized fair value amounts included in inventory sold which are recorded as a separate line item on the face of the statements of profit or loss and other comprehensive income.

The Group must also determine if the cost of any inventory exceeds its net realizable value, such as cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

j. Property, plant and equipment:

Property, plant and equipment are measured at cost, including directly attributable costs, less accumulated depreciation, accumulated impairment losses and excluding day-to-day servicing expenses. Cost includes spare parts and auxiliary equipment that are used in connection with plant and equipment.

A part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately using the component method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Depreciation of property, plant and equipment is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgement and calculated on a straight-line basis over the useful lives of the assets at annual rates as follows:

	<u>%</u>	<u>Mainly %</u>
Buildings	3	3
Greenhouse production equipment	7 - 33	20
Greenhouse structure	12.5	12.5
Motor vehicles	15-33	33
Computer, software and equipment	20 - 50	33
Leasehold improvements	See below	See below

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the improvement.

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

k. Impairment of non-financial assets:

The Group evaluates the need to record an impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable. If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

The following criteria are applied in assessing impairment of these specific assets:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Goodwill in respect of subsidiaries:

The Company reviews goodwill for impairment once a year, on December 31, or more frequently if events or changes in circumstances indicate that there is an impairment.

Goodwill is tested for impairment by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill has been allocated. The Company identified the operations and Israel, Canada and Europe as three separate cash-generating units.

An impairment loss is recognized if the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is less than the carrying amount of the cash-generating unit (or group of cash-generating units). Any impairment loss is allocated first to goodwill. Impairment losses recognized for goodwill cannot be reversed in subsequent periods. During the year ended December 31, 2021, the Company recorded goodwill impairment in the amount of \$275 with respect to the cash generating unit in Germany.

1. Revenue recognition:

Revenue from contracts with customers is recognized when the control over the goods or services is transferred to the customer. The transaction price is the amount of the consideration that is expected to be received based on the contract terms, excluding amounts collected on behalf of third parties (such as taxes).

In determining the amount of revenue from contracts with customers, the Group evaluates whether it is a principal or an agent in the arrangement. The Group is a principal when the Group controls the promised goods or services before transferring.

them to the customer. In these circumstances, the Group recognizes revenue for the gross amount of the consideration. When the Group is an agent, it recognizes revenue for the net amount of the consideration, after deducting the amount due to the principal.

Revenue from the sale of goods:

Revenue from the sale of cannabis products is generally recognized at a point in time when control over the goods have been transferred to the customer. Payment is typically due prior to or upon delivery and revenue is recognized upon the satisfaction of the performance obligation. The Group satisfies its performance obligation and transfers control upon delivery and acceptance by the customer.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Variable consideration:

The Group determines the transaction price separately for each contract with a customer. When exercising this judgment, the Group evaluates the effect of each variable amount in the contract, taking into consideration discounts, penalties, variations, claims, and non-cash consideration. In determining the effect of the variable consideration, the Group normally uses the "most likely amount" method described in the Standard. Pursuant to this method, the amount of the consideration is determined as the single most likely amount in the range of possible consideration amounts in the contract. According to the Standard, variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Bill-and-hold arrangements:

Due to strict regulations of storage and handling large quantities of cannabis products, the Group's customer may request the Group to retain physical possession of a sold product until it is delivered to the customer at a future point in time. Revenue from bill-and-hold sales is recognized before the product is physically delivered to the customer when all of the following criteria are met:

- a) The reason for the bill-and-hold arrangement is substantive (for example, the customer has requested the arrangement);
 - b) The product is identified separately as belonging to the customer;
 - c) The product currently is ready for physical delivery to the customer;
 - d) The Group does not have the ability to use the product by selling it or delivering it to another customer.
- m. Leases:

The Group accounts for a contract as a lease when the contract terms convey the right to control the use of an identified asset for a period of time in exchange for consideration.

For leases in which the Group is the lessee, the Group recognizes on the commencement date of the lease a right-of-use asset and a lease liability, excluding leases whose term is up to 12 months and leases for which the underlying asset is of low value. For these excluded leases, the Group has elected to recognize the lease payments as an expense in profit or loss on a straight-line basis over the lease term. In measuring the lease liability, the Group has elected to apply the practical expedient in the Standard and does not separate the lease components from the non-lease components (such as management and maintenance services, etc.) included in a single contract.

On the commencement date, the lease liability includes all unpaid lease payments discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate. After the commencement date, the Group measures the lease liability using the effective interest rate method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

On the commencement date, the right-of-use asset is recognized in an amount equal to the lease liability plus lease payments already made on or before the commencement date and initial direct costs incurred. The right-of-use asset is measured applying the cost model and amortized over the shorter of its useful life and the lease term. The periods of amortization are: Land and buildings – 5-12 years; Motor vehicles – 3 years.

Variable lease payments that depend on an index:

On the commencement date, the Group uses the index rate prevailing on the commencement date to calculate the future lease payments.

For leases in which the Group is the lessee, the aggregate changes in future lease payments resulting from a change in the index are discounted (without a change in the discount rate applicable to the lease liability) and recorded as an adjustment of the lease liability and the right-of-use asset, only when there is a change in the cash flows resulting from the change in the index (that is, when the adjustment to the lease payments takes effect).

Lease extension and termination options:

A non-cancelable lease term includes both the periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised and the periods covered by a lease termination option when it is reasonably certain that the termination option will not be exercised.

In the event of any change in the expected exercise of the lease extension option or in the expected non-exercise of the lease termination option, the Group remeasures the lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change is recognized in the carrying amount of the right-of-use asset until it is reduced to zero, and any further reductions are recognized in profit or loss.

n. Research and development expenditures:

Research expenditures are recognized in profit or loss when incurred.

o. Financial instruments:

The Group apply the provisions of IFRS 9, "Financial Instruments".

1. Financial assets:

Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Group classifies and measures debt instruments in the financial statements based on the following criteria:

- The Group's business model for managing financial assets; and
- The contractual cash flow terms of the financial asset.

Debt instruments are measured at amortized cost when:

The Group's business model is to hold the financial assets in order to collect their contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, the instruments in this category are measured according to their terms at amortized cost using the effective interest rate method, less any provision for impairment.

Debt instruments are measured at fair value through profit or loss when:

A financial asset which is a debt instrument does not meet the criteria for measurement at amortized cost or at fair value through other comprehensive income. After initial recognition, the financial asset is measured at fair value and gains or losses from fair value adjustments are recognized in profit or loss.

Equity instruments:

Investments in equity instruments do not meet the above criteria and accordingly are measured at fair value through profit or loss. Dividends from investments in equity instruments are recognized in profit or loss when the right to receive the dividends is established.

Impairment of financial assets:

The Group evaluates at the end of each reporting period the loss allowance for financial debt instruments measured at amortized cost. The Group has short-term financial assets, principally trade receivables, in respect of which the Group applies a simplified approach and measures the loss allowance in an amount equal to the lifetime expected credit losses. The impairment loss, if any, is recognized in profit or loss with a corresponding allowance that is offset from the carrying amount of the assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Derecognition of financial assets:

A financial asset is derecognized only when:

- The contractual rights to the cash flows from the financial asset has expired; or
- The Group has transferred substantially all the risks and rewards deriving from the contractual rights to receive cash flows from the financial asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or
- The Group has retained its contractual rights to receive cash flows from the financial asset but has assumed a contractual obligation to pay the cash flows in full without material delay to a third party.

2. Financial liabilities:

Financial liabilities measured at amortized cost:

Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to the issue of the financial liability.

After initial recognition, the Group measures all financial liabilities at amortized cost using the effective interest rate method, except for financial liabilities at fair value through profit or loss.

Financial liabilities measured at fair value through profit or loss:

At initial recognition, the Group measures financial liabilities that are not measured at amortized cost at fair value. Transaction costs incurred at initial recognition are recognized in profit or loss.

After initial recognition, changes in fair value are recognized in profit or loss.

Derecognition of financial liabilities:

A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires. A financial liability is extinguished when the debtor discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

3. Issue of a unit of securities:

The issue of a unit of securities involves the allocation of the proceeds received (before issue expenses) to the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then fair value is determined for financial liabilities that are measured at amortized cost. The proceeds allocated to equity instruments are determined to be the residual amount. Issue costs are allocated to each component pro rata to the amounts determined for each component in the unit.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- p. Employee benefit liabilities:

The Group has several employee benefit plans:

1. Short-term employee benefits:

Short-term employee benefits are benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. These benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered.

A liability in respect of a cash bonus or a profit-sharing plan is recognized when the Group has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.

2. Post-employment benefits:

The plans are normally financed by contributions to insurance companies and classified as defined contribution plans or as defined benefit plans.

The Group has defined contribution plans pursuant to section 14 to the Israeli Severance Pay Law under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods. Contributions to the defined contribution plan in respect of severance or retirement pay are recognized as an expense when contributed concurrently with performance of the employee's services.

The Group also operates a defined benefit plan in respect of severance pay pursuant to the Israeli Severance Pay Law. According to the Severance Pay Law, employees are entitled to severance pay upon dismissal or retirement. The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on high quality corporate bonds that are linked to the Consumer Price Index with a term that is consistent with the estimated term of the severance pay obligation.

In respect of its severance pay obligation to certain of its employees, the Group makes current deposits in pension funds and insurance companies (the "plan assets"). Plan assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Group's own creditors and cannot be returned directly to the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The liability for employee benefits shown in the statement of financial position reflects the present value of the defined benefit obligation less the fair value of the plan assets.

Remeasurements of the net liability are recognized in other comprehensive income in the period in which they occur.

q. Share-based payment transactions:

The Group's employees and service providers are entitled to remuneration in the form of equity-settled share-based payments.

Equity-settled transactions:

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value is determined using an acceptable option pricing model.

As for other service providers, the cost of the transactions is measured at the fair value of the goods or services received as consideration for equity instruments granted.

The cost of equity-settled transactions is recognized in profit or loss together with a corresponding increase in equity during the period which the performance and/or service conditions are to be satisfied ending on the date on which the relevant employees become entitled to the award (the "vesting period"). The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

r. Provisions:

A provision in accordance with IAS 37 is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense is recognized in the statement of profit or loss net of any reimbursement.

s. Taxes on income:

Current or deferred taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or equity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized, or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Deductible carryforward losses and temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

Deferred taxes are offset if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

t. Earnings per share:

Earnings per share are calculated by dividing the net income attributable to equity holders of the Group by the weighted number of Common Shares outstanding during the period.

Potential Common Shares are included in the computation of diluted earnings per share when their conversion decreases earnings per share from continuing operations. Potential Common Shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share. The Company's share of earnings of investees is included based on its share of earnings per share of the investees multiplied by the number of shares held by the Company.

u. Intangible assets:

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Expenditures relating to internally generated intangible assets, excluding capitalized development costs, are recognized in profit or loss when incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Company acquired brand with indefinite life. The Company believes that it will use the asset perpetually, with no intention of discontinuing the brand in the future. Intangible assets with indefinite useful lives are not systematically amortized and are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable. If the events and circumstances do not continue to support the assessment, the change in the useful life assessment from indefinite to finite is accounted for prospectively as a change in accounting estimate and on that date the asset is tested for impairment. Commencing from that date, the asset is amortized systematically over its useful life.

Intangible assets with a finite useful life are amortized over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each year end.

Amortization is calculated on a straight-line basis over the useful life of the assets as follows:

	Years
Cultivations and processing license	6-19
Customer relationships	5-19
Brand	9 - indefinite
Other intangibles	3-9

v. Government grants:

A government grant is recorded as a reduction of expenses or the cost of a related asset when there is reasonable assurance that the entity will comply with the relevant conditions and the grant will be received. When a government grant is for the purchase of an asset, the cost of the asset is reduced by the value of the grant on acquisition if all conditions for the grant are met and it is reasonably certain to be received, resulting in a reduction of depreciation expense over the useful life of the asset in the statement of profit and loss.

w. Treasury shares:

Company shares held by the Company and/or subsidiaries are recognized at cost of purchase and presented as a deduction from equity. Any gain or loss arising from a purchase, sale, issue or cancellation of treasury shares is recognized directly in equity.

x. Operating segments:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments. The Company's Chief Executive Officer is the CODM. The Company has determined that it operates in three operating segments (see Note 23).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 3:- SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

In the process of applying the significant accounting policies, the Group has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

a. Judgments:

- Determining the fair value of share-based payment transactions:

The fair value of share-based payment transactions is determined upon initial recognition by an acceptable option pricing model. The inputs to the model include share price, exercise price and assumptions regarding expected volatility, expected life of share option and expected dividend yield.

- Discount rate for a lease liability:

When the Group is unable to readily determine the discount rate implicit in a lease in order to measure the lease liability, the Group uses an incremental borrowing rate. That rate represents the rate of interest that the Group would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. When there are no financing transactions that can serve as a basis, the Group determines the incremental borrowing rate based on its credit risk, the lease term and other economic variables deriving from the lease contract's conditions and restrictions. In certain situations, the Group is assisted by an external valuation expert in determining the incremental borrowing rate.

b. Estimates and assumptions:

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the reporting date and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Assessment of going concern:

The use of the going concern basis of preparation of the financial statements. At each reporting period, management assesses the basis of preparation of the financial statements. These financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Group will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 3:- SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (Cont.)

In arriving at this determination, the Group has undertaken a thorough review of the Group's cash flow forecast and potential liquidity risks. Cash flow projections have been prepared which show that the Group's operations will be cash generative during the period of at least 12 months from the date of approval of the consolidated financial statements.

- Biological assets and inventory:

In calculating the value of the biological assets and inventory, management is required to make several estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, average or expected selling prices and list prices, expected yields for the cannabis plants, and oil conversion factors. The valuation of work-in-process and finished goods also requires the estimate of conversion costs incurred, which become part of the carrying amount for the inventory. The Group must also determine if the cost of any inventory exceeds its net realizable value, such as cases where prices have decreased, or inventory has spoiled or has otherwise been damaged. See Note 9 for further information.

- Legal claims:

In estimating the likelihood of legal claims filed against the Group entities, the Group management rely on the opinion of its legal counsel. These estimates are based on the legal counsel's best professional judgment, taking into account the stage of proceedings and legal precedents in respect of the different issues. Since the outcome of the claims may be determined in courts, the results could differ from these estimates.

- Deferred tax assets:

Deferred tax assets are recognized for unused carryforward tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing and level of future taxable profits, its source and the tax planning strategy.

- Impairment of goodwill:

The Group reviews goodwill for impairment at least once a year. This requires management to make an estimate of the projected future cash flows from the continuing use of the cash-generating unit (or a group of cash-generating units) to which the goodwill is allocated and also to choose a suitable discount rate for those cash flows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 3:- SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS (Cont.)

- Determining the fair value of an unquoted financial assets and liabilities:

The fair value of unquoted financial assets in Level 3 of the fair value hierarchy is determined using valuation techniques, generally using future cash flows discounted at current rates applicable for items with similar terms and risk characteristics. Changes in estimated future cash flows and estimated discount rates, after consideration of risks such as liquidity risk, credit risk and volatility, are liable to affect the fair value of these assets.

NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION

a. Amendment to IAS 1, "Presentation of Financial Statements":

In January 2020, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" ("the Amendment") regarding the criteria for determining the classification of liabilities as current or non-current.

The Amendment includes the following clarifications:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Amendment is effective for annual periods beginning on or after January 1, 2023 and must be applied retrospectively.

The Group is evaluating the possible impact of the Amendment on its current loan agreements.

b. Amendments to IFRS 3, "Business Combinations":

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework which are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting, that was issued in March 2018, without significantly changing its requirements.

The IASB added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately

According to the exception, liabilities and contingent liabilities within the scope of IAS 37 or IFRIC 21 will be recognized on the acquisition date according to the criteria in IAS 37 or IFRIC 21 and not according to the Conceptual Framework.

The Amendments also clarify that contingent assets do not qualify for recognition at the acquisition date.

The Amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

**NOTE 4:- DISCLOSURE OF NEW STANDARDS IN THE PERIOD PRIOR TO THEIR ADOPTION
(Cont.)**

c. Amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors":

In February 2021, the IASB issued an amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors" ("the Amendment"), in which it introduces a new definition of "accounting estimates".

Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The Amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

The Amendment is to be applied prospectively for annual reporting periods beginning on or after January 1, 2023 and is applicable to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Early application is permitted.

The Group is evaluating the effects of the Amendment on its financial statements.

d. Amendment to IAS 12, "Income Taxes":

In May 2021, the IASB issued an amendment to IAS 12, "Income Taxes" ("IAS 12"), which narrows the scope of the initial recognition exception under IAS 12.15 and IAS 12.24 ("the Amendment").

According to the recognition guidelines of deferred tax assets and liabilities, IAS 12 excludes recognition of deferred tax assets and liabilities in respect of certain temporary differences arising from the initial recognition of certain transactions. This exception is referred to as the "initial recognition exception". The Amendment narrows the scope of the initial recognition exception and clarifies that it does not apply to the recognition of deferred tax assets and liabilities arising from transactions that are not a business combination and that give rise to equal taxable and deductible temporary differences, even if they meet the other criteria of the initial recognition exception.

The Amendment applies for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. In relation to leases and decommissioning obligations, the Amendment is to be applied commencing from the earliest reporting period presented in the financial statements in which the Amendment is initially applied. The cumulative effect of the initial application of the Amendment should be recognized as an adjustment to the opening balance of retained earnings (or another component of equity, as appropriate) at that date.

The Group estimates that the initial application of the Amendment is not expected to have a material impact on its financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 5:- BUSINESS COMBINATIONS

Trichome Financial Corp.

On March 18, 2021, the Company acquired Trichome Financial Corp. ("Trichome" or "TFC"), a Canadian adult-use recreational cannabis producer (the "Trichome Transaction").

The Trichome Transaction was completed pursuant to the terms and subject to the conditions of arrangement agreement dated December 30, 2020 (the "Arrangement Agreement"), whereby the Company agreed to acquire all of the issued and outstanding Trichome Shares under a statutory plan of arrangement under the *Business Corporations Act* (Ontario) ("OBCA").

In accordance with the terms of the Arrangement Agreement, former holders of Trichome Shares received 0.24525 IMC Common Shares for each Trichome Share previously held (the "Exchange Ratio") and former holders of Trichome in-the-money convertible instruments received a net payment of IMC Shares based on the Exchange Ratio (the "Consideration").

Upon completion of the Trichome Transaction, the total Consideration paid to former holders of Trichome Shares and in-the-money convertible instruments equaled to the issuance of 10,104,901 Common Shares, valued at approximately \$99,028 at the market price per share of \$9.8 on the date of the acquisition. The results of operations of Trichome were consolidated in the Company's consolidated financial statements commencing on the date of acquisition.

The Group recognized the fair value of the assets acquired and liabilities assumed in the business combination based on a valuation study prepared by management with the assistance of an external valuation specialist.

Upon acquisition, other payables of Trichome include approximately \$8,131 to settle withholding tax liabilities to Canada Revenue Agency ("CRA"), with a corresponding indemnification asset comprised of 927,463 IMCC's Common Shares withheld to cover the tax liabilities (the "Purchaser Balance Shares"). In addition, in connection with the Trichome Transaction, certain directors and officers of Trichome and TJAC, one of which is currently serving as chairman of the board of directors of the Company, agreed to indemnify and hold harmless the Company, Trichome, and TJAC against 75% of the withholding tax liabilities to CRA. Each indemnifying director or officer agreed to indemnify for: (a) 75% of such liability that is on account of such director or officer's personal Canadian income tax liability, plus (b) jointly and severally indemnify 75% of any liability for penalties and interest in connection with the withholding tax liabilities to CRA (other than penalties and interest included in (a)).

In addition, subsequent to the reporting period, on January 6, 2022, the Company and certain former Trichome directors, one of which is currently serving as chairman of the Company's board of directors, signed an amendment to the tax indemnification agreement, and agreed to indemnify and hold harmless the Company and pay the Company the following amounts in cash as soon as practicable and in no event no later than February 28, 2022: (a) any portion of remittance to the CRA on account of any non-residence Canadian estimated at approximately \$1,886, plus (b) 75% of any liabilities for penalties up to December 31, 2021 and 100% of any penalties from January 1, 2022 onward (estimated at approximately \$604), and indemnify 75% of any liabilities for interest through December 31, 2021 and 100% of any interest from January 1, 2022 (estimated at approximately \$342), in connection with the withholding tax liabilities to CRA (other than penalties and interest included in (a) above), plus (c) To the extent not captured above in sections (a) and (b), 100% of the withholding taxes tax liabilities, subtracting all cash proceeds received by Trichome or IMC from the sale of the Purchaser Balance Shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 5:- BUSINESS COMBINATIONS (Cont.)

As of the date of the issuance of these consolidated financial statements, the former Trichome director and current chairman of the Company's board of director, transferred the Company cash in the amount of \$3,250. Further, on March 30, 2022, the Company and the former Trichome director and current chairman of the Company's board of director, entered into several security agreements under which the former Trichome director and current chairman of the Company's board of director pledged 833,508 Common Shares and 275,125 vested RSU's in favor of the Company to secure the indemnification asset for the remaining tax withholding liability. Such pledge of securities was registered in Ontario and British Columbia.

On March 18, 2021, 700,000 options were granted to Trichome's employees under the 2018 Plan (see Note 18).

Acquisition costs of Trichome include the issuance of 50,525 Common Shares, valued at \$495 to financial advisors for advisory fees in connection with the Trichome Transactions.

Trichome's revenue and net loss included in the Company's consolidated financial statements of profit or loss and other comprehensive income (loss) since date of acquisition through December 31, 2021, were \$9,223 and \$(17,983), respectively.

Had the Trichome Transaction occurred on January 1, 2021, the Company's proforma results for the year ended December 31, 2021, would have been as follows:

	Proforma results for the year ended December 31, 2021
Revenues	\$ 55,563
Net loss	\$ (25,372)

These proforma results are based on estimates and assumptions, which the Company believes are reasonable. They are not necessarily the results that would have been realized had the Company and TFC been a combined company during the period presented and are not necessarily indicative of the Company's consolidated results of operations in future periods. The proforma results include adjustments related to purchase accounting, primarily amortization of intangible assets, depreciation related to the excess of fair value over cost attributable to purchased property, plant and equipment and elimination of inter-company transactions.

MYM Nutraceuticals Inc.

On July 9, 2021, the Company, through its wholly owned subsidiary, Trichome, completed the acquisition of MYM Nutraceuticals ("MYM"). MYM is a Canadian cultivator, processor, and distributor of premium cannabis via its two wholly owned subsidiaries; SublimeCulture Inc. ("Sublime") located near Montreal, Quebec, and Highland Grow Inc. ("Highland"), located in Antigonish, Nova Scotia. MYM's flagship brand, Highland, is an ultra-premium brand sold in most provinces throughout Canada.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 5:- BUSINESS COMBINATIONS (Cont.)

The Company acquired all the issued and outstanding shares of MYM. The Company acquired MYM's licensed producer subsidiary Highland Grow Inc., pursuant to a plan of arrangement under the Business Corporations Act in British Columbia. Under the terms of the MYM Transaction, the shareholders of MYM received 0.022 Common Shares of IMCC for each common share of MYM. As a result of the MYM transaction, a total of 10,073,437 Common Shares were issued to the MYM former shareholders and financial advisors, resulting in former MYM shareholders holding approximately 15% of the total number of issued and outstanding Common Shares immediately after closing. Total consideration of the issued shares, warrants and stock options valued at approximately \$62,620.

The Company recognized the fair value of the assets acquired and liabilities assumed in the business combination based on a preliminary valuation study prepared by management with the assistance of an external valuation specialist.

Acquisition costs of MYM include the issuance of 49,802 Common Shares, valued at \$312 to financial advisors for advisory fees in connection with the MYM Transactions.

MYM's revenue and net profit included in the Company's consolidated financial statements of profit or loss and other comprehensive income (loss) since date of acquisition through December 31, 2021, were \$11,024 and \$130, respectively.

The goodwill arising on acquisition is attributed to the expected benefits from the synergies of the combination of the activities of the Group including Trichome and MYM.

Had the MYM Transaction occurred on January 1, 2021, the Company's proforma results for the year ended December 31, 2021, would have been as follows:

	Proforma results for the year ended December 31, 2021
Revenues	\$ 61,639
Net loss	\$ (20,132)

These proforma results are based on estimates and assumptions, which the Company believes are reasonable. They are not necessarily the results that would have been realized had the Company and MYM been a combined company during the period presented and are not necessarily indicative of the Company's consolidated results of operations in future periods. The proforma results include adjustments related to purchase accounting, primarily amortization of intangible assets, depreciation related to the excess of fair value over cost attributable to purchased property, plant and equipment and elimination of inter-company transactions.

Panaxia's Assets and Operations

On April 30, 2021, the Company acquired all Panaxia's online-related activities and intellectual property. The aggregate purchase price of NIS 18.7 million (approximately \$7,000). In order to complete the acquisition, the Company will issue Common Shares in the aggregate amount of NIS 11.1 million (approximately \$4,200).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 5:- BUSINESS COMBINATIONS (Cont.)

During 2021, the Company issued the four installments of the Panaxia Consideration Shares, in the aggregate amount of 934,755, at a various of share price ranging between US\$5.01 to US\$3.1. The total consideration represents an aggregate amount of US\$3,397 thousand (approximately \$4,290). The fifth and final installment of Panaxia Consideration Shares will be issued following the Panaxia GDP License Closing.

The acquisition is accounted for under IFRS 3 as a business combination. Accordingly, the Group recognized the fair value of the assets acquired and liabilities assumed in the business combination based on a preliminary valuation study prepared by an external valuation specialist.

As part of the acquisition, the Company purchased an option to purchase the Panaxia pharmacy, including cannabis-related licenses (see Note 1 (9)). As the exercise price of the option relates only to the medical cannabis inventory at the date of exercise, the Company has allocated \$2,837 of the non-cancellable purchase price to effectively reflect the Company's advance payment for the estimated fair value of the licenses and other assets of the Panaxia pharmacy that will be acquired upon exercise of the option.

The goodwill arising on acquisition is attributed to the expected benefits from the synergies of the combination of the activities of the Group and Panaxia's acquired assets.

Panaxia's results of operation for the acquisition date through December 31, 2021, were immaterial to the consolidated financial statements.

Pharm Yarok pharmacy

On July 28, 2021, IMC Holdings entered into a definitive agreement to acquire all of the issued and outstanding share of R.A. Yarok Pharm Ltd., Rosen High Way Ltd. and High Way Shinua Ltd. (collectively "Pharm Yarok Group"). The aggregate consideration for the Pharm Yarok Group acquisition was NIS 11,900 thousand (approximately \$4,600), of which approximately NIS 3,500 thousand (approximately \$1,300) shall be invested by the shareholders of Pharm Yarok Group in the Company at closing in consideration for Common Shares. The closing of the Pharm Yarok Group acquisition is conditional upon receipt of all requisite approvals, including from the MOH, which granted its approval subsequent to December 31, 2021, on February 15, 2022.

The acquisition is accounted for under IFRS 3 as a business combination. Accordingly, the Company recognized the fair value of the assets acquired and liabilities assumed in the business combination based on a preliminary valuation study prepared by management, with the assistance of an external valuation specialist.

Pharm Yarok Group's revenue and net profit included in the Company's consolidated financial statements of profit or loss and other comprehensive income (loss) since date of acquisition through December 31, 2021, were \$4,897 and \$1, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 5:- BUSINESS COMBINATIONS (Cont.)

Had the Pharm Yarok Group Transaction occurred on January 1, 2021, the Company's proforma results for the year ended December 31, 2021, would have been as follows:

	Proforma results for the year ended December 31, 2021
Revenues	\$ 58,345
Net loss	\$ (18,986)

These proforma results are based on estimates and assumptions, which the Company believes are reasonable. They are not necessarily the results that would have been realized had the Company and Pharm Yarok Group been a combined company during the period presented and are not necessarily indicative of the Company's consolidated results of operations in future periods. The proforma results include adjustments related to purchase accounting, primarily amortization of intangible assets, depreciation related to the excess of fair value over cost attributable to purchased property, plant and equipment and elimination of inter-company transactions.

Vironna pharmacy

On August 16, 2021, IMC Holdings has signed a definitive agreement to acquire 51% of the outstanding ordinary shares of Revoly Trading and Marketing Ltd. ("Vironna") for a total consideration of NIS 8,500 thousand (approximately \$3,300), of which NIS 5,000 thousand (approximately \$1,950) in cash and NIS 3,500 thousand (approximately \$1,350) is in common shares of the Company to be issued at closing of Vironna transaction. The closing is conditional upon receipt of all requisite approvals, including from the MOH, which granted its approval subsequent to December 31, 2021, on February 15, 2022.

The goodwill arising on acquisition is attributed to the expected benefits from the synergies of the combination of the activities of the Group and the pharmacies. The Group has elected to measure the non-controlling interest in this business combination based on the fair value of the identifiable net assets acquired (excluding goodwill).

The acquisition is accounted for under IFRS 3 as a business combination. Accordingly, the Company recognized the fair value of the assets acquired and liabilities assumed in the business combination based on a preliminary valuation study prepared by management, with the assistance of an external valuation specialist.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 5:- BUSINESS COMBINATIONS (Cont.)

Had the Vironna Transaction occurred on January 1, 2021, the Company's proforma results for the year ended December 31, 2021, would have been as follows:

	Proforma profit or loss for the year ended December 31, 2021
Revenues	\$ 56,816
Net loss	\$ (18,180)

These proforma results are based on estimates and assumptions, which the Company believes are reasonable. They are not necessarily the results that would have been realized had the Company and Vironna been a combined company during the period presented and are not necessarily indicative of the Company's consolidated results of operations in future periods. The proforma results include adjustments related to purchase accounting, primarily amortization of intangible assets, depreciation related to the excess of fair value over cost attributable to purchased property, plant and equipment and elimination of inter-company transactions.

Oranim pharmacy

On December 1, 2021, IMC Holdings signed a definitive agreement to acquire 51% of the rights in Oranim Pharm, one of the largest pharmacies selling medical cannabis in Israel and the largest pharmacy selling medical cannabis in the Jerusalem area, by acquiring 51.3% of the outstanding shares of Oranim Plus, which holds 99.5% of the rights in Oranim Pharm (the "Oranim Transaction").

The Oranim Transaction closed on March 28, 2022, upon receipt of all requisite approvals, including the approval of the MOH, for an aggregate consideration of NIS 11,940 (approximately \$4,900), consisting of NIS 5,202 (approximately \$2,104) paid in cash upon signing, NIS 5,202 (approximately \$2,104) which will be paid in cash on the first quarter of 2023 and NIS 1,536 (approximately \$630) paid in 251,001 Common Shares on March 30, 2022. The number of Oranim Consideration Shares issuable was calculated based on the average closing price of the IM Cannabis's common shares on the NASDAQ over the 14 trading day period immediately preceding closing of the Oranim Transaction.

The acquisition is accounted for under IFRS 3 as a business combination. Accordingly, the Company recognized the fair value of the assets acquired and liabilities assumed in the business combination based on a preliminary valuation study prepared by management, with the assistance of an external valuation specialist.

Oranim's revenue and net profit included in the Company's consolidated financial statements of profit or loss and other comprehensive income (loss) since date of acquisition through December 31, 2021, were \$1,410 and \$46, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 5:- BUSINESS COMBINATIONS (Cont.)

Had the Oranim Transaction occurred on January 1, 2021, the Company's proforma results for the year ended December 31, 2021, would have been as follows:

	Proforma profit or loss for the year ended December 31, 2021
Net revenues	\$ 67,589
Net loss	\$ (17,870)

These proforma results are based on estimates and assumptions, which the Company believes are reasonable. They are not necessarily the results that would have been realized had the Company and Oranim been a combined company during the period presented and are not necessarily indicative of the Company's consolidated results of operations in future periods. The proforma results include adjustments related to purchase accounting, primarily amortization of intangible assets, depreciation related to the excess of fair value over cost attributable to purchased property, plant and equipment and elimination of inter-company transactions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 5:- BUSINESS COMBINATIONS (Cont.)

The fair value of the identifiable assets acquired and liabilities assumed on the acquisition date:

	Fair value					
	TFC	MYM	Vironna	Pharm Yarok	Oranim	Panaxia
Assets						
Cash and cash equivalents	\$ 362	\$ 131	\$ 57	\$ 105	\$ 485	\$ -
Trade and other receivables	3,240	2,548	259	456	1,329	-
Indemnification asset	8,131	-	-	-	-	-
Biological assets	785	63	-	-	-	-
Inventory	3,883	4,180	639	346	1,043	19
Loan receivable	8,470	2,122	-	-	-	-
Investments	-	-	-	-	-	2,837
Property, plant and equipment	15,193	6,105	210	1,145	389	88
Derivative assets	114	-	-	-	-	-
Right of use assets	15,037	630	-	-	1,312	-
Investments	319	-	-	-	-	-
Intangible assets	6,458	17,200	2,316	974	2,991	776
Total identifiable assets	<u>61,992</u>	<u>32,979</u>	<u>3,481</u>	<u>3,026</u>	<u>7,549</u>	<u>3,720</u>
Liabilities						
Trade and other payables	(15,196)	(4,442)	(854)	(1,448)	(1,777)	-
Bank loans	-	(915)	-	-	-	-
Lease liability	(15,037)	(873)	-	-	(1,312)	-
Long term loans	-	-	-	(1,042)	-	-
Deferred tax, net	-	(4,061)	(532)	(224)	(688)	-
Total identifiable liabilities	<u>(30,233)</u>	<u>(10,291)</u>	<u>(1,386)</u>	<u>(2,714)</u>	<u>(3,777)</u>	<u>-</u>
Total identifiable assets, net	31,759	22,688	2,095	312	3,772	3,720
Goodwill arising on acquisition	<u>67,269</u>	<u>39,932</u>	<u>2,250</u>	<u>4,294</u>	<u>2,907</u>	<u>3,240</u>
Non-Controlling interest	<u>-</u>	<u>-</u>	<u>(1,026)</u>	<u>-</u>	<u>(1,848)</u>	<u>-</u>
Total purchase price	<u>\$ 99,028</u>	<u>\$ 62,620</u>	<u>\$ 3,319</u>	<u>\$ 4,606</u>	<u>\$ 4,830</u>	<u>\$ 6,960</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 6:- TRADE RECEIVABLES

	December 31,	
	2021	2020
Wholesalers and pharmacies	\$ 16,711	\$ 5,501

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. As of December 31, 2021 and 2020, there were no material past-due receivables.

Major customers data as a percentage of total revenues:

	Reporting segment	December 31,	
		2021	2020
Customer A	Canada	17%	-
Customer B	Israel	8%	35%

NOTE 7:- OTHER ACCOUNTS RECEIVABLE

	December 31,	
	2021	2020
Prepaid expenses	\$ 2,716	\$ 472
Government authorities	2,338	75
Related parties (see Note 21)	11	36
Indemnification assets (see Note 5)	2,112	-
Other receivables (including related parties - see Note 5)	7,304	106
	\$ 14,481	\$ 689

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 8:- BIOLOGICAL ASSETS

The Group's biological assets consist of cannabis plants. The changes in the carrying value of biological assets are as follows:

Balance at of January 1, 2020	\$	52
Production costs capitalized		2,717
Changes in fair value less cost to sell due to biological transformation		11,782
Transferred to inventory upon harvest		(14,478)
Foreign exchange translation		5
		78
Balance at of December 31, 2020		78
Additions related to acquisitions of Trichome and MYM		848
Production costs capitalized		10,454
Changes in fair value less cost to sell due to biological transformation		7,210
Transferred to inventory upon harvest		(16,977)
Foreign exchange translation		74
		74
Balance at of December 31, 2021	\$	1,687

As of December 31, 2021, the weighted average fair value less cost to sell was \$2.48 per gram.

The fair value of biological assets is categorized within Level 3 of the fair value hierarchy.

The inputs and assumptions used in determining the fair value of biological assets include:

1. Selling price per gram - calculated as the weighted average historical selling price for all strains of cannabis sold by the Group, which is expected to approximate future selling prices.
2. Post-harvest costs - calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of the cost of direct and indirect materials, depreciation and labor as well as labelling and packaging costs.
3. Attrition rate - represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested.
4. Average yield per plant - represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant.
5. Stage of growth - represents the weighted average number of weeks out of the average weeks growing cycle that biological assets have reached as of the measurement date. The growing cycle is approximately 12 weeks.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 8:- BIOLOGICAL ASSETS (Cont.)

The following table quantifies each significant unobservable input, and also provides the impact a 10% increase/decrease in each input would have on the fair value of biological assets:

	December 31,		10% change as at	
	2021	2020	December 31,	
			2021	2020
Average selling price per gram of dried cannabis (in CAD)	\$ 3.64	\$ 6.01	\$ 296	\$ 8.86
Average post-harvest costs per gram of dried cannabis (in CAD)	\$ 1.16	\$ 0.83	\$ 140	\$ 0.23
Attrition rate	27%	5%	100	0.43
Average yield per plant (in grams)	47	54	228	7.64
Average stage of growth	47%	4%	212	7.64

These estimates are subject to volatility in market prices and a number of uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

The Group's estimates are, by their nature, subject to change including differences in the anticipated yield. These changes will be reflected in the gain or loss on biological assets in future periods.

NOTE 9:- INVENTORIES

	December 31, 2021		
	Capitalized costs	Fair valuation adjustment, net	Carrying value
Work in progress:			
Bulk cannabis	\$ 14,113	\$ 3,336	\$ 17,449
Other cannabis products	1,074	-	1,074
Finished goods:			
Packaged dried cannabis	8,974	270	9,244
Other cannabis products	744	-	744
Other products	880	-	880
Balance as of December 31, 2021	<u>\$ 25,785</u>	<u>\$ 3,606</u>	<u>\$ 29,391</u>
	December 31, 2020		
	Capitalized costs	Fair valuation adjustment, net	Carrying value
Work in progress:			
Bulk cannabis	\$ 2,130	\$ 4,728	\$ 6,858
Finished goods:			
Packaged dried cannabis	363	603	966
Other	546	-	546
Balance as of December 31, 2020	<u>\$ 3,039</u>	<u>\$ 5,331</u>	<u>\$ 8,370</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 9:- INVENTORIES (Cont.)

During the years ended December 31, 2021 and 2020, inventory expensed to cost of revenue of cannabis products was \$43,720 and \$17,203, respectively, which included \$8,796 and \$10,122 of non-cash expense, respectively, related to the changes in fair value of inventory sold.

In addition, during the years ended December 31, 2021 and 2020, write-downs of inventories recognized in cost of revenue amounted to \$nil and \$291, respectively.

Cost of revenues in 2021 and 2020, also include production overhead not allocated to costs of inventories produced and recognized as an expense as incurred.

NOTE 10:- PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, NET

	<u>Buildings and improvements</u>	<u>Greenhouse production equipment</u>	<u>Greenhouse structure</u>	<u>Computer, software and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
Cost:						
Balance as of January 1, 2020	\$ 1,675	\$ 1,534	\$ 884	\$ 174	\$ 19	\$ 4,286
Additions during the year	705	1,123	648	95	44	2,615
Foreign currency translation	97	104	63	10	2	276
Balance, December 31, 2020	2,477	2,761	1,595	279	65	7,177
Additions during the year	1,932	1,846	508	261	31	4,578
Additions related to acquisitions	18,828	3,584	-	455	263	23,130
Foreign currency translation	(81)	79	79	44	11	132
Balance December as of 31, 2021	23,156	8,270	2,182	1,039	370	35,017
Accumulated depreciation:						
Balance as of January 1, 2020	46	534	280	26	8	894
Depreciation during the year	132	350	147	52	9	690
Foreign currency translation	6	35	17	3	-	61
Balance, December 31, 2020	184	919	444	81	17	1,645
Depreciation during the year	1,554	993	206	241	27	3,021
Foreign currency translation	4	40	26	11	2	83
Balance as of December 31, 2021	1,742	1,952	676	333	46	4,749
December 31, 2021	<u>\$ 21,414</u>	<u>\$ 6,318</u>	<u>\$ 1,506</u>	<u>\$ 706</u>	<u>\$ 324</u>	<u>\$ 30,268</u>
December 31, 2020	<u>\$ 2,293</u>	<u>\$ 1,842</u>	<u>\$ 1,151</u>	<u>\$ 198</u>	<u>\$ 48</u>	<u>\$ 5,532</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 11:- INTANGIBLE ASSETS, NET

	Cultivations and processing license *)	Customer relationships	Brand	Other	Total
Cost:					
Balance as of January 1, 2020	\$ 831	\$ 58	\$ 63	\$ 62	\$ 1,014
Purchases	93	-	-	-	93
Fair value adjustment derived from purchase price allocation	110	-	-	-	110
Foreign currency transaction	26	-	-	6	32
Balance as of December 31, 2020	<u>1,060</u>	<u>58</u>	<u>63</u>	<u>68</u>	<u>1,249</u>
Initial consolidations	8,950	10,337	11,300	128	30,715
Foreign currency transaction	(49)	279	-	6	236
Balance as of December 31, 2021	<u>9,961</u>	<u>10,674</u>	<u>11,363</u>	<u>202</u>	<u>32,200</u>
Accumulated amortization and impairment:					
Balance as of January 1, 2020	125	-	-	-	125
Amortization recognized in the year	31	-	-	-	31
Foreign currency transaction	-	-	-	1	1
Balance as of December 31, 2020	<u>156</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>157</u>
Amortization recognized in the year	<u>618</u>	<u>469</u>	<u>8</u>	<u>63</u>	<u>1,158</u>
Balance as of December 31, 2021	<u>774</u>	<u>469</u>	<u>8</u>	<u>64</u>	<u>1,315</u>
Amortized cost at December 31, 2021	<u>\$ 9,187</u>	<u>\$ 10,205</u>	<u>\$ 11,355</u>	<u>\$ 138</u>	<u>\$ 30,885</u>
Amortized cost at December 31, 2020	<u>\$ 904</u>	<u>\$ 58</u>	<u>\$ 63</u>	<u>\$ 67</u>	<u>\$ 1,092</u>

*) The licenses consist of GMP and GDP licenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 11:- INTANGIBLE ASSETS, NET

Impairment of goodwill and intangible assets:

Adjupahrm's recoverable amounts of the intangible assets and the goodwill were determined based on the value in use which is calculated at the expected estimated future cash flows, as determined according to the budget for the next three years and approved by the Company's management. The pre-tax discount rate of the cash flows is 13.06%. The projected cash flows for the period exceeding three years was estimated using a fixed growth rate of 3%, representing the long-term average growth rate as customary in Adjupharm's business. For the year ended December 31, 2021, the Company recorded a goodwill impairment in the amount of \$275 with respect to Adjupharm.

Trichome's recoverable amounts of the intangible assets and the goodwill were determined based on the value in use which is calculated at the expected estimated future cash flows, as determined according to the budget for the next three years and approved by the Company's management. The pre-tax discount rate of the cash flows is 11.78%. The projected cash flows for the period exceeding three years was estimated using a fixed growth rate of 4%, representing the long-term average growth rate as customary in Trichome's business. Based on the analysis performed the Company did not record goodwill impairment.

Acquisitions during the year:

In 2021, the Group entered into several business combination transactions. As part of these acquisitions, the Group identified cultivations and processing licenses, customer relationship, brand and others. The intangible assets identified have finite life and are being amortized on a straight-line basis over the useful life of the assets. During the year ended on December 31, 2021 and 2020, the Group recorded amortization expenses in the amount of \$1,158 and \$31, respectively. The amortization expenses are included in the cost of revenues and in the selling and marketing expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 12:- RIGHT-OF-USE ASSETS

	<u>Land and buildings</u>	<u>Motor vehicles</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2020	\$ 955	\$ 195	\$ 1,150
Additions during the year:			
New leases	-	107	107
Currency translation adjustments	50	12	62
Disposals during the year:			
Termination of leases	-	(73)	(73)
Balance as of December 31, 2020	1,005	241	1,246
Additions during the year:			
New leases	1,408	270	1,678
Initial consolidations	16,956	23	16,979
Currency translation adjustments	145	12	157
Balance as of December 31, 2021	<u>19,514</u>	<u>546</u>	<u>20,060</u>
Accumulated depreciation:			
Balance as of January 1, 2020	-	-	-
Additions during the year:			
Depreciation and amortization	\$ 80	\$ 47	\$ 127
Currency translation adjustments	107	102	209
Disposals during the year:			
Termination of leases	7	3	10
	-	(35)	(35)
Balance as of December 31, 2020	194	117	311
Additions during the year:			
Depreciation and amortization	1,438	112	1,550
Currency translation adjustments	27	10	37
Balance as of December 31, 2021	<u>1,659</u>	<u>239</u>	<u>1,898</u>
Depreciated cost at December 31, 2021	<u>\$ 17,855</u>	<u>\$ 307</u>	<u>\$ 18,162</u>
Depreciated cost at December 31, 2020	<u>\$ 811</u>	<u>\$ 124</u>	<u>\$ 935</u>

The Group has entered into leases of land, buildings and motor vehicles which are used for the Group's operations.

Leases of buildings have lease terms of between 5 and 12 years, whereas leases of motor vehicles usually have lease terms of 3 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 13:- EMPLOYEE BENEFIT ASSETS AND LIABILITIES

Employee benefits consist of short-term benefits and post-employment benefits.

Post-employment benefits:

According to the labor laws and Severance Pay Law in Israel, the Group is required to pay compensation to an employee upon dismissal or retirement or to make current contributions in defined contribution plans pursuant to Section 14 to the Severance Pay Law, as specified below. The Group's liability is accounted for as a post-employment benefit only for employees not under Section 14. The computation of the Group's employee benefit liability is made in accordance with a valid employment contract or a collective employees agreement based on the employee's salary and employment term which establish the entitlement to receive the compensation.

The post-employment employee benefits are normally financed by contributions classified as defined benefit plans, as detailed below:

a. Defined benefit plans:

The Group accounts for the payment of compensation, that is not covered by contributions in defined contribution plans, as above, as a defined benefit plan for which an employee benefit liability is recognized and for which the Group deposits amounts in a long-term employee benefit fund and in qualifying insurance policies.

b. Expenses recognized in the consolidated statements of profit or loss and other comprehensive income:

	Year ended December 31,	
	2021	2020
Current service cost	\$ 146	\$ 166
Interest expenses	14	10
	<u>160</u>	<u>176</u>
Total employee benefit expenses		
Interest income on plan assets	<u>\$ 7</u>	<u>\$ 4</u>

c. The defined benefit liability (asset), net:

	December 31,	
	2021	2020
Defined benefit obligation	\$ 668	\$ 588
Fair value of plan assets	(277)	(217)
	<u>\$ 391</u>	<u>\$ 371</u>
Net defined benefit liability		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 13:- EMPLOYEE BENEFIT ASSETS AND LIABILITIES (Cont.)

- d. Changes in the present value of defined benefit liabilities:

	2021	2020
Balance at January 1,	\$ 588	\$ 390
Current service cost	146	166
Interest expenses	14	10
Benefits paid	(50)	(23)
Re-measurement loss on defined benefit plans	(33)	32
Foreign currency translation effect	3	13
	\$ 668	\$ 588

- e. Changes in the fair value of plan assets:

Plan assets comprise assets held by a long-term employee benefit funds and qualifying insurance policies.

	2021	2020
Balance at January 1,	\$ 217	\$ 128
Interest income	7	4
Return, net of interest income - remeasurement gain (loss)	(12)	2
Benefits paid	(50)	(23)
Amounts deposited	116	101
Foreign currency translation effect	(1)	5
	\$ 277	\$ 217

- f. The principal assumptions underlying the defined benefit plan:

	2021	2020
	%	
Discount rate	3.5	2.58
Salary growth	4.64	3.37

Based on reasonably possible changes of the principal assumptions underlying the defined benefit plan as mentioned above, occurring at the end of the reporting period, the changes would have an immaterial effect on the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 14:- OTHER PAYABLES

	December 31,	
	2021	2020
Accrued expenses	\$ 6,146	\$ 407
Employees and payroll accruals	8,267	1,545
Government authorities	4,002	642
Related parties	875	-
Advances from customers	137	741
Other payables	716	162
	\$ 20,143	\$ 3,497

NOTE 15:- FINANCIAL INSTRUMENTS

The carrying values of the financial instruments which are measured at fair value through profit and loss as of December 31, 2021, and 2020, summarized in the following table:

	December 31,		
	2021	2020	Note
Financial assets:			
Investments	2,429	2,341	c,e
Derivative assets	14	-	
Financial liabilities:			
Warrants	6,022	16,540	b,d

- a. Management believes that the carrying amount of cash and cash equivalents, restricted bank deposit, trade receivables, other accounts receivable, loans receivables, trade payables, bank loans, other account payables and accrued expenses and purchase consideration payable, and approximate their fair value due to the short-term maturities of these instruments.
- b. As of December 31, 2021 and 2020, there were nil and 9,729,264 2019 Warrants outstanding from private placements in 2019 (2019 Warrants). The Company re-measured the warrants, according to their trading price in the market, in the amount of \$nil and \$16,540, respectively (level 1 in fair value hierarchy). As a result, for the year ended December 31, 2021 and 2020, the Company recognized a revaluation gain (loss) of \$15,929 and \$(16,283), respectively, in the consolidated statement of profit or loss and other comprehensive income, which unrealized gain is included in finance income (expense). During 2021, amount of \$611 of the 2019 Warrants transferred to equity and the rest expired.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 15:- FINANCIAL INSTRUMENTS (Cont.)

- c. On December 26, 2019, IMC entered into a share purchase agreement (the “SPA”) with Xinteza API Ltd. ("Xinteza"), a company with a unique biosynthesis technology.

The investment in the investee is accounted for as financial asset measured at fair value through profit or loss. The fair value of the investment as of December 31, 2021 and 2020, was \$2,429 and \$2,341, respectively.

As of December 31, 2021 and 2020, the fair value of the Xinteza was categorized within Level 3 of the fair value hierarchy. The fair value was based on financing rounds for the purchase of preferred shares during 2020 (see Note 24).

- d. On May 10, 2021, the Company completed an overnight marketed offering (the “Offering”) of 6,086,956 Common Shares (each an “Offered Share”) at a price of US\$5.75 per Offered Share for aggregate gross proceeds of approximately US\$35 million (\$42,502). The Company also issued 3,043,478 Common Share purchase warrants (each an “2021 Warrant”) to the purchasers of Offered Shares, for no additional consideration, that entitle the holders to purchase 3,043,478 Common Shares of the Company at an exercise price of US\$7.2 per Common Share for a term of 5 years from the closing date.

As the exercise price of the 2021 Warrants is denominated in US dollars, which is not the functional currency of the Company, the 2021 Warrants are accounted for as a derivative liability, which is measured at fair value. Gross proceeds in the amount of \$30,670 were recorded as Share capital and premium, and \$11,832 were recorded as a Warrant liability, based on a valuation using the Black & Scholes option pricing model. The transaction costs incurred as a result of the Common Shares issuance amounted to approximately \$3,800, of which approximately \$1,296 (attributed to the issuance of the Warrants classified as liabilities) were recorded as an expense in the Company's consolidated statements of profit or loss and approximately \$2,539 (attributed to the issuance of share capital) as a deduction from Share capital and premium.

As of December 31, 2021, there were 3,043,478 of 2021 Warrants outstanding and the Company re-measured the 2021 Warrants, according to Black & Scholes model, in the amount of \$6,022. As a result, for the year ended December 31, 2021, the Company recognized a revaluation gain of \$5,810 in the consolidated statement of profit or loss and other comprehensive income, which unrealized gain is included in finance income (expense).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 15:- FINANCIAL INSTRUMENTS (Cont.)

The 2021 warrants fair value was measured using the Black & Scholes model with the following key assumptions:

	<u>December 31, 2021</u>	<u>Sensitivity</u>
Expected volatility	83 %	Increase (decrease) in key assumptions would result in increase (decrease) in fair value.
Expected life (in years)	4.342	
Risk-free interest rate	0.85%	Increase (decrease) in key assumptions would result in decrease (increase) in fair value.
Expected dividend yield	0%	
Fair value:		
Per Warrant (Canadian Dollar)	\$1.979	
Total Warrants (Canadian Dollar in thousands)	\$6,022	

e. Financial risk management:

The Group has exposure to the following risks from its use of financial instruments:

Share price risk:

The Group's investments in unlisted shares are sensitive to market price risk arising from uncertainties about future value of these investments. The Group manages the price risk through diversification and by placing limits on individual and total investment in shares.

The Company's Board of directors reviews and approves all decisions related to investments in shares.

At the reporting date, the Group's exposure to investments in unlisted shares measured at fair value was \$2,429.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 15:- FINANCIAL INSTRUMENTS (Cont.)

Credit risk:

The maximum credit exposure as of December 31, 2021, is the carrying amount of cash and cash equivalents, accounts receivable and other current assets. The Group does not have significant credit risk with respect to customers. All cash and cash equivalents are placed with major Israeli financial institutions.

Loan receivable credit risk is managed by each loan separately according to the Group's policy, procedures and control relating to the borrower's credit risk management. At the end of each period, the individual loan values are assessed based on a credit risk analysis. As of December 31, 2021, the Group had 2 loans outstanding (2020: nil loans) with a total balance of approximately \$2.71 million.

The expected credit loss analysis is generally based on Management's understanding of the borrower's experience/integrity, financial health, business plans, capacity, products, customers, contracts, competitive advantages/disadvantages, and other pertinent factors when assessing credit risk. This would also include the assessment of the borrower's forecasts as well as taking into consideration any security and/or collateral the Company has on the outstanding balance.

As security on the loan receivable to Biome Grow Inc., the borrower holds approximately 744,000 IM Cannabis Corp. common shares, on December 31, 2021. These shares cannot be sold without the proceeds from any sale being provided to the Company as repayment for the loan until the balance is fully discharged.

As of December 31, 2021, the Company assessed the overall risk of the loan receivable balance and concluded that no expected credit loss under IFRS 9 was required.

Liquidity risk:

As of December 31, 2021, the Group's financial liabilities with liquidity risk consist of trade payables and other accounts payable which have contractual maturity dates within one year, bank loans and lease liabilities. The Group manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Group's working capital position at December 31, 2021, management considers liquidity risk to be low. The table below summarizes the maturity profile of the Group's bank loans and lease liabilities based on contractual undiscounted payments (including interest payments):

December 31, 2021:

	Less than one year	1 to 5 years	6 to 10 years	>10 years
Lease liabilities	\$ 3,130	\$ 11,781	\$ 12,760	\$ 2,620
Bank Loans	\$ 9,502	-	-	-
Total	\$ 12,632	\$ 11,781	\$ 12,760	\$ 2,620

December 31, 2020:

	Less than one year	1 to 5 years	6 to 10 years	>10 years
Lease liabilities	\$ 232	\$ 547	\$ 515	\$ -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 15:- FINANCIAL INSTRUMENTS (Cont.)

The maturity profile of the Group's other financial liabilities with liquidity risk (trade payables, other account payable and accrued expenses) as of December 31, 2021 and 2020, are less than one year.

Currency rate risk:

As of December 31, 2021, a portion of the Group's financial assets and liabilities held in Euro, NIS, USD and GBP consist of cash and cash equivalents in the amount of EUR 742 thousand (approximately \$1,069), NIS 16,718 thousand (approximately \$6,845), USD 1,136 thousand (approximately \$1,447) and GBP 2 thousand (approximately \$9) respectively. The Group's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in NIS. The Group does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point of time.

f. Changes in liabilities arising from financing activities:

	Loans	Lease liabilities	Warrants	Total liabilities arising from financing activities
Balance as of January 1, 2020	\$ -	\$ 1,050	\$ 197	\$ 1,247
Additions for new leases	-	107	-	107
Cash flows	-	(250)	-	(250)
Conversion of warrant	-	-	(3,873)	(3,873)
Other changes	-	83	61	144
Effect of changes in fair value	-	-	20,155	20,155
Balance as of December 31, 2020	-	990	16,540	17,530
Issuance of new warrants	-	-	11,832	11,832
Additions for new loans	8,504	-	-	8,504
Additions for new leases	-	1,678	-	1,678
Additions related to acquisitions	1,957	17,222	-	19,179
Repayments	(700)	(1,980)	-	(2,680)
Effective interest	-	1,347	-	1,347
Other changes	133	117	(611)	(361)
Effect of changes in fair value	-	-	(21,739)	(21,739)
Balance as of December 31, 2021	<u>\$ 9,894</u>	<u>\$ 19,374</u>	<u>\$ 6,022</u>	<u>\$ 35,290</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 16:- CONTINGENT LIABILITIES, GUARANTEES, COMMITMENTS AND CHARGES

Legal proceedings:

- a. On August 19, 2019, a motion was filed for approval of a class action (the “Motion”) against 17 companies (the “Companies”) operating in the field of medical cannabis in Israel, including Focus. The applicant’s argument is that the Companies did not accurately mark the concentration of active ingredients in their products. The personal suit sum for every class member stands at NIS 15,585 (\$5,900) and the total amount of the class action suit is estimated at NIS 686,000 (\$259,000). On June 2, 2020, the Companies submitted their response to the Motion. The Companies argue in their response that the threshold conditions for approval of a class action were not met, since there is no reasonable possibility that the causes of action in the Motion will be decided in favor of the class group. On July 3, 2020, the applicant submitted his response to the Companies’ response. On July 5, 2020 the applicant was absent from the hearing. As a result, on July 23, 2020, the Companies filed an application for a ruling of expenses, which received a response from the applicant on August 12, 2020, asking to decline this request. On September 21, 2020, the court ruled that the applicant would pay the Companies’ expenses amount of NIS 750. On July 14, 2021 a hearing was held. The court recommended the parties to negotiate independently to avoid litigation, and if negotiations fail, then to begin mediation proceedings. The parties agreed to follow the court’s recommendations, though the negotiations between the parties have not yet begun. On November 3, 2021 the court ruled the parties will file an update regarding the mediation procedure, in 30 days. The parties conducted unsuccessful negotiations and are now waiting for a court decision regarding the continuation of the proceedings.

At this preliminary stage, based on the opinion of its legal counsel, Focus’ management cannot assess the chances of approval of the Motion nor the chances of the claims under the Motion being accepted if the Motion is approved. Therefore, no provision has been recorded in respect thereof.

- b. On October 6, 2019, Focus received a decision regarding a petition that was filed against the MOH, concerning the new regulatory framework of the cannabis market and demanding that the court resolve as follows:
 - that the MOH immediately suspend the implementation of the new regulation that harms, disproportionately, the medical cannabis patients;
 - that the implementation of the new regulation, as is, would cause violation of constitutional rights of the medical cannabis patients; and
 - that the MOH amend the flaws of the new regulation, prior to becoming effective, and to establish new regulations regarding labeling and use of pesticides.

According to the decision, Focus was attached to the proceedings and filed its response on November 12, 2019.

On March 8, 2020, the court decided to extend the validity of the interim injunction, so that the medical cannabis use licenses, which were extended under the decision, would continue to be valid until May 15, 2020, or 10 days after the date the MOH comes to a conclusion regarding the price control of medical cannabis products, whichever comes first, subject to another court decision.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

**NOTE 16:- CONTINGENT LIABILITIES, GUARANTEES, COMMITMENTS AND CHARGES
(Cont.)**

The court also decided that if a further extension of the period of the interim injunction is granted beyond May 15, 2020, to the extent required, it would be subject to medical surveillance by the attending physician, that his details of which were included in the patient's existing use license.

On October 29, 2020, the respondents represented by the State Attorney's Office filed an update notice stating that the Appeals Committee unanimously decided against imposing price controls on medical cannabis products and that the Prices Committee would hold a follow-up hearing in four months. The respondents also requested to update the Court again in two months.

On November 25, 2020, the petitioner submitted their response to the respondents' update notice.

On March 25, 2021, the respondents represented by the State Attorney's Office filed an updating notice stating that the Prices Committee had come to a decision against imposing price controls on medical cannabis products. However, the Prices Committee announced that it will issue a request for information to the corporations engaged in the medical cannabis market and assess the market every six months. Following the aforementioned, the respondents represented by the State Attorney's Office believe that the appeal should be rejected and the interim injunction should be canceled. On April 13, 2021, three of the respondents filed a response to the court, requesting to reject the appeal and to cancel the interim injunction.

On April 25, 2021, the petitioner filed a response to the update notice to the court, objecting to the position of the respondents represented by the State Attorney's Office, requesting the court to resolve as requested in the petition and grant the requested remedies to the petitioner. On July 6, 2021, the petitioner filed an urgent request to the court, to issue orders to the respondents represented by the State Attorney's Office, to request information from corporations engaged in the medical cannabis market in order to continue the examination of the market, according to the Prices Committee's announcement mentioned above, and requested the court to reschedule the hearing set to occur on September 19, 2021, to an earlier date. The petitioner's request was rejected by the court on July 7, 2021, and on September 19, 2021, a hearing was held. On November 16, 2021 the Supreme court of Israel ruled that motion will be deleted and interim injunction will be expired after 10 days. Following a request submitted by the petitioner on November 15, 2021, the Supreme court of Israel determined that the interim injunction will extend until March 1, 2022. Further requests submitted for an extension of the interim injunction were denied.

- c. On July 11, 2021, the Company was informed that a claim (the "Construction Proceedings") was filed by the municipal committee presiding over planning and construction in southern Israel (the "Construction Committee") against Focus, Focus' directors and officers, and certain landowners, including Oren Shuster and Rafael Gabay, claiming for inadequate permitting for construction relating to the Focus Facility ("Construction Allegations"). A hearing was set to June 13, 2022.

At this preliminary stage, based on the opinion of its legal counsel, Focus' management cannot assess the chances of the claim advancing or the potential outcome of the Construction Proceedings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 17:- TAXES ON INCOME

a. Tax rates applicable to the Group:

1. The Company and its Canadian subsidiaries are subject to tax rates applicable in Canada. The combined federal and provincial rate for 2021 and 2020 is 26.5%.
2. The Israeli subsidiaries are subject to Israeli corporate income tax rate of 23% in 2021 and 2020.
3. The German subsidiary is subject to weighted tax rate of approximately 29.1% (composed of Federal and Municipal tax).

b. Carryforward losses for tax purposes:

Carryforward operating tax losses of the Israeli subsidiaries total approximately \$3,153, as of December 31, 2021. These losses can be carried forward to future years and offset against taxable income in the future without any time limitation. No deferred tax assets were recorded with regards to IMC Holdings Ltd. since the Company does not anticipate to utilize the net operating losses in the foreseeable future.

Carryforward operating tax losses of the German subsidiary as of December 31, 2021, amounted to approximately \$8,964. Accumulated tax losses can be carried forward without time restrictions and can be deducted from future profits and capital gains unless they exceed €1,000 thousand (approximately \$1,441). Any excess of such amount will be limited to 60% of the profits or capital gains. Unused carried forward losses will be subject to such limitation in the future. No deferred tax assets were recorded with regards to the German subsidiary since the Company does not anticipate to utilize the net operating losses in the foreseeable future.

Carryforward operating tax losses of Canadian subsidiaries as of December 31, 2021, amounted to approximately \$54,218. These losses can be carried forward to future years and offset against taxable income in the future without any time limitation. Deferred tax assets of approximately \$1,542, relating to these losses were recognized in the financial statements.

c. Income tax expense (benefit):

	Year ended December 31,	
	2021	2020
Current	\$ 248	\$ 25
Deferred, net	278	(66)
Income tax from previous years	(21)	303
	\$ 505	\$ 262

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 17:- TAXES ON INCOME (Cont.)

d. Deferred taxes:

	Statements of financial position		Statements of profit or loss	
	December 31,		Year ended December 31,	
	2021	2020	2021	2020
Deferred tax assets:				
Carryforward tax losses and other	1,542	769	892	(440)
Other deferred tax assets	14	-	(1)	-
	<u>1,556</u>	<u>769</u>	<u>891</u>	<u>(440)</u>
Deferred tax liabilities:				
Inventory and biological assets	863	1,239	(431)	385
Intangible assets	7,261	264	(189)	(11)
Other	7	-	7	-
	<u>8,131</u>	<u>1,503</u>	<u>(613)</u>	<u>374</u>
Translation differences			54	63
Deferred tax expenses, net			<u>\$ 278</u>	<u>\$ (66)</u>
Deferred tax liabilities, net	<u>\$ (6,575)</u>	<u>\$ (734)</u>		

The deferred taxes are reflected in the statements of financial position as follows:

	December 31,	
	2021	2020
Non-current assets	<u>\$ 16</u>	<u>\$ 769</u>
Non-current liabilities	<u>\$ 6,591</u>	<u>\$ 1,503</u>

The deferred taxes are computed based on the tax rates that are expected to apply upon realization.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 17:- TAXES ON INCOME (Cont.)

- e. Reconciliation of tax expense and the accounting profit multiplied by the Company's domestic tax rate for 2021 and 2020:

	Year ended	
	December 31,	
	2021	2020
Loss before income tax	<u>\$ (18,013)</u>	<u>\$ (28,472)</u>
Statutory tax rate in Canada 26.5%	<u>(4,773)</u>	<u>(7,545)</u>
Increase (decrease) in income tax due to:		
Non-deductible expenses (non-taxable income), net for tax purposes	(3,447)	6,306
Effect of different tax rate of subsidiaries	310	161
Adjustments in respect of current income tax of previous years	(21)	303
Recognition (derecognition) of tax benefit in respect of losses of previous years	846	(830)
Unrecognized tax benefit in respect of loss for the year	4,093	1,771
Utilization of losses not previously recognized	(1,466)	-
Change in tax benefits not recognized	5,252	-
Other adjustments	<u>(289)</u>	<u>96</u>
Income tax expense	<u>\$ 505</u>	<u>\$ 262</u>

NOTE 18:- EQUITY

- a. Composition of share capital:

	December 31, 2021		December 31, 2020	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
	Number of shares			
Common Shares without par value	<u>Unlimited</u>	<u>68,217,894</u>	<u>Unlimited</u>	<u>39,765,799</u>

Common Shares confer upon their holders the right to participate in the general meeting where each Ordinary share has one voting right in all matters, receive dividends if and when declared and to participate in the distribution of surplus assets in case of liquidation of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 18:- EQUITY (Cont.)

On February 12, 2021, the Company's shareholders general meeting resolved to consolidated all of its issued and outstanding Ordinary shares on a four (4) to one (1) basis (the "Share Consolidation"). Following the Share Consolidation, the number of Listed Warrants outstanding was not altered; however, the exercise terms were adjusted such that four Listed Warrants are exercisable for one Ordinary Share following the payment of an adjusted exercise price of \$5.20. The earnings per share, in these consolidated financial statements, give effect to the Share Consolidation for all periods presented.

b. Capital issuance during the reporting period:

On May 10, 2021, the Company completed an overnight marketed offering (the "Offering") of 6,086,956 Common Shares (each an "Offered Share") at a price of US\$5.75 per Offered Share for aggregate gross proceeds of approximately US\$35 million (\$42,000). The Company also issued 3,043,478 Common Share purchase warrants (each an "2021 Warrant") to the purchasers of Offered Shares, for no additional consideration, that entitle the holders to purchase 3,043,478 Common Shares of the Company at an exercise price of US\$7.2 per Common Share for a term of 5 years from the closing date.

As the exercise price of the 2021 Warrants is denominated in US dollars, which is not the functional currency of the Company, the 2021 Warrants are accounted for as a derivative liability, which is measured at fair value. Gross proceeds in the amount of \$30,670 were recorded as Share capital and premium, and \$11,832 were recorded as a Warrant liability, based on a valuation using the Black & Scholes option pricing model. The transaction costs incurred as a result of the Common Shares issuance amounted to approximately \$3,800, of which approximately \$1,296 (attributed to the issuance of the Warrants classified as liabilities) were recorded as an expense in the Company's consolidated statements of profit or loss and approximately \$2,539 (attributed to the issuance of share capital) as a deduction from Share capital and premium.

Pursuant to the terms of the Offering, the placement agents held an over-allotment option to purchase up to an additional 913,044 Offered Shares and 456,522 2021 Warrants on the same terms and conditions for a period of 30 days following the closing date. The over-allotment option was not exercised by the placement agents and expired as of June 30, 2021. The Company recorded expenses in the amount of approximately \$800 under share-based compensation expenses with respect to the Offering.

The Offering was conducted pursuant to the Company's effective shelf registration statement on Form F-10 filed with the U.S. Securities and Exchange Commission and a corresponding Canadian shelf prospectus filed with the Securities Regulatory Authority in each of the provinces and territories of Canada and a final prospectus supplement which was filed with the SEC on May 5, 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 18:- EQUITY (Cont.)

- c. Changes in issued and outstanding share capital:

	Number of shares
Balance as of January 1, 2020	36,435,837
Common Shares issued as a result of Warrants and Compensation options exercised	3,169,769
Common Shares issued as a result of options exercises	160,193
Balance as of December 31, 2020	39,765,799
Common Shares issued as a result of Warrants and Compensation options exercised	633,784
Common Shares issued as a result of options exercises	517,346
Purchase of treasury common shares	(101,649)
Common Shares issued related secondary transaction and business combinations	27,402,614
Balance as of December 31, 2021	68,217,894

- d. Share option plan:

Awards granted under the company's current plan which was approved by the board of directors on December 19, 2018 ("2018 Plan") are subject to vesting schedules and unless determined otherwise by the administrator of the 2018 Plan, generally vest following a period of three years from the applicable vesting commencement date, such that 33.3% of the awards vest on the first anniversary of the applicable vesting commencement date and 66.7% of the awards vest in eight equal installments upon the lapse of each three-month period thereafter. Subject to the discretion of the 2018 Plan administrator, if an award has not been exercised within seven years after the date of the grant, the award expires. As of December 31, 2021, 1,607,550 Ordinary shares are available for future grants under the 2018 Plan.

The fair value for options granted during the years ended December 31, 2021 and 2020, to the Group's employees, directors and advisors was estimated using the Black & Scholes option pricing model with the following assumptions:

	Year ended December 31,	
	2021	2020
Exercise price (in CAD)	\$4.5 - \$10.12	\$1.6 - \$8.56
Dividend yield (%)	-	-
Expected life of share options (Years)	3-4	2.77 - 9
Volatility (%)	80.61-83.68	74.8 - 80.39
Annual risk-free rate (%)	0.52-0.77	0.25 - 0.37
Share price (in CAD)	\$10.02	\$1.48 - \$8.56

The weighted average fair value of each option on the grant date amounted to \$4.16.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 18:- EQUITY (Cont.)

The following table lists the number of share options and the weighted average exercise prices of share options in the 2018 Plan:

	<u>Year ended December 31, 2021</u>	
	<u>Number of options</u>	<u>Weighted average exercise price in CAD</u>
Options outstanding at the beginning of the year	3,154,870	2.2
Options granted during the year	2,964,265	6.2
Options exercised during the year	(517,346)	2.43
Options forfeited during the year	(158,544)	4.08
Options outstanding at the end of year	<u>5,443,245</u>	<u>3.91</u>
Options exercisable at the end of year	<u>1,888,480</u>	<u>2</u>
	<u>Year ended December 31, 2020</u>	
	<u>Number of options</u>	<u>Weighted average exercise price in CAD</u>
Options outstanding at the beginning of the year	2,940,000	1.6
Options granted during the year	905,000	4.24
Options exercised during the year	(160,193)	1.8
Options forfeited during the year	(529,937)	1.8
Options outstanding at the end of year	<u>3,154,870</u>	<u>2.2</u>
Options exercisable at the end of year	<u>1,328,770</u>	<u>1.8</u>

The weighted average remaining contractual life for the share options outstanding as of December 31, 2021, and 2020 was 5.37 and 7.32 years respectively.

The share-based payment expenses for the year ended December 31, 2021 and 2020, amounted to \$7,471 and \$3,382, respectively.

The following table lists the number of restricted share units (“RSUs”) as of December 31, 2021:

	<u>Number of RSU</u>
Outstanding at the beginning of the year	-
Granted during the year	<u>550,000</u>
Outstanding at the end of the year	<u>550,000</u>
Exercisable at the end of year	<u>229,006</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 18:- EQUITY (Cont.)

- e. Other convertible securities:

As of December 31, 2021, there are 134,872, 2019 Compensation Units Options to acquire Compensation Units at a price of \$1.05 per unit. Each Compensation Unit consists of one IMCC Ordinary Share and one half IMCC Warrant, with each whole IMCC Warrant exercisable for one IMC Ordinary Share at an exercise price of \$1.3. These Units are exercisable at any time until August 2022.

As of December 31, 2021, there are 182,609 compensation warrants. Each Compensation Warrant is exercisable for one Common Share at an exercise price of US\$6.61 (approximately \$8.42). These Warrants are exercisable at any time following the date that is six months after the date of the Compensation warrants agency agreement until the date that is the three and one half year anniversary of the agency agreement.

NOTE 19:- SELECTED STATEMENTS OF PROFIT OR LOSS DATA

	Year ended December 31,	
	2021	2020
Salaries and related expenses	\$ 19,718	\$ 6,897
Depreciation and amortization	\$ 6,004	\$ 930

NOTE 20:- NET EARNINGS (LOSS) PER SHARE

Details of the number of shares and income (loss) used in the computation of earnings per share:

	Year ended December 31,			
	2021		2020	
	Weighted number of shares (in thousands)	Net loss attributable to equity holders of the Company	Weighted number of shares (in thousands)	Net loss attributable to equity holders of the Company
For the computation of basic net earnings	57,963	\$ (17,763)	38,565	\$ (28,698)
Effect of potential dilutive Ordinary shares - Warrants	1,810	(21,739)	-	-
For the computation of diluted net earnings	59,773	\$ (39,502)	38,565	\$ (28,698)

*) For 2021, and 2020, potentially dilutive securities (share options) were excluded from the calculation of diluted earnings per share as they are antidilutive.

***) Including the effect of Share Consolidation (See Note 18a).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 21:- RELATED PARTY BALANCES AND TRANSACTIONS

- a. Balances and transactions:

The following table summarizes balances with related parties in the statements of financial position:

	December 31,	
	2021	2020
Other accounts receivables	\$ 11	\$ 36
Other accounts payables	\$ 875	\$ -

The following table summarizes the transactions with related parties in the consolidated statements of profit or loss and other comprehensive income:

	Year ended December 31,	
	2021	2020
General and administrative expenses	\$ 1,116	\$ 617

Transactions with related parties mainly includes compensation for management services and bonus in the ordinary course of business and short-term lease payments.

- b. Compensation of key management personnel of the Group:

The Company's key management personnel are the directors, senior executives and a managing company which provides the Company with key management personnel services.

	Year ended December 31,	
	2021	2020
Payroll and related expenses	\$ 2,377	\$ 2,005
Share-based compensation	\$ 5,700	\$ 2,791
Professional fees *)	\$ 1,029	\$ 1,391

*) Includes payments to shareholders for the years ended 2021 and 2020 of \$455 and \$534, respectively.

- c. See Note 5 for indemnification agreement with a former director of TFC, currently serving as the Company's chairman of the board of directors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 22:- SUMMARIZED FINANCIAL INFORMATION FOR PARTLY OWNED SUBSIDIARY

Summarized financial information for Focus as follows:

	December 31,	
	2021	2020
Statement of financial position at reporting date (as presented in Focus' financial statements):		
Current assets	\$ 22,913	\$ 16,531
Non-current assets	4,473	4,226
Current liabilities	(19,616)	(11,341)
Non-current liabilities	(1,883)	(2,274)
Total equity	\$ 5,887	\$ 7,142
	Year ended December 31,	
	2021	2020
Operating results (as presented in Focus' financial statements):		
Revenues	\$ 14,747	\$ 13,823
Net income (loss)	(1,524)	968
Other comprehensive income	37	(22)
Total comprehensive income (loss)	\$ (1,487)	\$ 946
	Year ended December 31,	
	2021	2020
Cash flows (as presented in Focus' financial statements):		
From operating activities	\$ 2,346	\$ 1,882
From investing activities	(783)	(1,656)
From financing activities	560	(184)
Effect of foreign exchange on cash and cash equivalents	169	39
Net increase in cash and cash equivalents	\$ 2,292	\$ 81

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 23:- OPERATING SEGMENTS

a. Reporting operating segments:

	<u>Israel</u>	<u>Canada</u>	<u>Germany</u>	<u>Adjustments</u>	<u>Total</u>
Year ended December 31, 2021:					
Revenue	<u>\$ 25,431</u>	<u>\$ 20,247</u>	<u>\$ 8,622</u>	<u>\$ -</u>	<u>\$ 54,300</u>
Segment loss	<u>\$ (10,654)</u>	<u>\$ (15,353)</u>	<u>\$ (5,142)</u>	<u>\$ -</u>	<u>\$ (31,149)</u>
Unallocated corporate expenses				<u>\$ (7,240)</u>	<u>\$ (7,240)</u>
Total operating loss					<u>\$ (38,389)</u>
Depreciation, amortization and impairment	<u>\$ 1,424</u>	<u>\$ 3,879</u>	<u>\$ 701</u>	<u>\$ -</u>	<u>\$ 6,004</u>
	<u>Israel</u>	<u>Canada</u>	<u>Germany</u>	<u>Adjustments</u>	<u>Total</u>
Year ended December 31, 2020:					
Revenues	<u>\$ 13,826</u>	<u>\$ -</u>	<u>\$ 2,064</u>	<u>\$ -</u>	<u>\$ 15,890</u>
Segment loss	<u>\$ (2,090)</u>	<u>\$ -</u>	<u>\$ (3,744)</u>	<u>\$ -</u>	<u>\$ (5,834)</u>
Unallocated corporate expenses				<u>\$ (2,411)</u>	<u>\$ (2,411)</u>
Total operating loss					<u>\$ (8,245)</u>
Depreciation, amortization and impairment	<u>\$ 617</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ -</u>	<u>\$ 690</u>

NOTE 24:- SUBSEQUENT EVENTS

Revolving Credit

In January 2022, Focus entered into a Revolving Credit Facility with Bank Mizrahi (the “Mizrahi Facility”). The Mizrahi Facility is guaranteed by Focus assets. Advances from the Mizrahi Facility will be used for working capital needs.

The Mizrahi Facility has a total commitment of up to NIS 15,000 thousand (approximately \$6,000) and has a one-year term for on-going needs and 6 months term for imports and purchases needs. The Mizrahi Facility is renewable upon mutual agreement by the parties. The borrowing base available for draw at any time throughout the Mizrahi Facility and is subject to several covenants to be measured on a quarterly basis. The Mizrahi Facility bears interest of Israeli Prime interest plus 1.5% (approximately 3.3%) per annum.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 24:- SUBSEQUENT EVENTS (Cont.)

Xinteza

On February 24, 2022, IMC Holdings entered into a Simple Agreement for Future Equity (SAFE) with Xinteza, under which IMC Holdings invested US\$100,000 (approximately \$125), in exchange for additional future shares of Xinteza.

Closing of Pharm Yarok Transaction

On March 14, 2022, the Pharm Yarok Transaction closed upon receipt of all requisite approvals, including the IMCA approval, for an aggregate consideration of NIS 11,900 (approximately \$4,600), of which NIS 8,400 (approximately \$3,300) was paid in cash upon signing the definitive agreement, and NIS 3,500 (approximately \$1,300) paid upon closing. The acquisition of the outstanding ordinary shares of HW Shinua is pending receipt of the requisite approval from the IMCA. In connection with closing of the Pharm Yarok Transaction, the Company completed a non-brokered private placement with former shareholders of Pharm Yarok and Rosen High Way on March 14, 2022. A total of 523,700 Common Shares were issued at a deemed price of \$2.616 for aggregate proceeds of \$1,370. The calculation of the deemed price was based on the average closing price of Common Shares on the CSE over the 8 trading day period immediately preceding March 14, 2022.

Closing of Vironna Transaction

On March 14, 2022, the Vironna Transaction closed upon receipt of all requisite approvals, including the approval of the IMCA in consideration of NIS 8,500 (approximately \$3,330), comprised of NIS 5,000 (approximately \$1,960) in cash and NIS 3,500 (approximately \$1,700) in Common Shares issued on closing. In satisfaction of the cash consideration component, NIS 3,750 (approximately \$1,470) was paid at signing of the definitive agreement and the remaining NIS 1,250 (approximately \$490) will be paid post-closing of the Vironna Transaction. In satisfaction of the share consideration component, the Company issued 485,362 Common Shares at a deemed issue price of US\$2.209 per share (approximately \$2.8092), calculated based on the average closing price of the Common Shares of on the NASDAQ for the 14 trading day period immediately preceding closing. The shares issued are subject to a staggered three-month lockup commencing on the date of issuance.

Closing of Panaxia Transaction

On March 14, 2022, IMC Holdings acquired the Panaxia GDP License following receipt of the requisite IMCA approval and assigned it to IMC Pharma in accordance with the terms of the Panaxia Transaction (the "Panaxia GDP License Closing"). The aggregate consideration for the Panaxia Transaction was NIS 18,700 (approximately \$7,200), of which NIS 7,600 (approximately \$2,900) was paid in two cash instalments and NIS 11,100 (approximately \$4,300) payable in Common Shares ("Panaxia Consideration Shares"). To satisfy the share consideration component of the Panaxia Transaction, the Company issued four instalments of an aggregate of 93,755 Panaxia Consideration Shares between August 9, 2021 and March 14, 2022, with the deemed price of each instalment of Panaxia Consideration Shares determined based on the average closing price of the Common Shares on Nasdaq during the 10 trading day period immediately prior to issuance. The fifth and final instalment of Panaxia Consideration Shares will be issued following the Panaxia GDP License Closing. The Panaxia Transaction includes a further option to acquire, for no additional consideration, a pharmacy from Panaxia, including requisite licenses to dispense and sell medical cannabis to patients, that the Company has exercised ("Panaxia Pharmacy Closing"). The Panaxia Pharmacy Closing is expected to occur during the third quarter of 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Canadian Dollars in thousands, except share and per share data

NOTE 24:- SUBSEQUENT EVENTS (Cont.)

Closing of Oranim Transaction

On March 28, 2022, the Oranim Transaction closed upon receipt of all requisite approvals, including the approval of the MOH, for an aggregate consideration of NIS 11,940 (approximately \$4,900), consisting of NIS 5,202 (approximately \$2,104) paid in cash upon signing, NIS 5,202 (approximately \$2,104) which will be paid in cash on the first quarter of 2023 and NIS 1,536 (approximately \$630) paid in 251,001 Common Shares on March 30, 2022. The number of Oranim Consideration Shares issuable was calculated based on the average closing price of the IM Cannabis's common shares on the NASDAQ over the 14 trading day period immediately preceding closing of the Oranim Transaction.

T A B L E

THIS IS **EXHIBIT "E"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

Canadian Entities¹
Consolidated Balance Sheet
As at June 30, 2022

Assets	
Cash	\$ 2,462,934
Receivables and recoverable balances	\$ 10,764,215
Prepaid expenses and deposits	\$ 2,019,124
Inventory	\$ 10,767,816
Biological assets	\$ 1,490,622
Other current assets	\$ 28,228
Loans receivable	\$ 686,402
Intangible assets and goodwill	\$ 55,751,795
Property, plant, and equipment	\$ 15,969,485
Right of use assets	\$ 13,914,548
Total Assets	\$ 113,855,168
Liabilities	
Accounts payable and accrued liabilities	\$ 19,705,157
Deferred revenues - intercompany with IMC	\$ 150,000
Intercompany payable with IMC (Parent Company) ²	
IMC promissory note and accrued interest owing	\$ 10,272,767
IFRS 3 purchase consideration and transaction fees	\$ 63,994,172
Intercompany balance owing from Focus (Israeli Sub) for purchased product	\$ (99,204)
Other intercompany balances	\$ (610,662)
Lease Liabilities	\$ 15,385,662
Loans payable	\$ 12,107,067
Deferred tax liability	\$ 3,866,079
Total Liabilities	\$ 124,771,038
Equity	
Equity	\$ 47,121,725
Accumulated deficit	\$ (58,037,595)
Total Equity	\$ (10,915,870)
Total Liabilities & Equity	\$ 113,855,168

¹ The Canadian Entities are comprised of Trichome Financial Corp., Trichome JWC Acquisition Corp., MYM Nutraceuticals Inc., Trichome Retail Corp., MYM International Brands Inc., Highland Grow Inc., Trichome Financial Cannabis GP Inc., Trichome Asset Funding Corp., Trichome Financial Cannabis Manager Inc., CannaCanada Inc. and Trichome Financial Cannabis Private Credit LP.

² References to IMC herein are to IM Cannabis Corp.

T A B F

THIS IS **EXHIBIT "F"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

CREDIT AGREEMENT

THIS CREDIT AGREEMENT is made as of May 14, 2021

AMONG: CORTLAND CREDIT LENDING CORPORATION, as agent for and on behalf of the Lenders

(the “Agent”)

AND: TRICHOME JWC ACQUISITION CORP., a corporation existing under the laws of the Province of Ontario

(the “Borrower”)

AND: TRICHOME FINANCIAL CORP., a corporation existing under the laws of the Province of Ontario

(the “Initial Guarantor”)

WHEREAS the Lenders wish to establish a revolving credit facility the Revolving Facility, to provide funding to the Borrower for the purposes more specifically set forth herein.

IN CONSIDERATION of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. **Funding Commitment.**

- (a) Subject to the satisfaction of the terms and conditions set out in this Agreement, the Agent, on behalf of the Lenders, hereby agrees to provide the Borrower with the Revolving Facility, in a maximum principal amount not to exceed at any time the Total Commitment.
- (b) The Borrower acknowledges and agrees that the proceeds of the Revolving Facility will be used to finance the working capital requirements of the Obligors and other ordinary course payables of the Obligors, and including fees and expenses relating to the transactions contemplated by this Agreement.
- (c) Total Commitment Increase:
 - (i) The Borrower may, at any time after the Closing Date but prior to the Maturity Date, following the acquisition of MYM Nutraceuticals by IM Cannabis, provided that no Event of Default has occurred and is continuing, request one or more increases in the Total Commitment (each a “Commitment Increase”) by written notice to the Agent. Each Commitment Increase must be in a minimum principal amount of \$ [REDACTED] and that the aggregate principal amount of all such Commitment Increases shall not exceed \$ [REDACTED].
 - (ii) The Agent, on behalf of the Lenders, may, in its sole discretion consent to any notice requesting a Commitment Increase.
 - (iii) Nothing in this Agreement shall obligate the Agent or any Lender to provide or consent to any Commitment Increase.

2. **Loan Advances.**

- (a) Subject to satisfaction of the terms and conditions set out in this Agreement, the Agent will, from time to time, upon request of the Borrower made in accordance with the terms and conditions of this Agreement, make one or more Loan Advances available to the Borrower provided that the aggregate outstanding principal amount of all Loan Advances does not exceed, at any given time, the Borrowing Limit at such time.
- (b) Each Loan Advance will bear interest at the Interest Rate, which interest will be due and payable in arrears in cash on each Interest Payment Date, or on such other date as may be agreed upon in writing by the Agent and the Borrower.
- (c) The Revolving Facility will be a revolving facility. For greater certainty, the Borrower will be entitled to obtain Loan Advances under the Revolving Facility from time to time and repay all or any portion of the Loan Advances under the Revolving Facility from time to time (without penalty) and thereafter re-borrow Loan Advances from time to time; provided that the Borrower, acknowledges, covenants and agrees that the Total Exposure will not at any time exceed the Borrowing Limit.
- (d) Interest owing on the Loan Advances will be calculated daily and not in advance on the basis of the then current calendar year of three-hundred and sixty-five (365) or three-hundred and sixty-six (366) days for the actual number of days elapsed, and in the case of a leap year, the annual interest rate corresponding to the interest calculated on a three-hundred and sixty-five (365) day year is equal to the interest rate thus calculated multiplied by three-hundred and sixty-six (366) and divided by three-hundred and sixty-five (365). Any amount of principal, interest, commission, discount or of any other nature remaining unpaid at maturity will bear interest at the Interest Rate. Interest on all overdue interest calculated as aforesaid and compounded monthly at the aforesaid rate from the due date thereof without necessity of notice or demand, the whole before as well as after maturity, demand, default or judgement. The Borrower acknowledges and agrees that for the purposes of the *Interest Act* (Canada), the information provided to it hereunder with respect to the calculation of interest hereunder or under any other Transaction Document will constitute an express statement of the yearly rate or percentage of interest to which such interest rate (including the Interest Rate) or percentage is equivalent. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Agreement or any other Transaction Document, that the interest payable under this Agreement (including the Interest Rate) or any other Transaction Document and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to section 4 of the *Interest Act* (Canada) or any other Applicable Law.
- (e) Where the rate of interest payable under any Loan Advance is found by a competent court of law, governmental agency or other tribunal to exceed the maximum rate of interest permitted by the laws of any applicable jurisdiction or the rules or regulations of any appropriate regulatory authority, then during the time that the rate of interest would exceed the permissible limit, that portion of each interest payment attributable to the portion of the interest rate that exceeds the permissible limit will be deemed to be a voluntary prepayment of principal.
- (f) The Borrower hereby authorizes the Agent to record from time to time, in its records, the date and amount of each Loan Advance made by it, the unpaid principal balance thereof and all payments received by the Agent, on behalf of the Lenders, on account of the outstanding principal amount of all Loan Advances, any interest thereon or fees or otherwise, and such other information as the

Agent may reasonably require. The Agent's books and records relating to the Loan Advances and any related interest will be *prima facie* evidence of same, absent manifest error. The failure to record, or any error in recording, any such amount shall not, however, limit or otherwise affect the obligations of the Borrower to repay the outstanding principal amount of all Loan Advances, together with all accrued and unpaid interest thereon and all fees and other amounts owing under any Transaction Document.

- (g) If a Change of Management occurs and is not approved by the Agent, then the obligation, if any, of the Lenders to extend any further credit under this Agreement or any of the other Transaction Documents will immediately cease and terminate.

3. **Payments.**

- (a) The Borrower will repay all Obligations (including, for greater certainty, all accrued and unpaid interest, the aggregate outstanding principal amount of all Loan Advances, all unpaid fees and any other amounts owing on account of the Obligations) on the Termination Date.
- (b) If the Agent determines that at any time the aggregate outstanding principal amount of all Loan Advances (collectively, the "**Total Exposure**") exceeds the Borrowing Limit at such time (each such excess, a "**Borrowing Base Shortfall**"), then the Agent will deliver to the Borrower notice that such an event has occurred, substantially in the form attached hereto as **Schedule "E"** (each a "**Repayment Notice**") and the Borrower will promptly, and in any event within three (3) Business Days, following receipt of such Repayment Notice repay such Loan Advances in cash by an amount required to reduce the Total Exposure to an amount less than or equal to the Borrowing Limit.
- (c) Each Payment will be made to the Agent (for the account of the Lenders), by electronic funds transfer to the Borrower's Collection Account, at or before 3:00 p.m. (Toronto time) on the day the Payment is due. All amounts owing, whether on account of principal, interest or otherwise, will be paid in Canadian dollars and will be made in immediately available funds without set-off or counterclaim. Each Payment made under this Agreement will be made for value on the day the Payment is due, provided that if that day is not a Business Day, the Payment will be due on the Business Day next following that day. All interest and other fees will continue to accrue until payment of all Obligations in full has been received by the Agent (for the account of the Lenders).
- (d) Each Obligor hereby irrevocably authorizes and directs the Agent to apply all funds received by the Agent from such Obligor, including, for clarity, any amounts deposited in such Obligor's Collection Accounts, as a Payment and applied in accordance with Section 3(f).
- (e) Except as otherwise required by Applicable Law, all Payments made by any Obligor to the Agent hereunder or under any other Transaction Documents will be made without withholding for or on account of any present or future taxes imposed by or within the jurisdiction in which such Obligor is domiciled, any jurisdiction from which such Obligor makes any payment or any other jurisdiction, or (in each case) any political subdivision or taxing authority thereof or therein (other than taxes in respect of the net income, assets, capital of the Lenders, or franchise taxes imposed upon the Lenders). If any such withholding is required by law, such Obligor will make the withholding, pay the amount withheld to the appropriate Governmental Authority before penalties attach thereto or interest accrues thereon and forthwith pay to the Agent such additional amount as may be necessary to ensure that the net amount actually received by the Agent (after payment of such taxes including any taxes on such additional amount paid) is equal to the amount which it would have received if no amounts had been withheld. The obligations of the Obligors under this Section will survive the termination of this Agreement.

- (f) Each Payment made under this Agreement will be credited as follows:
- (i) first, to any interest or fees hereunder then accrued and remaining unpaid;
 - (ii) second, to the aggregate outstanding principal amount of all Loan Advances owing hereunder;
 - (iii) third, to the payment of any other Obligations; and
 - (iv) fourth, if any balance remains, to the Borrower or as the Borrower may direct
- (g) An amount equal to the proceeds of property and casualty insurance required to be maintained under this Agreement received by an Obligor in excess of \$150,000 per fiscal year on account of any loss, damage or injury to any part of its Collateral (in excess of any deductibles paid by such Obligor in respect of such proceeds) and that are not used for the repair, rebuild or replacement of such property or reinvested in other Collateral or property useful for the business of the Obligors within (x) 90 days following receipt of such proceeds or (y) if an Obligor enters into a legally binding commitment to repair, rebuild or replace such Collateral or property, or reinvest in such other Collateral or property within 90 days following receipt thereof, 90 days of the date of such legally binding commitment, shall be applied (or to the extent the Agent receives any such proceeds as loss payee under any insurance policy, the Agent is hereby irrevocably directed to apply such proceeds) to the prepayment of Obligations (including, for greater certainty, all accrued and unpaid interest, the aggregate outstanding principal amount of all Loan Advances, all unpaid fees and any other amounts owing on account of the Obligations).

4. **Agent Compensation.** In consideration of making the Revolving Facility available to the Borrower, the Agent will be entitled to the following fees or reimbursement of the following costs (which fees and costs will be in addition to any other amounts payable to the Agent and/or Lenders hereunder, including interest):

- (a) A financing review fee equal to \$ [REDACTED] plus any applicable HST (the “**Financing Review Fee**”), which was paid to the Agent on January 18, 2021.
- (b) An initial commitment fee equal to \$ [REDACTED] (being [REDACTED] % of the Total Commitment on the date hereof) (the “**Commitment Fee**”), which Commitment Fee will be deemed earned on the date hereof and be payable on the earlier of (i) the date of the initial Loan Advance, and (ii) the Closing Date.
- (c) An additional commitment fee equal to [REDACTED] % of the Total Commitment, plus any applicable HST (each an “**Additional Commitment Fee**”) will be deemed earned and payable upon the first day of any Term Extension.
- (d) Any reasonable documented out-of-pocket expenses incurred in connection with (i) the Agent’s due diligence, and (ii) the monitoring of the Revolving Facility while the Revolving Facility is made available to the Borrower, will be payable upon demand, it being acknowledged by the parties hereto that the Borrower has already paid to the Agent a deposit in respect of such expenses in an amount equal to \$ [REDACTED].
- (e) A utilization fee, calculated daily and payable on the last Business Day of each month (commencing on the last Business Day of June 2021), by subtracting the aggregate amount of the Loan Advances

outstanding on each day the Total Commitment and multiplying the difference by the Utilization Fee Rate.

5. **Conditions Precedent to the Initial Loan Advance.** The obligation of the Lenders to extend the initial Loan Advance under of the under this Agreement is subject to the fulfillment to the Agent's satisfaction of all of the following conditions:

- (a) **Documentation.** The Agent will have received, in form and substance satisfactory to the Agent, each of the following, duly executed:
 - (i) this Agreement;
 - (ii) the Security Agreements;
 - (iii) a postponement, subordination and standstill agreement or similar arrangements between the Agent and each prior secured creditor of any Obligor (other than a lessor under a lease or a lender under a purchase money security interest), including the Initial Guarantor in connection with any Debt owed to it by the Borrower or any other Obligor, and a postponement and standstill agreement between the Agent and each prior unsecured creditor of any Obligor (other than an ordinary course trade creditor), in each case as required;
 - (iv) certificates of status or good standing, as applicable, of each Obligor for its jurisdiction of formation; and
 - (v) a certificate of an officer of each Obligor with respect to certain factual matters pertaining to such Obligor and to which certificate is attached, the certificate and articles of incorporation and by-laws (or equivalent) of such Obligor, any shareholders agreement of such Obligor a copy of a resolution of the directors, shareholders, managers, members or partners of such Obligor authorizing, among other things, the execution, delivery and performance of each of the Transaction Documents to which it is a party, and a certificate of incumbency of its officers and directors.
- (b) **Registration of Security.** All registrations, recordings and filings of or with respect to the Security Agreements which in the opinion of counsel to the Agent are necessary to render effective the Liens intended to be created thereby will have been completed, including PPSA financing statements.
- (c) **Certificated Equity Interests.** If applicable, the Agent will have received original certificates for any equity interests issued to an Obligor, together with duly executed stock transfer powers of attorney with respect to the Security Agreements.
- (d) **Due Diligence.** The Agent and each of the Lenders will have completed its business, legal and financial due diligence with respect to the Obligors, with results satisfactory to them.
- (e) **Payment of Fees.** The Agent will have received payment in full of all fees and expenses required under this Agreement to be paid on or prior to the date of such initial Loan Advance.
- (f) **Discharges, etc.** The Agent will have received, in form and substance satisfactory to the Agent, delivery of any estoppel letters, releases, discharges, subordinations and postponements (in registerable form where appropriate) with respect to any Liens affecting the Collateral, other than Permitted Encumbrances.

- (g) Insurance. The Agent will have received (i) a certificate for each business and property insurance policy maintained by or for the benefit of the Obligors, naming the Agent as an additional loss payee, (ii) a certificate for each commercial general liability insurance policy maintained by or for the benefit of the Obligors, naming the Agent as an additional insured, and (iii) a certificate for any cargo, freight, marine cargo or similar insurance policy maintained by or for the benefit of the Borrower, naming the Agent as an additional loss payee, together with copies of all insurance policies referenced in such certificates.
- (h) Opinion. Legal counsel to each Obligor will have delivered a currently-dated letter of opinion, in form and substance satisfactory to the Agent and its legal counsel in their sole discretion, acting reasonably with respect to due authorization, execution and delivery of the Transaction Documents.
- (i) Cash Management; Collection Accounts; Deposit Accounts. The Agent will be satisfied with the cash management arrangements of the Obligors, including the establishment of at least one Collection Account by each Obligor. The Agent will have been granted “view access” to each Collection Account and each Deposit Account of the Obligors.
- (j) KYC. The Agent and each of the Lenders will have received all documentation and other information in respect of the Obligors and their respective authorized signing officers required pursuant to Anti-Terrorism and Corruption Laws, including guidelines or orders thereunder.
- (k) Organizational Chart. The Agent will have received an updated corporate organizational chart for the Obligors.
- (l) Representations and Warranties. All representations and warranties provided for in the Transaction Documents will be true, accurate and complete, in all material respects, as of the date of such Loan Advance, as confirmed in the applicable Advance Request Certificate.
- (m) Approval of Agent’s Legal Counsel. All legal matters incidental to the extension of credit by Lenders will be satisfactory to the Agent’s legal counsel and the Agent and the Lenders will have received such additional evidence, documents or undertakings as the Agent or the Lenders will reasonably request to establish the consummation of the transactions contemplated hereby and be satisfied, acting reasonably, as to the taking of all proceedings in connection herewith in compliance with the conditions set forth in this Agreement.
- (n) Advance Request Certificate. The Agent will have received, in form and substance satisfactory to the Agent, an executed Advance Request Certificate, which is to be provided not less than one (1) Business Day before the date of the initial Loan Advance.
- (o) Borrowing Base Certificate. The Agent will have received, in form and substance satisfactory to the Agent, an executed Borrowing Base Certificate (in sufficient detail and with supporting calculations), evidencing that the Loan Advance requested pursuant to the initial Advance Request Certificate does not exceed the Borrowing Limit.
- (p) No Default or Event of Default. No Default or Event of Default has occurred and is continuing on the date of such requested Loan Advance, or would result from making such Loan Advance, as confirmed in the Advance Request Certificate.
- (q) No Change of Management. No Change of Management has occurred (that has not been approved by the Agent).

- (r) No Material Adverse Change. No Material Adverse Change has occurred since December 31, 2019.
- (s) Borrowing Limit. The making of such initial Loan Advance will not result in the aggregate outstanding principal amount of all Loan Advances exceeding the Borrowing Limit.
- (t) Miscellaneous. The Agent will have received such other information and/or documents or instruments as the Agent may reasonably require.

The conditions set forth in this Section 5 are for the sole benefit of the Agent and the Lenders and may be waived by the Agent, in whole or in part (with or without terms or conditions) in respect of the initial Loan Advance, without prejudicing the right of the Agent or the Lenders at any time to assert such conditions in respect of any subsequent Loan Advances, if subsequent Loan Advances become available hereunder.

6. **Conditions Precedent to Subsequent Loan Advances**. The obligation of the Lenders to make any subsequent Loan Advance requested by the Borrower hereunder will be subject to the fulfillment to the Agent's satisfaction of each of the following conditions:

- (a) Initial Loan Advance. All conditions to the initial Loan Advance will have been satisfied and the initial Loan Advance will have been made to the Borrower.
- (b) Advance Request Certificate. The Agent will have received, in form and substance satisfactory to the Agent, an executed Advance Request Certificate, which is to be provided not less than one (1) Business Day before the date of the proposed Loan Advance.
- (c) Borrowing Base Certificate. The Agent will have received, in form and substance satisfactory to the Agent, the most recently required Borrowing Base Certificate which shall evidence that the Loan Advance requested pursuant to the applicable Advance Request Certificate does not exceed the Borrowing Limit.
- (d) Compliance Certificate. The Agent will have received, in form and substance satisfactory to the Agent, an executed Compliance Certificate.
- (e) Cash Management; Collection Accounts; Deposit Accounts. The Agent will be satisfied with the current cash management arrangements of the Obligors. The Agent will continue to have "view access" rights to each Collection Account and each Deposit Account of the Obligors. None of the Control Agreements in respect of each Collection Account and each Deposit Account of the Obligors will have been amended, varied or terminated without the consent of the Agent.
- (f) Representations and Warranties. All representations and warranties provided for in the Transaction Documents will be true, accurate and complete, in all material respects, as of the date of such Loan Advance, as confirmed in the applicable Advance Request Certificate.
- (g) No Default or Event of Default. No Default or Event of Default has occurred and is continuing on the date of such requested Loan Advance, or would result from making such Loan Advance, as confirmed in the Advance Request Certificate.
- (h) No Change of Management. No Change of Management has occurred (that has not been approved by the Agent).

- (i) No Material Adverse Change. No Material Adverse Change has occurred since the date of the last financial statements provided by the Obligors to the Agent.
- (j) Borrowing Limit. The making of such initial Loan Advance will not result in the aggregate outstanding principal amount of all Loan Advances exceeding the Borrowing Limit.
- (k) Miscellaneous. If, in the reasonable opinion of the Agent, there has been any material change in the circumstances of the Obligors or the Collateral between the date of the previous Loan Advance that is not adequately addressed by the conditions set forth in Section 6, the Agent will have received such other information and/or documents or instruments as the Agent may reasonably request of the Borrower in writing to address such material change in circumstances.

The conditions set forth in this Section 6 are for the sole benefit of the Agent and the Lenders and may be waived by the Agent, in whole or in part (with or without terms or conditions) in respect of any Loan Advance, without prejudicing the right of the Agent or the Lenders at any time to assert such conditions in respect of any subsequent Loan Advances, if subsequent Loan Advances become available hereunder.

7. Term and Termination.

- (a) The initial term of this Agreement will be twelve (12) months (the “**Initial Term**”), which, subject to the continued satisfactory performance of the Obligors’ obligations under this Agreement and the other Transaction Documents, may be extended for up to two (2) additional periods of 180 days each (each, a “**Term Extension**”) with the mutual agreement of the Borrower and the Agent no later than 30 days prior to the end of the Initial Term or the first Term Extension, as applicable. The Initial Term and any applicable Term Extension are, collectively, the “**Term**”, and the last day of the Term is the “**Maturity Date**”.
- (b) This Agreement may be terminated upon the mutual agreement of the Agent and the Borrower.
- (c) The Agent will have the right to terminate this Agreement:
 - (i) upon immediate notice to the Borrower, if:
 - (A) an Acceleration Event has occurred and is continuing; or
 - (B) the Revolving Facility will become, in whole or in part, illegal or in contravention of any Applicable Law, policy or request of any Governmental Authority having authority over the Obligors, the Agent, the Lenders or their respective Affiliates, or any of their respective assets, property, business or undertaking, or any of their respective shareholders, partners or investors, or any of their respective directors, officers, employees, agents or licensees, unless such illegality or contravention resulted from the negligence of, or an illegal act by the Agent or a Lender; or
 - (ii) upon 90 days’ notice to the Borrower, if a material adverse change in market conditions is negatively affecting the liquidity of any Lender (and the remaining Lenders are unable or unwilling to take over such Lender’s pro rata share of the Total Commitment); provided that if the Borrower provides the Agent with a repayment plan satisfactory to the Agent within 75 days of receipt of such notice, then the Agent may increase such notice period from 90 days to 120 days.
- (d) If this Agreement is terminated for any reason, other than (i) pursuant to paragraph (c) above, or

(ii) by the Borrower if additional documents or information are required pursuant to Section 6(k) that the Borrower is not, after using commercially reasonable endeavours, able to provide, then:

- (i) a termination fee (the “**Termination Fee**”) equal to ■% of the Yield Protection Amount, which Termination Fee will be payable forthwith upon the applicable Termination Date; and
 - (ii) at the election of the Agent by way of immediate notice to the Borrower, all accrued and unpaid interest, the aggregate outstanding principal amount of all Loan Advances, all unpaid fees and any other amounts owing on account of the Obligations will be due and payable under this Agreement, and the Borrower will pay such amounts to the Agent forthwith.
- (e) If this Agreement is terminated for any reason, until repayment of the Obligations in full, the Agent will retain all of its rights and remedies under the Transaction Documents, including such rights and remedies relating to the outstanding Obligations.

8. **Representations and Warranties.** Each Obligor represents and warrants to the Agent as follows:

- (a) **Status.** It has been duly organized and is a valid and subsisting legal entity in good standing under the laws of its jurisdiction of formation and has full capacity and power to carry on its business as the same is presently conducted and, to own and lease property.
- (b) **Power and Authority.** It has the power and is duly authorized to enter into, execute, deliver and perform its obligations under this Agreement and each other Transaction Document to which it is a party, and it has the power and is duly authorized to borrow as herein contemplated, to guarantee the Obligations as herein contemplated and to provide the security interests herein contemplated.
- (c) **Ownership of Assets.** It owns, leases or has rights in all assets required in order to carry on its businesses as presently conducted. All such assets are owned by it free and clear of all Liens other than Permitted Encumbrances.
- (d) **Compliance with Laws.** It is in compliance in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Cannabis laws).
- (e) **Litigation, Judgments and Executions.** There are no actions, suits or proceedings pending, or to the knowledge of it threatened, against it in any court or before or by any federal, provincial, municipal or other Governmental Authority, except: (i) the litigation disclosed in **Schedule “F”** attached hereto; and (ii) other litigation in which all amounts claimed against the Obligors do not in the aggregate exceed \$ ■■■■■. There are no judgments or executions against it.
- (f) **Environmental Laws.** Except to the extent disclosed in **Schedule “G”** attached hereto:
 - (i) each Obligor and its business, operations, assets, equipment, property, leaseholds and other facilities is in compliance in all material respects with all Requirements of Environmental Law, specifically including all Requirements of Environmental Law concerning the storage and handling of Hazardous Materials;
 - (ii) each Obligor holds all material permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use,

generation, storage, transportation or disposal of Hazardous Materials and all other Requirements of Environmental Law;

- (iii) there has been no material emission, spill, release, or discharge into or upon the air, soils (or any improvements located thereon), surface water or groundwater or the sewer, septic system or waste treatment, storage or disposal system servicing any premises, of any Hazardous Materials at or from any of the properties owned or leased by any of the Obligors;
 - (iv) no material written complaint, order, directive, claim, citation, or notice from any Governmental Authority or any other Person has been received by any Obligor with respect to any of the properties owned or leased by any of the Obligors in respect of air emissions, spills, releases, or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing any of the properties owned or leased by any of the Obligors, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation, or disposal of Hazardous Materials or other Requirements of Environmental Law affecting any of the properties owned or leased by any of the Obligors;
 - (v) there are no material legal or administrative proceedings, investigations or claims now pending, or to the Borrower's knowledge, threatened in writing, with respect to the presence on or under, or the discharge, emission, spill, radiation or disposal into or upon any of the properties owned or leased by any of the Obligors, the atmosphere, or any watercourse or body of water, of any Hazardous Material; nor are there any material matters under discussion between any Obligor and any Governmental Authority relating thereto; and there is no factual basis for any such proceedings, investigations or claims; and
 - (vi) the Obligors have no material indebtedness, obligation or liability, absolute or contingent, matured or not matured, with respect to the storage, treatment, cleanup or disposal of any Hazardous Materials, including any such indebtedness, obligation, or liability under any Requirements of Environmental Law regarding such storage, treatment, cleanup or disposal.
- (g) Bankruptcy Events. No Bankruptcy Event has been initiated by it or occurred in respect of it, and no Bankruptcy Event has been threatened against it.
- (h) Anti-Terrorism and Corruption Laws. It has conducted its business in compliance with all applicable Anti-Terrorism and Corruption Laws and has instituted and maintained policies and procedures reasonably designed to achieve compliance with such applicable Anti-Terrorism and Corruption Laws.
- (i) Subsidiaries. As of the date hereof, the only Subsidiaries it has are listed in **Schedule "H"** attached hereto.
- (j) Corporate Information. **Schedule "I"** attached hereto contains a true and complete list as of the date hereof of the following information in respect of each Obligor: all prior names and predecessor corporations, jurisdiction of incorporation, registered office and chief executive office, principal place of business, all locations at which it has places of business or owns assets, the number and classes of its issued and outstanding shares, except in the case of the Borrower, a list of all shareholders including the number and class of shares held by each and a list of all of its subsidiaries.

- (k) Solvency. It is Solvent.
- (l) No Pending Corporate Changes. Except as disclosed on **Schedule “J”** attached hereto, or in the public filings of the Borrower, as of the date hereof, no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase of any properties or assets of any Obligor out of the ordinary course of business or for the purchase, subscription, allotment or issuance of any Debt Securities or Equity Securities of any Obligor.
- (m) Material Agreements and Material Permits. Its Material Agreements and Material Permits are listed in **Schedule “L”** attached hereto (as such Schedule may be updated from time to time to reflect any Material Agreements or Material Permits entered into or obtained in compliance with the terms hereof) and true, correct and complete copies of each have been delivered to the Agent. Each such Material Agreement and Material Permit is in good standing, in full force and effect and there are no defaults thereunder, except to the extent any such Material Agreement has terminated as scheduled in the ordinary course in accordance with its terms.
- (n) No Conflicts under Material Agreements or Material Permits. The execution and delivery by each Obligor of those Transaction Documents to which it is a party, and the performance of its obligations thereunder, will not conflict with, result in a breach of or require any approval or consent under any Material Agreement or Material Permit to which it is a party.
- (o) Owned and Leased Real Properties. Its real property interests as of the date hereof, both owned and leased, are listed in **Schedule “M”** attached hereto.
- (p) No Guarantees. It has not granted any Guarantees, other than Permitted Guarantees.
- (q) Potential Priority Claims (including Statutory Liens). It has remitted on a timely basis all amounts required to have been withheld and remitted (including withholdings from employee wages and salaries relating to income tax and employment insurance), goods and services tax and all other amounts, which if not paid when due could result in the creation of a statutory lien or other Potential Priority Claim against any of its assets or other property.
- (r) No Default or Event of Default. No Default or Event of Default has occurred and is continuing.
- (s) Financial Statements and No Material Change. The financial statements delivered to the Agent in accordance with this Agreement have been prepared in accordance with GAAP, and fairly present the financial position and results of operations of such Obligor for the dates or periods reported on thereby subject, in relation to any unaudited financial statements, any year-end adjustments. From the date of the last audited financial statements made available to the Agent, there has been no event which would reasonably be expected to result in a Material Adverse Change.
- (t) Related Party Transactions. Except as (i) disclosed in the financial statements or other public disclosure of the Obligors, (ii) disclosed in **Schedule “O”** or (iii) as permitted by this Agreement, no Obligor: (A) is a creditor under a loan or otherwise committed to make any payment or loan to, or borrowed any moneys from or otherwise been indebted to, any related party thereof (other than another Obligor); or (B) been a party to any contract with any related party thereof, other than independent contractor or indemnification agreements entered into with officers or directors. Any transactions between an Obligor and a related party (other than another Obligor) has been completed on reasonable commercial terms that, considered as a whole, are not in any material

respect less advantageous to such Obligor, than if the transaction was with a Person dealing at arm's length with such Obligor, as the case may be.

- (u) U.S. Cannabis. It has no direct, indirect or ancillary interest in any "marijuana-related activity" in the United States as defined in Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana Activities* of the Canadian Securities Administrators.
- (v) Internal Controls. It has established and maintains a system of internal controls over financial reporting that is designed to provide reasonable assurance regarding the preparation of financial statements for external purposes in accordance with GAAP, and includes policies and procedures that: (i) pertain to the maintenance of records that accurately and fairly reflect the material transactions, acquisitions and dispositions of the property and assets of it; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that material receipts and expenditures of it are made only in accordance with authorizations of management its directors; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of its property or assets that could have a material adverse effect on its financial statements.
- (w) Full Disclosure. All information (including financial information and financial statements) furnished by or in respect of the Obligors to the Agent for the purposes of or in connection with this Agreement and each of the other Transaction Documents was true and correct in all material respects as at the date such information is stated to have been given, and is not incomplete by omitting to state any material fact necessary to make the statements contained in such information not misleading in any material respect in light of the circumstances under which the statements contained in such information were made.
- (x) Securities Filings. In the case of the Initial Guarantor, it has agreed to make all requisite filings under applicable securities laws necessary to remain a reporting issuer not in default in the Province of Ontario.

The representations and warranties set out in this Section 8 will be deemed to be repeated by each Obligor on each day that any Obligations remain outstanding, except to the extent that on or prior to such date (A) the Borrower has advised the Agent in writing of any variation in any such representation or warranty, and (B) the Agent has approved such variation in writing.

9. Affirmative Covenants. So long as this Agreement is in effect, and until the Obligations have been indefeasibly paid in full, and except as otherwise permitted by the prior written consent of the Agent, each Obligor covenants and agrees that it will:

- (a) make due and timely payment of the Obligations required to be paid by it under this Agreement or any other Transaction Document;
- (b) use the proceeds of the Revolving Facility only for the purposes permitted by Section 1(c);
- (c) satisfy, in all material respects, the terms and conditions of this Agreement and any other Transaction Document to which it is a party;
- (d) promptly advise the Agent of any Default or Event of Default;
- (e) file all material tax returns which are or will be required to be filed by it, pay or make provision for

- payment of all material taxes (including interest and penalties) and Potential Priority Claims, which are or will become due and payable (except where (i) the validity or amount thereof is being contested in good faith by proper proceedings and (ii) if required, provide adequate reserves for the payment of any tax, the payment of which is being contested);
- (f) give the Agent no less than 30 days prior notice of (i) any intended Change of Control or other Liquidity Event, and (ii) any intended Change of Management of which any Obligor has knowledge;
 - (g) comply in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Cannabis laws), and use the proceeds of all Loan Advances hereunder for legal and proper purposes, and without limiting the generality of the foregoing:
 - (i) engage in Cannabis-Related Activities only to the extent that such Cannabis-Related Activities are (A) in an Approved Jurisdiction, and (B) in material compliance with all Applicable Laws in such Approved Jurisdiction (including on a federal, state, provincial, territorial and municipal basis);
 - (ii) ensure that all of its activities relating to the cultivation, production and processing of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions; and
 - (iii) ensure that all of its activities relating to the sale of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions or between entities licensed by Governmental Authorities in Approved Jurisdictions.
 - (h) (i) immediately with respect to Material Agreements and/or Material Permits; and (ii) otherwise promptly, and in any event, within three (3) Business Days, advise the Agent of any material action requests or material violation notices received concerning it and hold the Agent harmless from and against any Losses, costs or expenses which the Agent or the Lenders may suffer or incur for any environment related liabilities existent now or in the future with respect to it except to the extent such Losses, costs or expenses have resulted from the gross negligence or willful misconduct of the Agent and the Lenders;
 - (i) immediately advise the Agent of (i) any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of the Transaction Documents, and (ii) any Material Adverse Change;
 - (j) keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils to the extent such insurance is available on commercially reasonable terms and would customarily be obtained;
 - (k) at reasonable times and upon reasonable notice (provided that during the continuance of any Event of Default, the Agent is permitted to do the following at any time and without notice) permit the Agent or its representatives, from time to time, (i) to visit and inspect its premises, properties and assets and examine and obtain copies of its records or other information, and (ii) to discuss its affairs with its auditors (in the presence of its representatives as it may designate) (and it hereby authorizes and directs any such third party to provide to the Agent or its representatives all such information, records or documentation reasonably requested by the Agent); provided that, except

for such visits and inspections occurring during the continuance of an Event of Default, the Borrower is only responsible for the reasonable and documented costs and expenses incurred in connection with four such visits and inspections in any single year;

- (l) fully cooperate with each party conducting each quarterly field exam or due diligence and yearly appraisals on behalf of the Agent and will permit and reimburse the Agent for all costs associated with any and all field exams and appraisals;
- (m) defend the right, title and interest of it and the other Obligors in and to the Collateral against the claims and demands of all Persons whomsoever (other than Permitted Encumbrances);
- (n) will (i) where an Account Debtor makes a payment in the form of a cheque, deposit such cheque into its Collection Account, (ii) where an Account Debtor makes a payment by electronic funds transfer, direct such Account Debtor to make such transfer to its Collection Account;
- (o) within two (2) Business Days of receipt thereof, transfer to a Collection Account, any and all proceeds of any Accounts Receivable received by an Obligor in any of its other accounts, including its Deposit Accounts;
- (p) sweep its Collection Account at the end of each Business Day and use such funds to repay all or any portion of the Loan Advances under the Revolving Facility outstanding at such time;
- (q) conduct its business in compliance with all applicable Anti-Terrorism and Corruption Laws and institute and maintain policies and procedures designed to achieve compliance with all such applicable Anti-Terrorism and Corruption Laws;
- (r) maintain adequate books and records in accordance with GAAP consistently applied, and permit any representative of the Agent, at any reasonable time and upon reasonable notice, to inspect, audit and examine such books and records, to make copies of the same, and to inspect the properties of the Borrower;
- (s) preserve and maintain all material licenses, permits, governmental approvals, rights, privileges and franchises necessary for the conduct of its business, including the Material Agreements and the Material Permits, maintain in good standing its corporate existence and comply with the provisions of all documents pursuant to which it is organized and/or which govern its continued existence and comply in all material respects with the requirements of all Applicable Law applicable to it and/or its business;
- (t) continue to preserve and maintain its existence in its present jurisdiction of formation, except as permitted by Section 10(k);
- (u) if a Default or an Event of Default has occurred and is continuing, at the request of the Agent, set aside the proceeds of any Collateral sold by it and hold it as trustee for the Agent and such will remain part of the Collateral;
- (v) with respect to the Liens granted to the Agent pursuant to the Security Agreements:
 - (i) at the reasonable request of the Agent, provide to the Agent the Security Agreements required from time to time pursuant to this Agreement, accompanied by supporting resolutions, certificates and opinions in form and substance satisfactory to the Agent and its counsel in their sole discretion, acting reasonably;

- (ii) do, execute and deliver all such things, documents, security, agreements and assurances as may from time to time be requested by the Agent or any Lender to ensure that the Agent holds at all times valid, enforceable, perfected first priority Liens from each Obligor on the Collateral for and on behalf of itself and the Lenders (subject to Permitted Encumbrances); and
- (iii) do, observe and perform all of its obligations in all matters and things necessary or expedient to be done, observed or performed by virtue of any Applicable Law for the purpose of creating, perfecting, maintaining or registering such Liens, all of which will at all times be duly and properly registered so as to preserve and protect the interest of the Agent and the Lenders therein;
- (w) promptly following the acquisition or formation of any subsidiary by an Obligor, cause such subsidiary to do all such things and execute all such documents as may be reasonably required by the Agent to become a Guarantor hereunder and to grant in favour of the Agent, a first ranking security interest over all of its assets and other property (subject to Permitted Encumbrances), including executing an instrument of assumption and joinder to this Agreement, a guarantee and a security agreement, each in a form satisfactory to the Agent;
- (x) afford the Agent and the Lenders the first right of offer to provide any debtor in possession financing during any applicable Bankruptcy Event, such offer to include the proposed material commercial and legal terms, within five (5) Business Days of request by the Borrower, and if an offer acceptable to the Borrower is not provided within such five (5) Business Day period or the Borrower, acting in good faith, rejects such offer upon receipt thereof, the Borrower shall have the right to seek other debtor in possession financing and/or other arrangements in connection with a Bankruptcy Event;
- (y) provide a draft of any other news release related to this Agreement and/or ancillary matters to the Agent and to allow the Agent to provide reasonable comments prior to the dissemination or filing of any such other news release, provided that for certainty, the Agent shall not have an approval right for any news release that does not name the Agent or the Lenders; and
- (z) promptly comply with the post-closing undertakings described in **Schedule "P"**, within the time periods set out in such Schedule, unless any such time period is extended by the Agent, or such undertaking is waived by the Agent.

10. **Negative Covenants.** So long as this Agreement is in effect, and until the Obligations have been indefeasibly paid in full, and except as otherwise permitted by the prior written consent of the Agent, each Obligor covenants and agrees that it will not:

- (a) acquire or move any material Collateral or change its chief executive office or principal place of business to any jurisdiction outside of the jurisdiction of each such respective Obligor listed in **Schedule "I"** attached hereto without first executing and delivering all such security and other documentation and completing all registrations, recordings and filings to grant in favour of the Agent a security interest in such Collateral and to render effective the security interest granted thereby, all in form and substance satisfactory to the Agent;
- (b) enter into any swaps, futures, hedges, foreign exchange or commodity transactions for spot or forward delivery, contracts or other derivative transactions for investment or speculative purposes (for greater certainty, the entering into of any such swaps, futures, hedges, foreign exchange or

commodity transactions for spot or forward delivery, contracts or other transactions for protection against fluctuation in currency or interest rates or commodity prices is permitted);

- (c) make, cause or permit any amendment to, or surrender or termination of, any Material Agreement or Material Permit if the effect of such amendment would be reasonably likely to result in a Default or Event of Default;
- (d) either (i) amend, vary or terminate any Control Agreement, and (ii) amend, modify or otherwise change any banking instructions provided to the financial institution maintaining any Collection Account, which would result in the application of any funds from any Account Debtor to an account other than a Collection Account;
- (e) amend, supplement (in a way that is detrimental to the Agent or any Lender), terminate, abandon, allow to expire or fail to renew any Material Permits, or permit any other Person to use, become party to or otherwise have an interest in, any Material Permits, or take any action in furtherance of, or fail to take any action, which failure could be reasonably expected to result in, any of the foregoing;
- (f) enter into any transaction with any Affiliate, other than another Obligor, except on terms no less favourable than could be obtained in an arm's-length transaction;
- (g) except for Permitted Encumbrances, without the prior written consent of the Agent, grant, create, assume or suffer to exist any Lien affecting any of its properties, assets or other rights;
- (h) sell, transfer, convey, lease or otherwise dispose of any of its assets, properties or undertaking (excluding obsolete or otherwise superfluous tangible assets), other than (i) to any third party in the ordinary course of business and on commercially reasonable terms, (ii) to any other Obligor, (iii) dispositions (other than any disposition referenced in clauses (i) or (ii) of this clause) in each fiscal year for fair market value resulting in consideration received for such dispositions of not more than \$ [REDACTED] in the aggregate for all such dispositions by all Obligors during a fiscal year, provided the proceeds thereof are applied to repay the Obligations in accordance with this Agreement or are used to acquire new or replacement assets useful to the business of the Obligors within 90 days of such disposition, (iv) dispositions of equipment or property that is worn-out, obsolete or otherwise no longer useful or required in the business of the Obligors, or (v) dispositions of leasehold real property interests resulting from severance of lands required in accordance with the terms of the underlying leases;
- (i) provide any guarantees, financial assistance or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, including any of its Affiliates, including Trichome Retail Corp., other than Permitted Guarantees;
- (j) provide any funds or other property, including by way of loan, investment, contribution or otherwise to any Person, including any of its Affiliates, including Trichome Retail Corp., over which the Agent does not hold a perfected, first-priority Lien (subject to Permitted Encumbrances), (i) in the case of the Obligors other than the Initial Guarantor, in an amount in excess of \$ [REDACTED] in the aggregate in any rolling 12-month period, and (ii) in the case of the Initial Guarantor, other than in the ordinary course of business (which for certainty, includes the extension of the loan to IM Cannabis pursuant to the Existing Promissory Note, but excludes funds or property provided to Trichome Retail Corp.); provided that, in each case, no such loan, investment, contribution or other payment (A) is made using the proceeds of any Loan Advance or any Collateral included in the Borrowing Base Amount, (B) is made during the continuance of any Event of Default, or (C) if

made would result in the occurrence of an Event of Default;

- (k) without giving the Agent at least 15 days' prior notice in writing and obtaining the Agent's written consent, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person, including any of its Affiliates. If the Agent does not consent to such amalgamation, arrangement, merger or analogous transaction, then all indebtedness of the Borrower under this Agreement and each of the other Transaction Documents to which it is a party, any term hereof or thereof to the contrary notwithstanding, will at the Agent's option and without notice become immediately due and payable without presentment, demand, protest or notice of dishonor, all of which are hereby expressly waived by the Borrower. For each amalgamation, arrangement, merger or analogous transaction consented to by the Agent, the Obligors will cause any resulting Person to become a borrower or guarantor, as applicable, hereunder and to grant such security and enter into such Transaction Documents and other agreements as the Agent may require and which is consistent with the Security granted by the Obligors at the time of such grant. If, during the Term, the Borrower is the non-surviving entity of any amalgamation, arrangement, merger or analogous transaction or the Borrower sells all or substantially all of its assets, properties and undertaking (other than to another Obligor), then such action will constitute an Event of Default unless the surviving entity of such amalgamation, arrangement, merger or analogous or the purchaser of such assets, properties and undertaking agrees to assume the Obligations of the Borrower hereunder and under each other Transaction Document to which the Borrower is a party, in each case on terms satisfactory to the Agent, and provided that the Agent and each of the Lenders will have received all documentation and other information in respect of such surviving entity or such purchaser, as applicable, and their respective authorized signing officers required pursuant to Anti-Terrorism and Corruption Laws, including guidelines or orders thereunder;
- (l) other than Permitted Payments, pay any dividends, other distributions, or any interest or principal on Postponed Debt without the prior written consent of the Agent; provided, however, that any no such Permitted Payment will be permitted during the continuance of any Event of Default or if the making of such proposed Permitted Payment would result in an Event of Default;
- (m) acquire any material Collateral located in, or move any material Collateral to, any jurisdiction without first executing and delivering all such security and other documentation and completing all registrations, recordings and filings to grant in favour of the Agent an equivalent security interest in such Collateral and to render effective the security interest granted thereby, all in form and substance satisfactory to the Agent;
- (n) incur additional Debt other than Permitted Indebtedness; or
- (o) permit (i) any Subsidiary to carry on business in the ordinary course, or (ii) permit any Subsidiary to maintain liabilities or assets, in each case, unless the Borrower has caused such Subsidiary to execute and deliver to the Agent a guarantee and other Security in accordance with this Agreement (together with such legal opinions and other supporting documents as the Agent reasonably requests), in each case within three (3) Business Days of such Subsidiary carrying on business or having any liabilities or assets, as applicable; provided that in the case of Trichome Retail Corp., the foregoing requirements shall only apply at such time as the fair market value of its assets and property exceeds \$ [REDACTED].

11. **Financial Covenants.** So long as this Agreement is in effect, and until the Obligations have been indefeasibly paid in full, and except as otherwise permitted by the prior written consent of the Agent, the Borrower covenants and agrees that it will, at all times:

- (a) maintain Tangible Net Worth of at least \$ [REDACTED], which will be tested monthly, commencing at the end of the calendar month ending June 30, 2021;
- (b) maintain an Debt Service Coverage Ratio of no less than [REDACTED], which will be tested monthly, commencing at the end of the calendar month ending August 31, 2021, on a rolling three month basis; and
- (c) ensure that Dilution of the Borrower not exceed, on a consolidated basis, [REDACTED]% on an annualized basis for any rolling three-month period, as tested through quarterly field exams or as otherwise periodically tested by the Agent.

12. **Reporting Covenants.** So long as this Agreement is in effect, and until the Obligations have been indefeasibly paid in full, and except as otherwise permitted by the prior written consent of the Agent, each Obligor covenants and agrees that it:

- (a) will provide or cause to be provided to the Agent all of the following, in form and detail satisfactory to Agent:
 - (i) annually, within 120 days after each fiscal year end of the Initial Guarantor, a copy of the consolidated audited financial statements of IM Cannabis Corp. and its subsidiaries for such fiscal year;
 - (ii) quarterly, within 60 days after each calendar quarter end of the Initial Guarantor, financial reporting for IM Cannabis Corp. and its subsidiaries on a consolidated basis;
 - (iii) monthly:
 - (A) within 20 days after the end of each calendar month:
 - (I) internal management prepared balance sheet and profit and loss statement of the Borrower and each other Obligor; and
 - (II) a trial balance of the Borrower and each other Obligor as at the end of such calendar month;
 - (III) proof of all payments required to be made in the immediately preceding calendar month on all taxes and other remittances owing by the Borrower and each other Obligor;
 - (B) within seven (7) Business Days after the end of each calendar month:
 - (I) an executed Borrowing Base Certificate, setting out the Borrower's calculation of the Borrowing Base Amounts as at the last day of such calendar month;
 - (II) account statements generated by the applicable financial institution for all Collection Accounts and Deposit Accounts of the Borrower and each other Obligor;
 - (III) a cash reconciliation, to the extent not provided in any Borrowing Base Certificate, reconciling all purchases, repayments, chargebacks, write-offs

and any other transactions covering such calendar month; and

- (IV) an Accounts Receivable roll forward report at the customer level for the Borrower and each other Obligor;
- (iv) weekly, on the Monday of each calendar week, for the period covering the previous seven (7) days ending on the Friday of the previous week, a Borrowing Base Certificate as at the such previous Friday;
- (v) copies of select original final invoices, purchase orders or other similar documents related to any Borrowing Base Certificate provided hereunder, to be selected on a sample basis by the Agent from time to time;
- (vi) any other additional documents or information which the Agent may reasonably require;
- (vii) promptly (but in no event more than five (5) Business Days of the Borrower making same), copies of all filings made by the Borrower in accordance with Applicable Law, including any applicable securities laws;
- (viii) immediately, with respect to Material Agreements and/or Material Permit, and promptly, and in any event within five (5) Business Days, with respect to any other agreement or permit, notification of any material action requests or material violation notices received by it from any Person (including from any Governmental Authority) concerning it (including any notices or requests in connection with the protection or preservation of the environment);
- (ix) promptly, and in any event within five (5) Business Days, notice of each of the following promptly after the occurrence thereof:
 - (A) all proposed material amendments to any Material Agreement and/or any Material Permit;
 - (B) all correspondence and notices received from any Governmental Authority or stock exchange with respect to any Material Agreement, Material Permit, the Debt Securities of the Borrower, the Equity Securities of the Borrower, or any regulatory or other investigations into any Obligor, the business practices of any Obligor which could reasonably be expected to result in a Material Adverse Change; and
 - (C) any changes in the identity of Responsible Persons, which materially affect the Obligors together with satisfactory evidence of security clearances for such Responsible Persons under the Cannabis Act or the Cannabis Regulations; and any rejection notice for new or renewal security clearance applications for each Responsible Person;
- (x) within 60 days after each fiscal year end, a copy of the annual budgets and business plans for the Obligors;
- (xi) a periodic (but no more than monthly) business review of the Obligors on such terms and such basis as may be required by the Agent to determine compliance with the terms of this Agreement and the other Transaction Documents;

- (xii) at the request of the Agent, copies of all Debtor Invoices, all bills of lading and all insurance confirmations relating to any and all amounts included in the Borrowing Base Amount from time to time; and
 - (xiii) such other documents and information as the Agent and the Borrower may mutually agree; and
- (b) promptly (but in no event more than five (5) Business Days after the Borrower receives knowledge of the occurrence of each such event or matter) give written notice to the Agent in reasonable detail of:
- (i) the occurrence of any Default or any Event of Default;
 - (ii) any violation of any Applicable Law which results or could result in a Material Adverse Change;
 - (iii) any litigation pending or threatened against any Obligor which could reasonably be expected to result in a Material Adverse Change;
 - (iv) any Lien registered or alleged or asserted against any Collateral (other than Permitted Encumbrances); and
 - (v) any change in the name or the organizational structure or the jurisdiction of organization of any Obligor.

13. **Remedies Upon Default.** Upon the occurrence and continuance of any Event of Default: (a) all indebtedness of the Borrower under this Agreement and each of the other Transaction Documents to which it is a party, any term hereof or thereof to the contrary notwithstanding, will at the Agent's option and upon delivery to the Borrower of written notice, become immediately due and payable without presentment, demand, protest or notice of dishonor, all of which are hereby expressly waived by the Borrower; (b) the obligation, if any, of the Lenders to extend any further credit under this Agreement or any of the other Transaction Documents will immediately cease and terminate; and (c) the Agent and the Lenders will have all rights, powers and remedies available under this Agreement and each of the other Transaction Documents, or accorded by law, including the right to resort to any or all Security for any credit subject hereto and to exercise any or all of the rights of a beneficiary or secured party pursuant to all Applicable Law. All rights, powers and remedies of the Agent and the Lenders may be exercised at any time by the Agent and the Lenders and from time to time after the occurrence and continuance of an Event of Default, are cumulative and not exclusive, and will be in addition to any other rights, powers or remedies provided by law or equity.

14. **Equity Cure.**

- (a) If an Event of Default occurs pursuant to paragraphs (a), (b), (c) or (d) of the definition of "Event of Default" (each a "**Covenant/Rep Default**"), the Borrower will have the right, in addition to any other right to cure as may be applicable to such Event of Default, to equity cure such Covenant/Rep Default on the following terms and conditions (the "**Equity Cure Right**"):
- (i) if the Borrower wishes to equity cure a Covenant/Rep Default, the Borrower will deliver to the Agent an irrevocable written notice of its intention to do so (a "**Cure Notice**") no later than two (2) Business Days after the date that such Covenant/Rep Default occurred (the "**Default Date**"). Any such Cure Notice will set forth the calculation of the

Covenant/Rep Default cure amount, being an amount which would result in the Borrower being in pro forma compliance with this Agreement as of such Default Date (the “**Cure Amount**”);

- (ii) if the Borrower delivers a Cure Notice, then, by no later than by no later than five (5) Business Days after receipt by the Agent of the Cure Notice (the “**Required Contribution Date**”), the Borrower will arrange for:
 - (A) a Securities Offering of the Borrower (which for certainty, shall include an offering of Debt, Debt Securities or Equity Securities to the Initial Guarantor) for cash consideration in an aggregate amount not less than the Cure Amount; or
 - (B) additional cash advances made to the Borrower by any party or combination of parties holding a Subordinated Lien in an aggregate amount not less than the Cure Amount; and
 - (iii) from the effective date of delivery of a Cure Notice until the earlier to occur of the Required Contribution Date and the date on which the Agent is notified that the required contribution will not be made, the Agent agrees that it will not accelerate the Obligations, or exercise any right or remedy based on the applicable Covenant/Rep Default against any of the Obligors, or any of the Collateral.
- (b) For greater certainty, if any Event of Default other than a Covenant/Rep Default has occurred and is continuing, or occurs and is continuing during the period described above in clause (a)(iii), the Agent may exercise any or all of the Agent and Lenders’ rights and remedies hereunder, under the Transaction Documents and under Applicable Law and take any or all such other actions and steps as they may deem appropriate, each in its sole and absolute discretion, notwithstanding the Borrower’s election to exercise the Equity Cure Right, the delivery of any Cure Notice or the payment of any Cure Amount under or pursuant to this Section 14.

15. **Interpretation.** In this Agreement:

- (a) terms used and not otherwise defined have the meanings given to such terms in **Schedule “A”**;
- (b) words importing the singular include the plural and vice-versa, words importing gender include both genders;
- (c) any reference to a statute includes a reference to all regulations made pursuant to such statute, all amendments made to such statute and regulations in force from time to time and to any statute or regulation which may be passed and which has the effect of supplementing or superseding such statute or regulations;
- (d) any reference to an Article, Section or Schedule is deemed to be refer to the applicable Article, Section or Schedule contained in or attached to this Agreement and to no other agreement or document unless specific reference is made to such other agreement or document;
- (e) the division of this Agreement into Articles and Sections and the insertion of headings is for convenience of reference only and are not to be taken into account in interpreting this Agreement or any part of it;
- (f) when a reference is made to a “party” or “parties”, such reference will be to a party or parties to

this Agreement unless otherwise indicated;

(g) the term:

- (i) “**including**” means “**including, without limitation**” and the terms “**including**” and “**include**” will not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it;
- (ii) “**may**” describes an act or forbearance which is optional under this Agreement; and
- (iii) “**will**” will be equivalent in meaning to the word “**will,**” both of which describe an act or forbearance which is mandatory under this Agreement; and

(h) unless otherwise indicated, all references to dollar amounts are references to Canadian dollars.

16. **Accounting Principles and Practices**

- (a) Where the character or amount of any asset or liability, or item of revenue or expense, is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any Transaction Document, that determination or calculation will, to the extent applicable and except as otherwise specified in this Agreement or as otherwise agreed in writing by the parties, be made in accordance with GAAP.
- (b) All calculations for the purpose of determining compliance with the financial covenants and financial ratios contained in this Agreement will be made on a basis consistent with GAAP in existence as at the date of this Agreement. In the event of a change in GAAP, the Borrower and the Agent will negotiate in good faith to revise (if appropriate) those ratios and covenants to reflect GAAP as then in effect, in which case all subsequent calculations made for the purpose of determining compliance with those ratios and covenants will be made on a basis consistent with GAAP in existence as at the date of those revisions.

17. **Schedules.** The Schedules are as follows:

- “A” – Defined Terms
- “B” – Form of Advance Request Certificate
- “C” – Form of Borrowing Base Certificate
- “D” – Form of Compliance Certificate
- “E” – Form of Repayment Notice
- “F” – Litigation
- “G” – Environmental Disclosure
- “H” – Subsidiaries
- “I” – Corporate Information
- “J” – Pending Corporate Changes
- “K” – Collection Accounts and Deposit Accounts
- “L” – Material Agreements and Material Permits
- “M” – Real Property Interests
- “N” – Permitted Encumbrances
- “O” – Related Party Transactions
- “P” – Post-Closing Undertakings

Each of the Schedules is incorporated into and forms an integral part of this Agreement.

18. **Headings.** The section headings are not to be considered part of this Agreement, are inserted for convenience of reference only, are not intended to be full or accurate descriptions of the content thereof and will not affect the construction or interpretation of this Agreement.

19. **Currency.** All dollar amounts referred to in this Agreement and all payments to be made hereunder are in Canadian dollars unless agreed to otherwise in writing by the Agent.

20. **Entire Agreement.** This Agreement, including the Schedules, and the Exhibits to such Schedules, and any other agreement required hereunder to be delivered in connection herewith, constitute the entire agreement between the parties as to the subject matter of this Agreement and may not be amended or modified in any respect except by written instrument signed by the parties hereto.

21. **Amendments.** No amendment, supplement, modification, waiver or termination of this Agreement is binding on the parties unless it is in writing and signed by all of the parties

22. **Waiver.** No delay, failure or discontinuance of the Agent or any of the Lenders in exercising any right, power or remedy under any of the Transaction Documents will affect or operate as a waiver of such right, power or remedy; nor will any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver, permit, consent or approval of any kind by the Agent or any Lender of any breach of or default under any of the Transaction Documents must be in writing and will be effective only to the extent set forth in such writing.

23. **Severability.** If any provision of this Agreement or any part of any provision of this Agreement is held to be invalid, illegal or unenforceable by a court of competent jurisdiction, such provision or part will not affect the validity, legality or enforceability of any other provision of this Agreement or the balance of any provision of this Agreement absent such part and such invalid, illegal or unenforceable provision or part is deemed to be severed from this Agreement and this Agreement will then be construed and enforced as if such invalid, illegal or unenforceable provision or part had never been included in this Agreement.

24. **Time.** Time is of the essence of this Agreement and no extension or variation of this Agreement operates as a waiver of this provision. When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Agreement, the date which is the reference date in calculating such period is excluded. If the last day of such period is not a Business Day, the period in question ends on the next following Business Day.

25. **Business Day.** If under the provisions of this Agreement any amount is to be paid or any act or thing is to be done or step is to be taken on a day other than a Business Day, then such amount will be paid or such act or thing or step will be done or taken on the next succeeding Business Day.

26. **Further Assurance.** The parties will with reasonable diligence do all things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement. Each party will provide and execute such further documents or instruments as may be reasonably required by any other party, exercise its influence and do and perform or cause to be done or performed such further and other acts as may be reasonably necessary or desirable to effect the purpose of and to carry out the provisions of this Agreement.

27. **Notice.**

(a) Any notice to be given by any party hereto to any other party hereto will be in writing and may be

given by personal delivery, by prepaid courier service, except during any period when postal service is interrupted, by prepaid registered mail, or by facsimile, electronic mail or by other means of instantaneous transmission that produces a permanent copy to the address noted below addressed as follows:

- (i) to any Obligor:

Trichome JWC Acquisition Corp.
150 King Street West, Suite 214, Toronto, Ontario, Canada, M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

With copies to (which shall not constitute notice):

Trichome JWC Acquisition Corp.
150 King Street West, Suite 214, Toronto, Ontario, Canada, M5H 1J9

Attention: Dan Cohen
Email: dcohen@trichomefinancial.com

Attention: Karl Grywacheski
Email: kgrywacheski@trichomefinancial.com

- (ii) to the Agent:

Cortland Credit Lending Corporation
c/o Cortland Credit Group Inc.
200 Bay Street, Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2

Attention: Bruce Sherk
Telephone: (416) 407-4440
Email: bsherk@cortlandcredit.ca

or at such other address as the party to whom such notice or other communication is to be given advises the party giving same in the manner provided in this Section.

- (b) Any notice or other communication delivered personally or by prepaid courier service will be deemed to have been given and received on the day it is so delivered at such address, unless such day is not a Business Day in which case it will be deemed to have been given and received on the next following Business Day. Any notice or other communication sent by registered mail will be deemed to have been given and received on the third Business Day following the date of its mailing. Any notice or other communication sent by email will be deemed to have been given and received on the day it is sent provided that such day is a Business Day and it is sent before 5:00 p.m. on such day, failing which it will be deemed to have been given and received on the first Business Day after it is sent. Regardless of the foregoing, if there is a mail stoppage or labour dispute or threatened labour dispute which has affected or could affect normal mail delivery by Canada Post, then no notice or other communication may be delivered by registered mail.

28. **Execution in Counterparts.** This Agreement may be executed in one or more counterparts, each of which when so executed will constitute an original and all of which together will constitute one and the same agreement.

29. **Electronic Execution of Certain Documents.** The words “delivery”, “execution,” “signed,” “signature,” and words of like import in any Transaction Document or any other document to be signed in connection with this Agreement and the transactions contemplated hereby will be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which will be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law; provided, that notwithstanding anything contained herein to the contrary the Agent is under no obligation to agree to accept electronic signature in any form or in any format unless expressly agreed to by the Agent pursuant to procedures approved by it.

30. **Assignment.** No Obligor may assign or transfer its interests or rights hereunder without the Agent’s prior written consent. The Agent and each of the Lenders reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, the Agent’s or such Lender’s rights and benefits under each of the Transaction Documents and, in connection therewith, the Agent and/or such Lender may disclose, notwithstanding anything else herein contained, all documents and information which the Agent and such Lender now has or may hereafter acquire relating to any credit subject hereto, any Obligor or such Obligor’s business or any Collateral required hereunder, provided that (a) prior to the occurrence of an Event of Default that is continuing, the prior written consent of the Borrower shall be required for any sale, transfer or assignment by the Agent or any Lender to any Person that is not an entity managed, affiliated with or Controlled by the Agent, and (b) following the occurrence of an Event of Default that is continuing, such consent of the Borrower will not be required.

31. **No Adverse Presumption.** This Agreement has been approved by the parties and, notwithstanding any rule or maxim of law or construction to the contrary, any ambiguity or uncertainty will not be construed against either of the parties by reason of the authorship of any of the provisions of this Agreement.

32. **Binding Effect.** This Agreement will be binding upon and will enure to the benefit of (i) the Agent and the Lenders and their respective successors and assigns, and (ii) each Obligor and its successors and permitted assigns; “successors” includes any corporation resulting from the amalgamation of any party with any other corporation.

33. **GOVERNING LAW.** THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.

34. **SUBMISSION TO JURISDICTION.** THE BORROWER IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE AGENT OR ANY RELATED PARTY OF THE AGENT IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER

TRANSACTION DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE PROVINCE OF ONTARIO SITTING IN THE CITY OF TORONTO, THE FEDERAL COURTS OF CANADA SITTING IN THE CITY OF TORONTO, AND ANY APPELLATE COURT FROM ANY THEREOF, (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH ONTARIO PROVINCIAL COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING WILL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER TRANSACTION DOCUMENT WILL AFFECT ANY RIGHT THAT THE AGENT MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

35. **WAIVER OF VENUE.** THE BORROWER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT IN ANY COURT REFERRED TO IN SECTION 35. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

36. **SERVICE OF PROCESS.** EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 28. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

37. **Costs, Expenses and Fees.**

- (a) Each Obligor will pay promptly upon receipt of written notice from the Agent all reasonable costs and expenses in connection with the preparation, execution and delivery of this Agreement, the other Transaction Documents, and the other instruments, certificates and documents to be delivered under or in connection with this Agreement or the other Transaction Documents, whether or not a closing has occurred or any Loan Advance has been made under this Agreement, including the reasonable fees and out-of-pocket expenses of the Agent's legal counsel with respect thereto and with respect to the preparation, negotiation, execution, delivery, registration, maintenance, administration, interpretation and enforcement or protection of its rights under this Agreement, the other Transaction Documents or any other document to be delivered under or in connection with this Agreement, or to advising the Agent or the Lenders as to its rights and responsibilities under this Agreement, the other Transaction Documents or any other document to be delivered under or in connection with this Agreement.
- (b) Each Obligor further agrees to pay all reasonable costs and expenses in connection with the preparation or review of waivers, consents and amendments requested by any Obligor, questions of interpretation of this Agreement, the other Transaction Documents or any other document to be delivered under or in connection with this Agreement, and in connection with the establishment of

the validity and enforceability of this Agreement, the other Transaction Documents or any other document to be delivered under or in connection with this Agreement and the preservation or enforcement of rights of the Agent and the Lenders under this Agreement, the other Transaction Documents and other documents to be delivered under or in connection with this Agreement, including all reasonable costs and expenses sustained by the Agent and the Lenders as a result of any failure by the Borrower to perform or observe any of its obligations under this Agreement and including the reasonable fees and out-of-pocket expenses of the Agent's legal counsel with respect thereto.

- (c) Each Obligor further agrees to pay all reasonable out-of-pocket fees and expenses incurred by the Agent or the Lenders in connection with the Revolving Facility and the Transaction Documents other than as otherwise set out in this Agreement.
- (d) In addition to the fees and other charges set out in this Agreement, each Obligor will pay, on demand, the charges and fees incurred or paid by the Agent and the Lenders in connection with the preparation and registration of the Security (whether or not any Loan Advances are made hereunder) and enforcement or protection or exercise of its rights thereunder.
- (e) Fees and expenses required to be paid under this Section include professional fees and expenses incurred by the Agent or the Lenders (e.g., appraisal, audit, notary and legal fees).
- (f) The Obligors will reimburse the Agent within ten (10) Business Days of the Agent providing the Borrower a summary and evidence of the out-of-pocket expenses incurred.

38. **Lenders.**

- (a) Each Borrower acknowledges and agrees that the Lenders will be determined by the Agent from time to time, provided that (i) prior to the occurrence of an Event of Default, a Lender may be any entity designated by the Agent (without the consent of any Obligor) that is managed, affiliated with or Controlled by the Agent, (ii) prior to the occurrence of an Event of Default, a Lender may be any entity designated by the Agent (with the prior written consent of the Borrower) that is not an entity managed, affiliated with or Controlled by the Agent, and (iii) following the occurrence of an Event of Default a Lender may be any entity designated by the Agent in its sole discretion.
- (b) The Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, will maintain at one of its offices a register for the recordation of the names and addresses of the Lenders and principal amounts and stated interest of the Revolving Facility owing to each Lender, pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register will be conclusive absent manifest error and the Borrower, the Agent and the Lenders will treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender for all purposes of this Agreement. The Register will be available for inspection by the Obligors and any Lender, as the case may be, at any reasonable time and from time to time upon reasonable prior notice. In establishing and maintaining the Register, the Agent will serve as the Borrower's non-fiduciary agent solely for tax purposes and solely with respect to the actions described in this Section.

39. **General Indemnity.** Each Obligor hereby indemnifies and holds harmless the Indemnified Parties from and against any and all suits, actions, proceedings, claims, Losses, expenses (including fees, charges and disbursements of counsel), damages and liabilities that may be sustained, incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto arising out of or in connection with or relating to this Agreement, the other Transaction Documents or the transactions

contemplated hereby or thereby, or any use made or proposed to be made with the proceeds of the Loan Advances, whether or not such investigation, litigation or proceeding is brought by an Obligor, any shareholder or creditor thereof, an Indemnified Party, any Governmental Authority or any other Person, or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such suits, actions, proceedings, claims, Losses, expenses, damages and liabilities are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's own gross negligence or wilful misconduct, or where such litigation or proceeding is solely between Indemnified Parties.

40. **Confidentiality.** Each Obligor agrees not to file a copy of this Agreement or any other Transaction Document in any public manner, or otherwise publicly disclose any information contained therein, except (a) on a confidential basis to its officers, directors, employees, accountants, lawyers and other professional advisors; (b) to any bona fide existing or prospective investor or purchaser of the equity interests of an Obligor or all or substantially all of the assets of an Obligor, in each case to the extent permitted hereunder, provided that each such Person agrees in writing with the Agent to maintain the confidentiality of such information in accordance with the provisions of this Section; and (c) as may be required pursuant to Applicable Law. If any such disclosure is required pursuant to Applicable Law, the Borrower (and any Person required to make such disclosure) will provide at least seven (7) days' prior written notice to the Agent before making such disclosure and during such period the Agent acting reasonably may advise the Borrower as to which portions of such Transaction Documents will be redacted in order to protect the rights of the Agent and the Lenders to maintain the confidentiality of information which the Agent and the Lenders believe is confidential and proprietary to them. Each Obligor agrees to comply (and to cause any other Person described above in clause (a), (b) or (c) that is required to make such disclosure to comply) with any such request and the said seven (7) days notice provision unless such compliance would contravene Applicable Law. The terms of this paragraph will survive the termination of this Agreement.

[signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

BORROWER:

TRICHOME JWC ACQUISITION CORP.


Per: 
Name: Daniel Cohen
Title: Treasurer and Secretary

Per: _____
Name: _____
Title: _____

I/we have the authority to bind the Borrower.

INITIAL GUARANTOR:

TRICHOME FINANCIAL CORP.


Per: 
Name: Daniel Cohen
Title: Vice President and General Counsel

Per: _____
Name: _____
Title: _____

I/we have the authority to bind the Initial Guarantor.

AGENT:

CORTLAND CREDIT LENDING CORPORATION, as Agent

Per: 
Name: Sean Register
Title: CEO

Per: _____
Name:
Title:

I/we have the authority to bind the Agent.

SCHEDULE "A"

DEFINED TERMS

As used in this Agreement and unless otherwise stated herein, the terms set out below will have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"\$" and "**Dollar**" each mean Canadian dollars.

"**Acceleration Events**" means, collectively: (i) the occurrence of a Bankruptcy Event with respect to any Obligor; (ii) five (5) Business Days following the occurrence and during the continuation of an Event of Default (other than a Bankruptcy Event of any Obligor) that has not been cured within the applicable cure period or waived by the Agent; and (iii) five (5) Business Days following the date of any Liquidity Event, except, in each case, as otherwise permitted by the terms of this Agreement or unless otherwise waived by the Agent, and "**Acceleration Event**" means any one of them.

"**Account Debtor**" means, for any Person, an account debtor (as defined in the PPSA) in respect of any Account Receivable of such Person.

"**Accounts Receivable**" means, for any Person, all debts, accounts (including all "accounts" as defined in the PPSA), claims, demands, monies and choses in action which are now or which may at any time hereafter be due, owing to or accruing due to or owned by such Person, together with all books, records, documents, papers and electronically recorded data and any other documents or information of any kind which in any way evidences or relates to any or all of the said debts, accounts, claims, demands, monies and choses in action.

"**Additional Commitment Fee**" has the meaning given to that term in Section 4(c).

"**Advance Request Certificate**" means a written notice, in the form attached as **Schedule "B"** attached hereto, pursuant to which the Borrower may request a Loan Advance in an amount not less than \$ [REDACTED].

"**Affiliate**" has the meaning ascribed thereto in the *Canada Business Corporations Act*.

"**Agent**" means Cortland Credit Lending Corporation, a corporation existing under the laws of the Province of Ontario, in its capacity as agent for and on behalf of the Lenders, and includes its successors and assigns.

"**Agreement**" means this credit agreement, as same may be amended, revised, replaced, supplemented or restated from time to time.

"**Anti-Terrorism and Corruption Laws**" means any Applicable Laws relating to terrorism, trade sanctions programs and embargoes, money laundering, corruption or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such laws, rules and regulations, all as amended, supplemented or replaced from time to time.

"**Applicable Law**" means, with respect to any Person, all laws, rules, regulations and orders of Governmental Authorities applicable to such Person or any of its properties or assets.

"**Approved Debtor**" means each of the following Account Debtors of the Borrower: Ontario Cannabis Retail Corporation, Alcohol and Gaming Commission of Ontario, British Columbia Liquor and Cannabis Regulation Branch, The Cronos Group (and its affiliates), Open Field Distribution (and its affiliates),

Cannabis Management Corporation (New Brunswick) and PEI Cannabis Management Corporation, and any other Account Debtor of the Borrower that becomes an “Approved Debtor” following the Closing Date with the prior written consent of the Agent, based on the Debtor Eligibility Criteria.

“**Approved Debtor Invoice**” means any Debtor Invoice owing from an Approved Debtor to the Borrower that complies with the following eligibility criteria:

- (b) the Account Receivable relating to such Debtor Invoice is subject to a first-ranking security interest held by the Agent pursuant to the Security Agreements and is not subject to any other Liens, except Permitted Encumbrances, and the Account Debtor thereof has been directed to pay the proceeds of such Account Receivable to a Collection Account;
- (c) if the Account Debtor is a Governmental Authority, all requirements of Applicable Law have been satisfied in order that the assignment of such account in favour of the Agent will be valid and enforceable;
- (d) the Account Debtor is located in an Approved Jurisdiction;
- (e) the Account Debtor is not an Obligor or any Related Person of any Obligor;
- (f) the Account Receivable is not contestable, in dispute or subject to any defence, counterclaim or claim by the Account Debtor for credit, set-off, allowance or adjustment;
- (g) the Borrower does not have an obligation to hold any portion of the account in trust or as agent for any other Person (except pursuant to a statutory lien securing obligations which are not overdue);
- (h) the Account Debtor is not insolvent or subject to any Bankruptcy Event;
- (i) such invoice is aged less than 90 days past the invoice date;
- (j) such invoice is not due from any Approved Debtor who has more than █% of the aggregate outstanding debtor balance aged greater than 60 days from the invoice date (█% cross-aging restriction);
- (k) such invoice is not related to any products which are either voluntarily or involuntarily recalled by either the Borrower, any Governmental Authority, or any supplier of the Borrower;
- (l) such invoice is not an invoice which has been issued to a foreign entity, for which the Borrower does not carry credit insurance;
- (m) if such invoice covers products not yet delivered, the Borrower maintains adequate insurance over such products while in transit, unless risk of loss transfers to the Approved Debtor upon shipment;
- (n) the Agent has not informed the Borrower that such Account Receivable is, in the reasonable opinion of the Agent, subject to undue credit risk; and
- (o) any other eligibility criteria that the Agent may reasonably determine from time to time in accordance with its customary practices for credit provision that are similar in nature to the credit provided hereunder, and as communicated to the Borrower in writing.

“**Approved Jurisdiction**” means each country in which it is legal in such country to undertake any

Cannabis-Related Activities provided that in each case (i) such jurisdiction has been approved in writing by the Agent in its sole discretion and (ii) if required by the Agent, the ability to undertake Cannabis-Related Activities to the extent permitted by Applicable Law therein is confirmed by a legal opinion provided by the Borrower's counsel in such jurisdiction, in form and substance satisfactory to the Agent. The Agent may in its sole discretion from time to time (A) upon receipt of a written request by the Borrower, designate any jurisdiction an Approved Jurisdiction provided that the above criteria are satisfied; and (B) revoke the designation of any jurisdiction as an Approved Jurisdiction by written notice to the Borrower if such criteria are not satisfied. Notwithstanding any of the foregoing, each of Canada, Germany and Israel is an Approved Jurisdiction, but the United States is not.

“**Associate**” has the meaning ascribed thereto in the *Canada Business Corporations Act*.

“**Bankruptcy Event**” means an Involuntary Bankruptcy Event or a Voluntary Bankruptcy Event.

“**Borrowing Base Amount**” means the calculations prepared by the Borrower and reviewed by the Agent from time to time which calculates the availability under the Revolving Facility using criteria set out for Approved Debtors and Approved Debtor Invoices, and calculated as follows, collectively, without duplication:

- (a) the product of (i) the Insured Advance Rate, multiplied by (ii) ■■■% of the outstanding balance of all Insured Approved Debtor Invoices owing to the Borrower, plus
- (b) the product of (i) the Uninsured Advance Rate, multiplied by (ii) ■■■% of the outstanding face value balance of all Uninsured Approved Debtor Invoices owing to the Borrower; less
- (c) the amount of any Potential Priority Claims; less
- (d) an amounts owing by any Obligor on account of outstanding and unpaid taxes; less
- (e) ■■■% of the amount of any customer deposits in respect of Accounts Receivable of the Borrower; less
- (f) ■■■% of the value of any assets forming part of the Borrowing Base Amount pursuant to clauses (a) and (b) above that are subject to an existing Priority Lien, or over which a person has a contractual right to register a Priority Lien at any point in the future; less

provided that:

- (g) the amount included in the Borrowing Base Amount for any single Account Debtor will be subject to reasonable concentration limits to be determined by the Agent (and provided to the Borrower) from time to time; and
- (h) no amount will be included in the Borrowing Base Amount on account of any Accounts Receivable owing from any Account Debtors of the Borrower located outside of an Approved Jurisdiction.

“**Borrowing Base Certificate**” means a written report, in the form attached as **Schedule “C”** attached hereto, pursuant to which the Borrower has, among other things, calculated the Borrowing Base Amount, which report shall, for greater certainty, include:

- (a) detailed aged listing of Accounts Receivable of the Borrower including contact details and address

of customer;

- (b) summary of aged accounts payable by each vendor or supplier;
- (c) a summary roll-forward of Accounts Receivable of the Borrower for the period since the last Borrowing Base Certificate was provided to the Agent, which shall include the following:
 - (i) closing Accounts Receivable balance from date of prior Borrowing Base Certificate, plus;
 - (ii) value of new invoices issued since the date of the prior Borrowing Base Certificate; minus
 - (iii) cash receipts/collections from/of Accounts Receivable since the date of the prior Borrowing Base Certificate, minus;
 - (iv) credit memos issued to customers since the prior Borrowing Base Certificate, minus;
 - (v) other credit adjustments issued to customers on Accounts Receivable since the prior Borrowing Base Certificate, plus;
 - (vi) other debit adjustments issued to customers on Accounts Receivable since the prior Borrowing Base Certificate; and
- (e) any additional documents or information regarding the calculation of the Borrowing Base Amount and any element thereof that the Agent may reasonably request.

“**Borrowing Base Shortfall**” has the meaning given to such term in Section 3(b).

“**Borrowing Limit**” means, at any given time, the lesser of (i) the Total Commitment and (ii) the Borrowing Base Amount.

“**Business Day**” means any day other than: (a) a Saturday or Sunday; or (b) a day on which banking institutions in Toronto, Ontario, are authorized or obligated by law or executive order to be closed.

“**Cannabis**” means:

- (a) any plant or seed, whether live or dead, from any species or subspecies of genus *Cannabis*, including *Cannabis sativa*, *Cannabis indica* and *Cannabis ruderalis*, Marijuana and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;
- (b) any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by clause (a) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;
- (c) any organism engineered to biosynthetically produce the material contemplated by clause (b) of this definition, including any micro-organism engineered for such purpose;
- (d) any biologically or chemically synthesized version of the material contemplated by clause (b) of this definition or any analog thereof, including any product made by any organism contemplated by clause (c) of this definition;

- (e) any other meaning ascribed to the term “cannabis” under Applicable Law in any Approved Jurisdiction, including the Cannabis Act and the *Controlled Drugs and Substances Act* (Canada); and
- (f) any other meaning ascribed to the term “cannabis” under the *Controlled Substances Act* (United States).

“**Cannabis Act**” means *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, S.C. 2018, c. 16, as amended from time to time.

“**Cannabis Regulations**” means Cannabis Regulations under the Cannabis Act, as amended from time to time and all other regulations made from time to time under the Cannabis Act or any other statute in an Approved Jurisdiction with respect to Cannabis-Related Activities.

“**Cannabis-Related Activities**” means any activities, including advertising or promotional activities, relating to or in connection with the importation, exportation, cultivation, production, purchase, distribution or sale of Cannabis or Cannabis-related products.

“**Change of Control**” means either, (i) the Initial Guarantor ceasing to Control the Borrower or any other Guarantor, (ii) the assignment, sale, transfer or other disposition of (A) all or substantially all of the assets and business of the Obligors (taken as a whole), (B) any portion of the business or Collateral of the Obligors (taken as a whole) that would reasonably be expected to result in a Material Adverse Change, or (iii) any transaction or series of transactions whereby any Person or group of Persons, acting jointly or otherwise in concert, acquire the right, by contract or otherwise, to direct the management and activities of the Initial Guarantor, the Borrower or any other Guarantor.

“**Change of Management**” means both (i) Michael Ruscetta and (ii) Howard Steinberg will cease for any reason, including termination of employment, death or disability, to substantially perform the functions and services currently being performed by them for the Initial Guarantor, and the Initial Guarantor will fail, for a period of 90 consecutive days following the earliest date that both individuals may be considered disabled or will have otherwise ceased to perform their functions with the Initial Guarantor as aforesaid, to replace such individual with an individual or individuals acceptable to the Agent.

“**Closing Date**” means the date of this Agreement.

“**Collateral**” means all present and after acquired undertaking and personal property of the Obligors subject to the Security, including all proceeds thereof, subject to such customary exclusions as set out in the Security Agreements. For certainty, the only undertaking and personal property of the Initial Guarantor that shall constitute Collateral shall be the equity interests and any Debt of the Borrower held by the Initial Guarantor from time to time.

“**Collection Accounts**” means, collectively, each of the accounts described in **Schedule “K”** as a Collection Account, and each future deposit account of any Obligor designated as a Collection Account from time to time, in each case over which the Agent will, both prior to and following the occurrence of an Acceleration Event, have dominion and control, pursuant and subject to the terms of a Control Agreement.

“**Commitment Fee**” has the meaning given to that term in Section 4(b).

“**Compliance Certificate**” means a compliance certificate, in the form of **Schedule “D”**.

“**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the

management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise, and “**Controlling**” and “**Controlled**” have meanings correlative thereto.

“**Control Agreement**” means, (i) with respect to each Collection Account, an agreement among the Agent, the applicable Obligor and the applicable deposit bank or credit union, pursuant to which the Agent will be granted exclusive control over such Collection Account and the cash deposited therein as of the Closing Date (i.e., a blocked account agreement without trigger or non-springing deposit account control agreement), and (ii) with respect to each Deposit Account, an agreement among the Agent, the applicable Obligor and the applicable deposit bank or credit union, pursuant to which the Agent will be granted the right to exercise exclusive control such Deposit Account following the occurrence of an Acceleration Event that is continuing (i.e., a blocked account agreement with trigger or a springing deposit account control agreement).

“**Covenant/Rep Default**” has the meaning given to that term in Section 14(a).

“**Cure Amount**” has the meaning given to that term in Section 14(a)(i).

“**Cure Notice**” has the meaning given to that term in Section 14(a)(i).

“**Debt**” means, with respect to any Person, (i) indebtedness for borrowed money, (ii) any liability or obligation required to be characterized as debt in accordance with GAAP, (iii) any monetary obligation or liability, contingent, unmatured or otherwise (including under any indemnities), incurred other than in the ordinary course of business, (iii) any obligation secured by a Lien on any property, assets or undertaking owned or acquired, and (iv) any other debt or monetary liability of such Person, excluding Qualified Trade Payables.

“**Debt Securities**” means, with respect to any Person, any and all bond, certificate of deposit, debenture or other or other instrument evidencing Debt of such Person owing to the holder of same.

“**Debt Service Coverage Ratio**” means, for any test period, the ratio of (a) EBITDA for such period (less any increases in the fair market value of biological assets in such period, to the extent such increases were included in determining net income), and (b) the total of Interest Expense in respect of Funded Debt (and any interest payments on Postponed Debt otherwise permitted by the Agent) for such period.

“**Debtor Eligibility Criteria**” means the criteria set by the Agent through the due diligence stage and from time to time thereafter which identifies and sets any requirements or restrictions for the purpose of determining whether any debtor is an Approved Debtor as it relates to the Revolving Facility.

“**Debtor Invoice**” means any invoice issued by an Obligor to an Account Debtor from time to time, copies of which will be provided to the Agent if and when requested by the Agent or otherwise in accordance with this Agreement.

“**Default**” means any event, act, omission or condition which with the giving of notice or passage of time, or both, would result in an Event of Default.

“**Default Date**” has the meaning given to that term in Section 14(a)(i).

“**Deposit Accounts**” means, collectively, each deposit, operating or disbursement account of any Obligor, over which the Agent will, following the occurrence of an Acceleration Event, have dominion and control, pursuant and subject to the terms of a Control Agreement.

“Dilution” means, for any Person in any test period, the ratio, expressed as a percentage, of (a) the gross amount of the Accounts Receivable of such Person that are due in such test period minus the amount actually collected on account of such Accounts Receivable in such test period, divided by (b) the gross amount of the Accounts Receivable of such Person that are due in such test period.

“EBITDA” means, for any test period, net income from continuing operations (excluding extraordinary gains or losses) plus, to the extent deducted in determining net income, Interest Expense, amounts deducted in respect of the provision for income taxes, amounts deducted in respect of non cash items, including depreciation, amortization, any non-cash impairment charges and any other non-cash charges income taxes, for such period, and, to the extent applicable, transaction costs in respect to closing of this Agreement and the delivery of the Transaction Documents.

“Equity Cure Right” has the meaning given to that term in Section 14(a).

“equity interests” means, with respect to any Person, any and all partnership interests, shares, participations, rights in, or other equivalents (however designated and whether voting and non-voting) of, such Person’s capital, whether outstanding on the date hereof or issued after the date hereof, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, and any and all rights, warrants, debt securities, options or other rights exchangeable for or convertible into any of the foregoing.

“Equity Securities” means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting and non-voting) of, such Person’s capital, whether outstanding on the date hereof or issued after the date hereof, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, and any and all rights, warrants, Debt, Debt Securities, options or other rights exchangeable for or convertible into any of the foregoing.

“Event of Default” means:

- (a) the failure of the Borrower to pay when due any outstanding principal amount of any Loan Advances;
- (b) the failure of the Borrower to pay any interest, fees or other amounts payable under this Agreement or any other Transaction Document within three (3) Business Days of the date required by this Agreement or any other Transaction Document for such payment;
- (c) the failure of any Obligor to observe or perform any covenant or obligation applicable to it under Sections 9(s) (*Material Permits etc.*), 10 (*Negative Covenants*), 11 (*Financial Covenants*) or 12 (*Reporting Covenants*);
- (d) the failure of any Obligor to observe or perform any other covenant or obligation applicable to it under this Agreement or any Transaction Document; provided that, if, in the opinion of the Agent, acting reasonably, such failure is capable of correction or remedy, then if it is not corrected or remedied to the satisfaction of the Agent, acting reasonably, for a period of 15 days after the earlier of (i) the date on which any Obligor obtains knowledge thereof, and (ii) the date on which written notice of such failure has been given by the Agent to the Borrower (and provided that the Obligors shall not be entitled to rely on such cure more than four times in any rolling 12-month period);
- (e) any representation or warranty made by any Obligor in this Agreement, any other Transaction Document or in any certificate or other document at any time delivered hereunder to the Agent or

any of the Lenders prove to be incorrect, false or misleading in any material respect when furnished or made (other than a misrepresentation which is capable of being remedied by way of update to a disclosure schedule provided for herein, which misrepresentation is not cured to the satisfaction of the Agent, acting reasonably, within five (5) Business Days);

- (f) if any Obligor ceases or threatens to cease carrying on its business or if a petition will be filed, an order will be made or an effective resolution will be passed for the winding up or liquidation of any Obligor;
- (g) if a Bankruptcy Event of any Obligor occurs;
- (h) if a Change of Control or any other Liquidity Event (that has not been approved by the Agent) occurs;
- (i) if a Borrowing Base Shortfall occurs and is not repaid within three (3) Business Days of receipt of any applicable Repayment Notice;
- (j) if any Obligor, or any Affiliate of any Obligor, engages in, or acquires or otherwise obtains any direct, indirect or ancillary interest in, any “marijuana-related activity” in the United States as defined in Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana Activities* of the Canadian Securities Administrators;
- (k) if any Obligor defaults in the observance or performance of any provision relating to the indebtedness or liability of such Obligor to any Person (other than the Agent in respect of the Transaction Documents), in an aggregate principal amount exceeding \$ [REDACTED], subject to any cure or grace periods provided for in the documentation providing for such indebtedness or liability;
- (l) if any Obligor permits any sum which has been admitted as due by such Obligor or is not disputed to be due by it and which forms or is capable of being made a Lien on any Collateral in priority to the Security to remain unpaid after proceedings have been taken to enforce such charge;
- (m) there will have occurred any event or circumstance that has resulted in, or would reasonably be expected to result in, a Material Adverse Change;
- (n) if any Obligor denies its obligations under any Transaction Document or claims any of the Transaction Documents to be invalid, unenforceable, or of no further force or effect in whole or in part;
- (o) if any of the Security will cease to be a valid and perfected first ranking priority security interest in the Collateral (other than Permitted Encumbrances or by consent of the Lender);
- (p) if any proceeds of any Collateral are deposited in any bank account or credit union account other than a Collection Account and such proceeds are not transferred and deposited into the Collection Account within one (1) Business Day;
- (q) the filing of a notice of judgment lien against any Obligor; or the recording of any judgment against any Obligor in any jurisdiction in which such Obligor has an interest in real property; or the service of a notice of levy and/or of a writ of attachment or execution, or other like process, against the assets of any Obligor; or the entry of a judgment against any Obligor, where the amount of such judgement is in excess of \$ [REDACTED] and remains unpaid and unappealed for a period of 60 days; or

(r) if the Cannabis Act is repealed and not replaced with similar legislation.

“**Existing Promissory Note**” means the promissory note dated April 20, 2021 in the principal amount of \$ [REDACTED] issued by IM Cannabis Corp. in favour of the Initial Guarantor, as such promissory note may be amended, amended and restated or otherwise modified from time to time.

“**Financing Review Fee**” has the meaning given to that term in Section 4(a).

“**Funded Debt**” means, at any time for the fiscal period then ended, all obligations for borrowed money which bears interest or to which interest is imputed (including Debt under this Agreement and the other Transaction Documents) plus, without duplication, all obligations for the deferred payment of the purchase of property, and all indebtedness secured by purchase money security interests, but excluding Postponed Debt and Qualified Trade Payables.

“**GAAP**”, when used in respect of accounting terms or accounting determinations relating to a Person, means generally accepted accounting principles in effect from time to time in Canada, including, to the extent the same are adopted by such Person, the International Financial Reporting Standards.

“**Governmental Authority**” means the government of Canada or any other nation or any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body (including any self-regulatory body), court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, and for greater certainty includes Health Canada.

“**Guarantee**” means any agreement by which any Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes liable upon, the obligation of any other Person, or agrees to maintain the net worth or working capital or other financial condition of, or provide any financial assistance to any other Person or otherwise assures any creditor of such Person against loss, and will include any contingent liability under any letter of credit or similar document or instrument.

“**Guarantors**” means, collectively, (i) the Initial Guarantor, and (ii) each subsidiary of the Borrower that becomes a guarantor of the Obligations in accordance with the terms of this Agreement, and each of them is a “**Guarantor**”.

“**Hazardous Materials**” means any contaminant, pollutant, waste or substance that is likely to cause immediately or at some future time harm or degradation to the surrounding environment or risk to human health; and without restricting the generality of the foregoing, including any pollutant, contaminant, waste, hazardous waste or dangerous goods that is regulated by any Requirements of Environmental Law or that is designated, classified, listed or defined as hazardous, toxic, radioactive or dangerous or as a contaminant, pollutant or waste by any Requirements of Environmental Law.

“**Health Canada Licenses**” means, in respect of any Obligor, all Material Permits of such Obligor which are both related to the Cannabis-Related Activities of such Obligor and issued by Health Canada, including Material Permits to plant, grow, cultivate, extract, produce, process, store, destroy, sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including License Nos. LIC-WS1222RD05-2020 and LIC-GIXZX8BRGP-2020.

“**Indemnified Parties**” refers collectively to the Agent, the Lenders, each of their respective affiliates and any receiver or receiver and manager appointed by the Agent, as well as the respective directors, officers, employees, representatives and agents of each of the foregoing persons, and “**Indemnified Party**” refers to

any one of them.

“**Initial Guarantor**” has the meaning given to such term in the preamble.

“**Initial Term**” has the meaning given to such term in Section 7(a).

“**Insured Advance Rate**” means ■% or such other amount as may be mutually agreed by the Agent and the Borrower from time to time.

“**Insured Approved Debtor Invoice**” means any Approved Debtor Invoice that is insured.

“**Interest Expense**” means, for any fiscal period, the aggregate cost of advances of credit (including Loan Advances hereunder) outstanding during that period including interest charges, capitalized interest, fees payable in respect of letters of credit and letters of guarantee and discounts incurred and fees payable in respect of bankers’ acceptances.

“**Interest Payment Date**” means, with respect to each Loan Advance, the last day of each calendar month.

“**Interest Rate**” means a rate per annum equal to the greater of (i) ■% and, (ii) the TD Prime Rate, plus ■%.

“**Involuntary Bankruptcy Event**” means, without the consent or acquiescence of the applicable Person, the entering of an application for an order for relief or approving a petition or court order for relief or reorganization or any other petition or order seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, monitoring or other similar relief under any present or future bankruptcy, insolvency or similar process under Applicable Law, or the filing of any such petition or order against such Person or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, monitor, custodian, inspector, receiver or liquidator of such Person or of all or any substantial part of the undertaking or property of such Person, in each case where such petition or order will remain unstayed or will not have been stayed or dismissed within forty-five (45) days from entry thereof.

“**Lender**” means any Person designated as a Lender by the Agent pursuant to Section 39(a).

“**Lien**” means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property or other priority or preferential arrangement of any kind or nature whatsoever, in each case to secure payment of a debt or performance of an obligation, including any conditional sale or any sale with recourse.

“**Liquidity Event**” means (i) any public offering of equity interests by an Obligor (other than any issuance of common shares of the Borrower that does not result in a Change of Control), (ii) any Change of Control, or (iii) any transaction or series of transactions resulting in the assignment, sale, transfer or other disposition of any material business or a material portion of the Collateral of the Obligors, taken together.

“**Loan Advance**” means any loan extended to the Borrower pursuant to the terms of this Agreement.

“**Loss**” means any loss whatsoever, whether direct or indirect, including expenses, costs, damages, judgments, penalties, awards, assessments, fines and any and all fees, disbursements and expenses of counsel, experts and consultants.

“**Marijuana**” has the meaning ascribed to such term (i) under the Applicable Law in any Approved

Jurisdiction or (ii) under the *Controlled Substances Act* (United States).

“Material Adverse Change” means any event, circumstance or change that could reasonably be expected to result, individually or in the aggregate, in a material adverse effect, in any respect, on (a) the legality, validity or enforceability of any of the Transaction Documents or any of the security interests provided for thereunder, (b) the right or ability of an Obligor to perform any of its material obligations under any of the Transaction Documents, in each case to which it is a party, or to consummate the transactions contemplated under any of the Transaction Documents, (c) the financial condition, assets, or business or prospects of the Obligors, taken as a whole, (d) any Material Permit, (e) an Obligor’s ability to retain, utilize, exploit or comply with its material obligations under any Material Permit, or (f) the rights or remedies of the Agent under any of the Transaction Documents; provided that, that any change in the financial condition of an Obligor as the date hereof caused by or related to the COVID-19 global pandemic occurring prior to the date of this Agreement will not constitute a Material Adverse Change.

“Material Agreement” means (i) any contract or agreement of an Obligor, the loss, termination or non-renewal of which would reasonably be expected to result in a Material Adverse Change, including any such agreement between an Obligor and any other Person for the supply of Cannabis and (ii) the agreements set out in Schedule **“L”**.

“Material Permit” means the Health Canada Licenses and any other authorization, approval, consent, exemption, license, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval, development permit or building permit), the failure of which to be obtained or held would prohibit or reasonably be expected to materially and adversely affect the ability of any Obligor to conduct its business as presently conducted and planned to be conducted.

“Maturity Date” has the meaning given to that term in Section 7(a).

“Obligations” means, at any given time, all of the Borrower’s present and future indebtedness, liabilities and obligations of any and every kind, nature or description whatsoever (whether direct or indirect, joint or several or joint and several, absolute or contingent, matured or unmatured, in any currency and including any interest accrued and unpaid thereon and all future interest that accrues thereon after) and all indemnity obligations to the Agent and/or the Lenders, all as under, in connection with, or with respect to each of the Transaction Documents.

“Obligors” means, collectively the Borrower, the Initial Guarantor and any other Guarantor, and each of them is an **“Obligor”**.

“Payment” means any repayment of any outstanding principal amount of any Loan Advance or any payment of accrued and unpaid interest made or required to be made in accordance with the terms of this Agreement, including any prepayment or any mandatory repayment, as applicable.

“Permitted Encumbrances” means, collectively:

- (a) Liens granted in favour of the Agent pursuant to the Security Agreements;
- (b) Liens or deposit under workers' compensation, social security or similar legislation or in connection with bids, tenders, leases or contracts or to secured related public or statutory obligations, surety and appeal bonds where required by law;

- (c) any builders', mechanics', materialman's, carriers', repairmen's, warehousemen's, landlords' and other like Liens and privileges, in each case, which relate to obligations not yet due or delinquent or being contested in good faith;
- (d) any Liens for taxes, assessments, unpaid wages, unpaid superannuation or governmental charges or levies for the then current year and not at the time due and delinquent or are being contested in good faith;
- (e) any right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant, claim or permit held or acquired by an Obligor, or by any statutory provision, to terminate the lease, licence, franchise, grant, claim or permit or to purchase assets used in connection therewith or to require annual or other periodic payments as a condition of the continuance thereof;
- (f) any Lien created or assumed by any Obligor in favour of a public utility when required by the utility in connection with the operations of such Obligor that do not in the aggregate detract from the value of any of the Collateral or impair their use in the operation of the business of such Obligor;
- (g) any reservations, limitations, provisos and conditions expressed in original grants from any Governmental Authority;
- (h) any applicable municipal and other Governmental Authority restrictions affecting the use of land or the nature of any structures which may be erected thereon, any minor encumbrance, such as easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons, rights-of-way for sewers, electric lines, telegraph and telephone lines, oil and natural gas pipelines and other similar purposes, or zoning or other restrictions applicable to the use of real property by any Obligor, or title defects, encroachments or irregularities, that do not detract from the value of the property or impair its use in the operation of the business of any Obligor;
- (i) any Lien that secures Permitted Indebtedness referred to under clause (c) of the definition of "Permitted Indebtedness";
- (j) any Lien that secures Permitted Indebtedness referred to under clause (e) of the definition of "Permitted Indebtedness" provided that: (i) such Lien is limited to the equipment or other tangible mobile asset which was acquired with the proceeds of such Permitted Indebtedness and (ii) the amount of such Permitted Indebtedness secured by any such Lien at no time exceeds 100% of the original acquisition price of such equipment or other tangible mobile asset at the time it was acquired, plus interest and fees, if any;
- (k) any Lien in connection with attachments, judgments and other similar Liens arising in connection with court proceedings; provided however that: (i) the Liens are in existence for less than twenty (20) Business Days after their creation, or (ii) the execution or other enforcement of the Lien is effectively stayed or the claims so secured is being contested in good faith by appropriate proceedings and as to which reserves are being maintained in accordance with generally accepted accounting principles;
- (l) customary rights of set-off or combination of accounts with respect to deposits or accounts incurred in the ordinary course of business;
- (m) any Lien that secures indebtedness provided that such Lien is limited to monies paid or payable under the insurance policies together with the assigned right to cancel the insurance policies;

- (n) any Subordinated Lien;
- (o) Liens listed in **Schedule “N”**.

“**Permitted Guarantees**” means any Guarantee by an Obligor of any Permitted Indebtedness.

“**Permitted Indebtedness**” means any:

- (a) indebtedness under this Agreement;
- (b) Qualified Trade Payables;
- (c) any inter-company indebtedness between any Obligors;
- (d) any other indebtedness which the Agent agrees in writing is Permitted Indebtedness for the purposes of this Agreement;
- (e) any indebtedness under Purchase Money Obligations, which indebtedness does not exceed \$ [REDACTED] in the aggregate for the Obligors at any time; and
- (f) indebtedness owed to any Person providing or financing workers’ compensation, health, disability or other employee benefits or property, casualty or liability insurance, in each case incurred in the ordinary course of business.

“**Permitted Payments**” means (a) regularly scheduled (i.e. non-accelerated) payments of interest on Postponed Debt; (b) regularly scheduled (i.e., non-accelerated) payments of principal on Postponed Debt, including any such payments due on the maturity of such Postponed Debt; and (c) any other payments owing in respect of the Secured Grid Note so long as, in the case of clause (c), in addition to the conditions described in Section 10(l), (i) the aggregate cash balance in the Borrower’s Collection Accounts and Deposit Accounts is equal to an amount greater than \$ [REDACTED] after making such payments, and (ii) both before and after making any such payment, the Borrower is Solvent.

“**Person**” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“**Postponed Debt**” means indebtedness that is fully postponed (with respect to payment) and subordinated (with respect to any Liens and enforcement), both as to principal and interest to the Obligations hereunder, on terms satisfactory to the Agent.

“**Potential Priority Claims**” means all amounts due and owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Agent’s security or otherwise in priority to any claim by the Agent for repayment of any amounts owing under this Agreement or any other Transaction Document and includes any amount due and payable at such time by an Obligor that is secured by a Lien (whether choate or inchoate) or a statutory right in favour of a Governmental Authority, that encumbers any Collateral and that ranks, or is capable of ranking prior to or *pari passu* with any Lien on such Collateral granted in favour of the Agent, including amounts due deducted or withheld, as applicable, and not yet paid, contributed or remitted, as applicable, by any Obligor in respect of vacation pay, termination and severance pay, realty, municipal or similar taxes, or pursuant to any legislation relating to workers’ compensation, employment insurance, the *Income Tax Act* (Canada), any Canadian pension plan, the *Wage Earners Protection Act*

(Canada) or any similar legislation.

“**PPSA**” means the *Personal Property Security Act* (Ontario), as amended, and to the extent relevant, equivalent statutes of the other Provinces of Canada, including the *Civil Code of Quebec*.

“**Priority Lien**” means any Lien, including a Supplier Lien, that is not a Subordinated Lien.

“**Purchase Money Obligation**” means, with respect to a Person, indebtedness of the Person issued, incurred or assumed to finance all or part of the cost of acquiring any tangible asset (excluding real property).

“**Qualified Trade Payables**” means, with respect to any Obligor, Debt of such Person comprised of amounts owed to trade creditors and accruals in the ordinary course of business, which are either not overdue by more than 60 days or, if disputed and in that case whether or not overdue, are being contested in good faith by such Obligor by appropriate proceedings diligently conducted, and provided always that, with respect to such amounts, the failure to pay such indebtedness could not be expected to result in a Default or Event of Default.

“**Register**” has the meaning given to that term in Section 39(b).

“**Related Person**” in relation to any Person means a Subsidiary, Affiliate, Associate or shareholder, director, officer or employee of such Person.

“**Repayment Notice**” means a written notice by the Agent to the Borrower, in the form attached as Schedule “E”, requiring repayment of all or a portion of the Obligations.

“**Required Contribution Date**” has the meaning given to that term in Section 14(a)(ii).

“**Requirements of Environmental Law**” means: (i) obligations under common law; (ii) requirements imposed by or pursuant to statutes, regulations and by-laws whether presently or hereafter in force; (iii) directives, policies and guidelines issued or relied upon by any Governmental Authority to the extent such directives, policies or guidelines have the force of law; (iv) permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials; and (v) requirements imposed under any clean-up, compliance or other order made pursuant to any of the foregoing, in each and every case relating to environmental, health or safety matters including all such obligations and requirements which relate to (A) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation of Hazardous Materials and (B) exposure to Hazardous Materials.

“**Responsible Person**” means any Person required to hold a security clearance pursuant to the Cannabis Act or the Cannabis Regulations.

“**Revolving Facility**” means a revolving credit facility in a principal amount not to exceed the Total Commitment.

“**Secured Grid Note**” means the secured grid promissory note dated August 28, 2020 issued by the Borrower, as debtor, in favour of the Initial Guarantor, as creditor.

“**Securities Offering**” means any corporate fundraising in the form of any offering of Debt, Debt Securities or Equity Securities of any Obligor.

“**Security**” means the Liens created by the Security Agreements, as applicable.

“**Security Agreements**” means, collectively,

- (a) a security agreement executed by the Borrower, pursuant to which, among other things, the Borrower shall grant to the Agent (i) a first-priority security interest over all present and after-acquired assets and other personal property of the Borrower, (ii) a Lien over the Borrower’s interest in its Collection Accounts and Deposit Accounts, and (iii) a pledge of all equity interests and other securities issued to the Borrower by any Guarantor or any other Person, in form satisfactory to the Agent (in each case subject to Permitted Encumbrances);
- (b) a guarantee executed by each Guarantor (including the Initial Guarantor) in favour of the Agent in respect of the Obligations, in form satisfactory to the Agent, which guarantee will include a postponement of any intercompany indebtedness owing by the Borrower to such Guarantor and a subordination of any Liens granted by the Borrower to such Guarantor in favour of the Agent’s Liens over the Collateral;
- (c) a security agreement executed by each Guarantor (including the Initial Guarantor), pursuant to which, among other things, such Guarantor shall grant to the Agent (i) a first-priority security interest over all present and after-acquired assets and other personal property of such Guarantor, (ii) a Lien over such Guarantor’s Collection Accounts and Deposit Accounts, and (iii) a pledge of all equity interests and other securities issued to such Guarantor by the Borrower or any other Person, in form satisfactory to the Agent (in each case subject to Permitted Encumbrances);
- (d) an assignment of insurance executed by each Obligor in respect of any insurance policy maintained by or on behalf of such Obligor (other than third party liability insurance);
- (e) a Control Agreement (non-springing) in respect of each Collection Account and a Control Agreement (springing) in respect of each Deposit Account, in form satisfactory to the Agent;
- (f) such intercreditor, priorities and subordination agreements from each creditor of any Obligor as the Agent may reasonably require; and
- (g) such other security, agreements, documents or instruments that the Agent and its legal counsel may reasonably require.

in each case, as such agreements may be amended, amended and restated or replaced in its entirety from time to time.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators.

“**Solvent**” means, with respect to any Person as of the date of determination, (i) the aggregate property of such Person is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due; (ii) the aggregate property of such Person is, at a fair valuation, sufficient to enable payment of all its obligations, due and accruing due; (iii) such Person is able to meet its obligations as they generally become due; and (iv) such Person has not ceased paying its current obligations in the ordinary course of business as they generally become due; and for purposes of this definition, the amount of any contingent obligation at such time will be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to

become an actual or matured liability.

“**Subordinated Lien**” means any Lien for which the holder thereof has agreed, pursuant to a subordination agreement or intercreditor agreement in form satisfactory to the Agent, that such Lien will at all times be subordinated and postponed in favour of the Liens granted by any Obligor in favour of the Agent.

“**Subsidiary**” means a Person (other than a natural person) which is Controlled, directly or indirectly, by another Person (other than a natural person); and for greater certainty includes a Subsidiary of a Subsidiary.

“**Supplier Lien**” means any Lien granted in favour of a supplier or distributor of tangible goods to any Obligor, provided that such Lien attaches only to such tangible goods supplied or distributed and the proceeds thereof and do not attach to any other Collateral.

“**Tangible Net Worth**” means, with respect to any Person, at any particular time, such Person’s total assets (based upon the consolidated balance sheet of such Person), less the aggregate of the amounts, as at the last day of the most recently completed fiscal quarter, which would, in accordance with GAAP, be classified upon the consolidated balance sheet of such Person as all liabilities of such Person (other than Postponed Debt), prepaid expenses of such Person, goodwill, intangible assets, loans to shareholders, directors, Affiliates and any non-arm’s length Person, loans to any other Person which are in default and the market value of all public equity interests, warrants or other substantially similar investment property held by such Person (to the extent such securities, warrants or investment property are freely tradeable and not subject to any hold periods, voting trusts or similar arrangements).

“**TD Prime Rate**” means the floating annual rate of interest established from time to time by the Toronto-Dominion Bank as the reference rate it will use to determine rates of interest payable to the Toronto-Dominion Bank by commercial borrowers from it of Canadian dollar loans in Canada and designated by it as its “prime rate”.

“**Term**” has the meaning given to such term in Section 7(a).

“**Term Extension**” has the meaning given to such term in Section 7(a).

“**Termination Date**” means the earlier to occur of (i) the Maturity Date, and (ii) the date on which this Agreement is terminated by the Agent and/or the Borrower in accordance with the terms of this Agreement.

“**Termination Fee**” has the meaning given to such term in Section 7(e).

“**Total Commitment**” means \$ [REDACTED].

“**Total Exposure**” has the meaning given to such term in Section 3(b).

“**Transaction Documents**” means, collectively, this Agreement, the Guarantee given by the Initial Guarantor and any other Guarantor in respect of the obligations owing under this Agreement, the Security Agreements and all other documents contemplated by this Agreement and/or delivered in connection with this Agreement (including, for greater certainty, any Advance Request Certificate and Borrowing Base Certificate).

“**Uninsured Advance Rate**” means [REDACTED]% or such other amount as may be mutually agreed by the Agent and the Borrower from time to time.

“**Uninsured Approved Debtor Invoice**” means any Approved Debtor Invoice that is not an Insured

Approved Debtor Invoice.

“**Utilization Fee Rate**” means two and four tenths of a percent (■%) per annum, divided by the then current calendar year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be.

“**Voluntary Bankruptcy Event**” means (a) an admission in writing by a Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors, (b) the filing of any assignment, petition or consent thereto or answer by such Person seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of such Person or its debts under any present or future bankruptcy, insolvency or similar Applicable Law, or seeking, consenting to or acquiescing in the entry of an order for relief in any case under any such Applicable Law, or the appointment of or taking possession by a trustee, monitor, custodian, inspector, receiver or liquidator of such Person or for any substantial part of such Person’s property, or (c) corporate or other action taken by such Person to authorize any of the actions set forth above.

“**Yield Protection Amount**” means an amount derived by calculating the interest, using the Interest Rate, that would have accrued on the Total Commitment between the Termination Date and the Maturity Date.

SCHEDULE "B"

ADVANCE REQUEST CERTIFICATE

Pursuant to the provisions of the credit agreement dated as of May 14, 2021 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**") (terms defined therein being used herein as so defined), between, *inter alia*, Trichome JWC Acquisition Corp. (the "**Borrower**") and Cortland Credit Lending Corporation, as administrative agent (the "**Agent**"), the undersigned, being an officer or director of the Borrower hereby represents, warrants and certifies in such capacity, and not in her or his personal capacity, as follows:

1. **Representations and Warranties.** The representations and warranties of the Borrower and the other Obligors set forth in the Credit Agreement, or which are contained in any certificate, document or financial or other written statement furnished pursuant to or in connection with the Credit Agreement, including the other Transaction Documents are accurate and complete in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except to the extent specified in the Credit Agreement or Transaction Documents to be made as of a specific date.
2. **No Material Adverse Change.** Since the date of the latest financial statements of the Borrower provided to the Agent in connection with the Transaction Documents, no Material Adverse Change has occurred.
3. **No Default.** No Default or Event of Default has occurred and is continuing as of the date hereof.
4. **Conditions Precedent.** The conditions precedent to this Loan Advance in accordance with the Credit Agreement have been satisfied.
5. **Loan Advance.** The Borrower hereby requests, authorizes, and instructs the Agent to drawdown and advance under the Revolving Facility the amount of CDN \$ _____ to the Borrower on _____, 202____. This will be the Agent's authority:
 - a) [●]; and
 - b) [●].

[Signature Page Follows]

DATED _____, 20____.

TRICHOME JWC ACQUISITION CORP.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/we have the authority to bind the Agent.

SCHEDULE "C"

FORM OF BORROWING BASE CERTIFICATE

[NTD: to follow]

SCHEDULE "D"

COMPLIANCE CERTIFICATE

[Date]

Cortland Credit Lending Corporation, as Agent
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3230
Toronto, Ontario M5J 2J2

Attention: Bruce Sherk

Dear Sirs:

We refer to the Credit Agreement dated as of May 14, 2021, by and among Trichome JWC Acquisition Corp. (the "**Borrower**"), Cortland Credit Lending Corporation (as Agent for and on behalf of the Lenders), the Lenders named therein and the Initial Guarantor named therein, with respect to a Revolving Facility in the aggregate principal amount of \$ [REDACTED] (as amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used and not defined herein have the meanings given to them in the Credit Agreement.

THE UNDERSIGNED, IN HIS/HER CAPACITY AS AN OFFICER OF THE BORROWER (AND NOT IN ANY PERSONAL CAPACITY), HEREBY CERTIFIES THAT:

1. I am the duly appointed _____ of the Borrower.
2. I have reviewed the terms of the Credit Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Borrower and have made such inquiries of other officers and senior persons as are sufficient to enable me to make an informed statement herein.
3. No Default or Event of Default has occurred and is continuing on the date hereof.
4. No Change of Management has occurred (that has not been approved by the Agent).
5. The representations and warranties of the Borrower and, to the best of the Borrower's knowledge, each Obligor, set out in the Credit Agreement and the other Transaction Documents are true and correct as of the date hereof.
6. As at the end of the most recent calendar month, the Tangible Net Worth of the Borrower is \$ _____ (note: not to be less than \$ [REDACTED]).
7. As at the end of the most recent calendar month, the Debt Service Coverage Ratio of the Borrower, for the rolling three-month period, is ____ : ____ (note: not to be less than [REDACTED]).
8. As at the end of the most recent calendar month, the Dilution of the Accounts Receivable of the Borrower and each Obligor, on a consolidated basis, for the rolling three-month period, is ____% (note: not to exceed [REDACTED]%).

9. Since the date of the most recent financial statements of the Borrower or any other Obligor provided to the Agent, there has been no Material Adverse Change.
10. Attached at Appendix A hereto are all supplements to schedules to the Credit Agreement to update such schedules that were delivered on the effective date of the Credit Agreement or pursuant to a subsequent Compliance Certificate.

Yours truly,

TRICHOME JWC ACQUISITION CORP.

Per: _____

Name:

Title:

COMPLIANCE CERTIFICATE

Appendix A

Supplements to Disclosure Schedules in the Credit Agreement

SCHEDULE "E"

REPAYMENT NOTICE

[Date]

Trichome JWC Acquisition Corp.
150 King Street West, Suite 214
Toronto, Ontario, Canada, M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

Dear Ladies and Gentlemen:

We refer to the Credit Agreement dated as of May 14, 2021, by and among Trichome JWC Acquisition Corp. (the "**Borrower**"), Cortland Credit Lending Corporation (as Agent for and on behalf of the Lenders), the Lenders named therein and the Initial Guarantor named therein, with respect to a Revolving Facility in the initial aggregate principal amount of \$ [REDACTED] (as amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used and not defined herein have the meanings given to them in the Credit Agreement.

We hereby require and demand that you make repayment of [**all Obligations**] [**a portion of the Obligations in an amount of** _____] owing under the Credit Agreement by no later than [____], 20[____]. Failure to make such payment in a timely fashion will entitle the Agent to exercise any and all remedies available to it under the Transaction Documents or at law.

Yours truly,

**CORTLAND CREDIT LENDING
CORPORATION**, as Agent

Per: _____
Name:
Title:

SCHEDULE "F"

LITIGATION

None.

SCHEDULE "G"
ENVIRONMENTAL DISCLOSURE

None.

SCHEDULE “H”

SUBSIDIARIES

Trichome JWC Acquisition Corp.

Trichome Retail Corp.

Trichome Financial Corp.

Trichome Financial Cannabis GP Inc.

Trichome Financial Cannabis Manager Inc.

Trichome Asset Funding Corp.

SCHEDULE "I"

CORPORATE INFORMATION

Trichome JWC Acquisition Corp.

Name of Obligor: Trichome JWC Acquisition Corp.
Prior Obligor Names: None
Predecessor Corporations: None.
Jurisdiction of Formation: Province of Ontario
Registered Office: 79 Wellington Street West, Suite 3000, Toronto, Ontario, Canada, M5K 1N2
Principal Place of Business: 150 King Street West, Suite 214, Toronto, Ontario, Canada, M5H 1J9
Chief Executive Office: 150 King Street West, Suite 214, Toronto, Ontario, Canada, M5H 1J9
Issued/Outstanding Shares: 7,616,442 common shares
List of Shareholders & holdings: Trichome Financial Corp. is the sole shareholder

Trichome Financial Corp.

Name of Obligor: Trichome Financial Corp.
Prior Obligor Names: Trichome Income Fund Inc. and Trichome Yield Corp.
Predecessor Corporations: Amalgamation of 22 Capital Corp. and Trichome Financial Corp.
Jurisdiction of Formation: Province of Ontario
Registered Office: 79 Wellington Street West, Suite 3000, Toronto, Ontario, Canada, M5K 1N2
Principal Place of Business: 150 King Street West, Suite 214, Toronto, Ontario, Canada, M5H 1J9
Chief Executive Office: 150 King Street West, Suite 214, Toronto, Ontario, Canada, M5H 1J9
Issued/Outstanding Shares: 41,202,583 common shares
List of Shareholders & holdings: IM Cannabis Corp. is the sole shareholder

SCHEDULE “J”

PENDING CORPORATE CHANGES

Trichome Financial Corp. is a party to an Arrangement Agreement dated March 31, 2021 whereby IM Cannabis Corp. will acquire the issued and outstanding shares of MYM Nutraceuticals Inc. (“**MYM Nutraceuticals**”). We expect the transaction to close during the second half of 2021.

SCHEDULE "K"

COLLECTION ACCOUNTS AND DEPOSIT ACCOUNTS

A. Collection Accounts:

Account Holder	Bank Name	Bank Address	Account Number	Account Type
TBC				

B. Deposit Accounts:

Account Holder	Bank Name	Bank Address	Account Number	Account Type
Trichome JWC Acquisition Corp.	Alterna Savings and Credit Union Limited	319 McRae Avenue Ottawa, ON K1Z 0B9	100010448866	Deposit account – daily banking account
Trichome Financial Corp.	ATB Financial	07609 Calgary Stephen Ave Branch 102 8 Ave SW Calgary, AB T2P 1B3	38419-3679	Deposit account – commercial operating
Trichome Financial Corp.	ATB Financial	07609 Calgary Stephen Ave Branch 102 8 Ave SW Calgary, AB T2P 1B3	38435-9979	Deposit account – commercial operating
Trichome Financial Corp.	Alterna Savings and Credit Union Limited	319 McRae Avenue Ottawa, ON K1Z 0B9	419604	Deposit account – daily banking accounts

C. Other Accounts / Securities Accounts:

Account Holder	Bank Name	Bank Address	Account Number	Account Type
Trichome JWC Acquisition Corp.	Alterna Savings and Credit Union Limited	319 McRae Avenue Ottawa, ON K1Z 0B9	Membership shares – falls under the same Alterna account 100010448866	Share account
Trichome Financial Corp.	Alterna Savings and Credit Union Limited	319 McRae Avenue Ottawa, ON K1Z 0B9	419604 – Share accounts	Share account
Trichome Financial Corp.	ATB Financial	07609 Calgary Stephen Ave Branch 102 8 Ave SW Calgary, AB T2P 1B3	GIC 39814386200	GIC
Trichome Financial Corp.	Cannacord Genuity Corp.	161 Bay Street Suite 3100 P.O. Box 516 Toronto, ON M5J 2S1	129-488A-1	Investment – cash
Trichome Financial Corp.	Cormark Securities Inc.	Royal Bank Plaza, North Tower 200 Bay Street, Suite 1800 P.O. Box 63 Toronto, ON M5J 2J2	733-9352-A	Investment – trading*
			733-9352-B	Investment – trading*

Note: These investment accounts hold Trichome Financial Corp. (now IM Cannabis Corp.) shares that have been withheld in the trust of employees upon a non-cash settlement of employee RSUs, PSUs, and/or stock options. Shares have been withheld in trust of employees in order to cover withholding taxes on the employment income created from the settlement of the RSUs, PSUs, and/or stock options.

SCHEDULE "L"

MATERIAL AGREEMENTS AND MATERIAL PERMITS

Material Agreements:

1. The Indenture dated December 13, 2013 between Blue Top Properties (855 Trillium) Inc. and James W. Wagner Cultivation Ltd., as assigned to Trichome JWC Acquisition Corp. on July 22, 2020 and as amended by a renewal agreement dated November 25, 2020 for the premises located at 855 Trillium Drive, Waterloo, Ontario.
2. The Amended and Restated Lease Agreement dated February 1, 2018 between Homer Land Corp. and James W. Wagner Cultivation Ltd. as assigned to Trichome JWC Acquisition Corp. on July 23, 2020 for the premises located at 530 Manitou Drive, Kitchener, Ontario.

Material Permits:

1. Health Canada licenses No. LIC-WS1222RD05-2020 and No. LIC-GIXZX8BRGP-2020. The Borrower is subject to routine inspections from Health Canada, which must be passed to maintain the licenses.
2. CRA Cannabis License No. 735486078 RD0001. The CRA Cannabis license was renewed on February 17, 2021 and is set to expire on February 27, 2023.
3. Certain construction permits may be required in connection with planned capital expenditures. Permits have not been issued and are still under review.
4. Canada Revenue Agency must authorize the Borrower's excise stamps.

SCHEDULE "M"

REAL PROPERTY INTERESTS

1. Owned:

None.

2. Leased:

150 King Street West, 2nd Floor, Toronto, Ontario, Canada, M5H 1J9

530 Manitou Drive, Kitchener, Ontario, Canada, N2C 1L3

855 Trillium Drive, Kitchener, Ontario, Canada, N2R 1J9

100 Garment Street S, Unit 1307, Kitchener, Ontario, Canada, N2G 0C3

SCHEDULE "N"

PERMITTED ENCUMBRANCES

Permitted Encumbrances include the following registrations in favour of the Initial Guarantor which were made against the Borrower under the Ontario PPSA, provided that such registrations are postponed and subordinated in favour of the Agent pursuant to the terms of the Guarantee executed and delivered by the Guarantor in favour of the Agent:

1. Registration number 20200826 1340 1590 0316, bearing reference file number 765129519 in favour of Trichome Financial Corp. for inventory, equipment, accounts, other and motor vehicle included.
2. Registration number 20200826 1341 1590 0317, bearing reference file number 765129537 in favour of Trichome Financial Corp. for inventory, equipment, accounts, other and motor vehicle included.

SCHEDULE "O"

RELATED PARTY TRANSACTIONS

1. Cresco Labs Inc.:
 - (a) During the quarter ended March 31, 2021 Trichome settled a related party balance owing to Cresco Labs Inc. in the amount of \$23,789.97. This balance related to historical Trichome costs covered by Cresco Labs when Trichome was a subsidiary of CannaRoyalty Corp. (d/b/a Origin House), which was later purchased by Cresco Labs Inc. This related party balance was settled prior to close of the IM Cannabis Corp. acquisition of Trichome Financial Corp. Cresco Labs was a shareholder of Trichome Financial Corp. prior to close of the IM Cannabis Corp. acquisition of Trichome Financial Corp. and were therefore considered a related party.
 - (b) During the quarter ended March 31, 2021 Cresco Labs Inc. covered an operating expense in the amount of \$170.82 which was later reimbursed by Trichome Financial Corp. during the same quarter, prior to close of the IMC Cannabis Corp. acquisition of Trichome Financial Corp.
2. Trichome Financial Cannabis Private Credit LP:
 - (a) Trichome Financial Corp. is a participant within a factoring arrangement through Trichome Financial Cannabis Private Credit LP (the "**Fund**"). Based on IFRS 10 Consolidated Financial Statements, Trichome Financial Corp. does not control the Fund and therefore the Fund is considered an equity accounted investment under IFRS. Trichome Financial Corp. covers certain operating costs associated with the Fund in the normal course of business. As at March 31, 2021, Trichome Financial Corp. was owed \$198,216.56 for operating costs covered by Trichome Financial Corp. Considering the Fund is an equity accounted investment the balance of \$198,216.56 owing from Trichome Financial Cannabis Private Credit LP to Trichome Financial Corp. is considered a related party balance owing and is not eliminated on consolidation of Trichome Financial Corp.'s consolidated financial statements.
 - (b) Trichome Financial Corp. has committed \$393,184.80 in funding to the Fund, of which \$315,530.80 has been contributed to date.
 - (c) Michael Ruschetta (Trichome Financial Corp. member of Key Management) has committed \$303,630 in funding to the Fund, of which \$199,390 has been contributed to date.
 - (d) Dan Cohen (Trichome Financial Corp. member of Key Management) as well as another related party have committed a combined \$200,000 to the Fund, of which \$123,788 has been contributed to date.
3. Intercompany transactions:
 - (a) Trichome Financial Corp. has intercompany transactions which occur frequently in the normal course of business with its wholly-owned subsidiary entities – Trichome Financial Cannabis GP Inc., Trichome Financial Cannabis Manager Inc., Trichome Asset Fund, Trichome Retail Corp. (newly formed in April 2021) and Trichome JWC Acquisition Corp.

These are intercompany balances and are eliminated on consolidation of Trichome Financial Corp.'s consolidated financial statements.

- (b) On March 12, 2021 Trichome Financial Corp. entered a \$0.5M CAD promissory note agreement with IM Cannabis Corp. The promissory note carries a 5% annual interest rate. After IM Cannabis Corp.'s acquisition of Trichome Financial Corp. on March 18, 2021 this loan became an intercompany loan agreement.
- (c) On April 20, 2021 Trichome Financial Corp. entered a \$1.5M CAD promissory note agreement with IM Cannabis Corp. The promissory note carries a 5% annual interest rate. Considering this arrangement was entered after March 18, 2021, it is considered an intercompany loan.

4. The Borrower:

- (a) Trichome JWC Acquisition Corp. has intercompany transactions which occur frequently in the normal course of business with its parent company – Trichome Financial Corp. These are intercompany balances and are eliminated on consolidation of the entities financial results.

For more information on the Company's intercompany transactions, please see the Guarantor's most recent financial statements posted on SEDAR within IM Cannabis Corp.'s Business Acquisition Report.

SCHEDULE "P"

POST-CLOSING UNDERTAKINGS

1. The Borrower shall, within 10 Business Days of the initial Loan Advance, deliver to Dentons Canada LLP the original share certificates and related stock transfer powers endorsed in blank by the Obligor in respect of the Pledged Securities.
2. The Borrower shall, within 45 days of the Initial Loan Advance, designate an existing or new bank account of the Borrower as a Collection Account.
3. The Borrower shall use commercially reasonable efforts to deliver to the Agent, within 45 days of the initial Loan Advance, a Control Agreement in respect of each Collection Account and each Deposit Account of the Obligor.

AMENDING AGREEMENT NO. 1

THIS AMENDING AGREEMENT NO. 1 (this “**Amendment**”) is entered into as of August 27, 2021, by and among **TRICHOME JWC ACQUISITION CORP.** (the “**Borrower**”), **CORTLAND CREDIT LENDING CORPORATION** (“**Cortland**”), in its capacity as administrative agent (in such capacity, the “**Agent**”) for the lenders referenced in the Credit Agreement (as defined below) (collectively, the “**Lenders**”), **TRICHOME FINANCIAL CORP.** (the “**Initial Guarantor**”), **HIGHLAND GROW INC.**, **MYM INTERNATIONAL BRANDS INC.**, **MYM NUTRACEUTICALS INC.**, **SUBLIMECULTURE INC.** and **TRICHOME RETAIL CORP.** (collectively, the “**Guarantors**” and each, a “**Guarantor**”). Capitalized terms used herein without definition shall have the same meanings given them in the Credit Agreement.

WHEREAS:

- A. the Borrower, the Initial Guarantor and the Agent are parties to that certain Credit Agreement dated as of May 14, 2021 in connection with a revolving credit facility in favour of the Borrower (as the same may be amended, restated, replaced, increased, refinanced, supplemented or otherwise modified from time to time, the “**Credit Agreement**”);
- B. the Guarantors (other than the Initial Guarantor) became party to the Credit Agreement pursuant to an instrument of assumption and joinder dated as of the date hereof;
- C. the parties to the Credit Agreement wish to effect certain amendments to the Credit Agreement; and
- D. the parties have agreed to effect the foregoing, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

NOW, THEREFORE, in consideration of the foregoing Recitals and other valuable consideration, and intending to be legally bound, the parties hereto agree as follows:

1. AMENDMENT; ACKNOWLEDGEMENT

1.1 Section 9(w) of the Credit Agreement is hereby deleted and replaced with the following:

- (w) promptly following the acquisition or formation of any Subsidiary by an Obligor (other than an Excluded Subsidiary), cause such Subsidiary to do all such things and execute all such documents as may be reasonably required by the Agent to become a Guarantor hereunder and to grant in favour of the Agent, a first ranking security interest over all of its assets and other property (subject to Permitted Encumbrances), including executing an instrument of assumption and joinder to this Agreement, a guarantee and a security agreement, each in a form satisfactory to the Agent;

1.2 Section 10(i) of the Credit Agreement is hereby deleted and replaced with the following:

- (i) provide any guarantees, financial assistance or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, including any Excluded Subsidiary or other Affiliate, other than Permitted Guarantees;

1.3 Section 10(j) of the Credit Agreement is hereby deleted and replaced with the following:

- (j) provide any funds or other property, including by way of loan, investment, contribution or otherwise to any Person, including any Excluded Subsidiary or other Affiliate, over which the Agent does not hold a perfected, first-priority Lien (subject to Permitted Encumbrances), (i) in the case of the Obligors other than the Initial Guarantor, in an amount in excess of \$ [REDACTED] in the aggregate in any rolling 12-month period, and (ii) in the case of the Initial Guarantor, other than in the ordinary course of business; provided that, in each case, no such loan, investment, contribution or other payment (A) is made using the proceeds of any Loan Advance or any Collateral included in the Borrowing Base Amount, (B) is made during the continuance of any Event of Default, or (C) if made would result in the occurrence of an Event of Default;

1.4 Section 10(o) of the Credit Agreement is hereby deleted and replaced with the following:

- (o) permit (i) any Subsidiary (other than an Excluded Subsidiary) to carry on business in the ordinary course, or (ii) any Subsidiary (other than an Excluded Subsidiary) to maintain liabilities or assets, in each case, unless the Borrower has caused such Subsidiary to execute and deliver to the Agent a guarantee and other Security in accordance with this Agreement (together with such legal opinions and other supporting documents as the Agent reasonably requests), in each case within three (3) Business Days of such Subsidiary carrying on business or having any liabilities or assets, as applicable;

1.5 Section 11(b) of the Credit Agreement is hereby deleted and replaced with the following:

- (b) maintain a Debt Service Coverage Ratio (for the Borrower and the MYM Obligors) of no less than [REDACTED], which will be tested monthly, commencing at the end of the calendar month ending December 31, 2021, on a rolling three month basis; and

1.6 Section 11(c) of the Credit Agreement is hereby deleted and replaced with the following:

- (c) ensure that Dilution of the Borrower and each Obligor, on a consolidated basis, not exceed, [REDACTED]% on an annualized basis for any rolling three-month period, as tested through quarterly field exams or as otherwise periodically tested by the Agent.

1.7 The definition of “Borrowing Base Amount” in Schedule “A” of the Credit Agreement is hereby deleted and replaced with the following:

“Borrowing Base Amount” means the calculations prepared by the Borrower and reviewed by the Agent from time to time which calculates the availability under the Revolving Facility using criteria set out for Approved Debtors, Approved Debtor Invoices and Eligible Inventory, and calculated as follows, collectively, without duplication:

- (a) the product of (i) the Insured Advance Rate, multiplied by (ii) [REDACTED]% of the outstanding balance of all Insured Approved Debtor Invoices owing to the Borrower, plus

- (b) the product of (i) the Uninsured Advance Rate, multiplied by (ii) ■■■% of the outstanding face value balance of all Uninsured Approved Debtor Invoices owing to the Borrower; plus
- (c) the product of (A) the Inventory Advance Rate, multiplied by (B) ■■■% of the face value of all Eligible Inventory; less
- (d) for any rolling three-month period in which the financial covenant in section 11(c) is not satisfied, the Dilution Reserve; less
- (e) the Inventory Reserve; less
- (f) the amount of any Potential Priority Claims; less
- (g) an amounts owing by any Obligor on account of outstanding and unpaid taxes; less
- (h) ■■■% of the amount of any customer or supplier deposits in respect of Inventory of the Borrower; less
- (i) ■■■% of the amount of any customer deposits in respect of Accounts Receivable of the Borrower; less
- (j) ■■■% of the value of any assets forming part of the Borrowing Base Amount pursuant to clauses (a), (b) and (c) above that are subject to an existing Priority Lien, or over which a person has a contractual right to register a Priority Lien at any point in the future; less

provided that:

- (A) the amount included in the Borrowing Base Amount for any single Account Debtor will be subject to reasonable concentration limits to be determined by the Agent (and provided to the Borrower) from time to time; and
- (B) no amount will be included in the Borrowing Base Amount on account of any Accounts Receivable owing from any Account Debtors of the Borrower located outside of an Approved Jurisdiction.

1.8 The definition of “Permitted Indebtedness” in Schedule “A” of the Credit Agreement is hereby amended as follows:

- (a) the word “and” at the end of clause (e) is hereby deleted;
- (b) the period at the end of clause (f) is hereby deleted and replaced with “; and”;
- (c) the following is hereby added as clause (g):
 - (g) intercompany indebtedness owing by an Obligor to IM Cannabis Corp., provided that IM Cannabis Corp. agrees to postpone (with respect to payment) and subordinate (with respect to any Liens and enforcement) such indebtedness, both

as to principal and interest, to the Obligations hereunder, on terms satisfactory to the Agent.

1.9 The definition of “Permitted Payments” in Schedule “A” of the Credit Agreement is hereby deleted and replaced with the following:

“**Permitted Payments**” means (a) regularly scheduled (i.e. non-accelerated) payments of interest on Postponed Debt; (b) regularly scheduled (i.e., non-accelerated) payments of principal on Postponed Debt, including any such payments due on the maturity of such Postponed Debt; (c) while no Loan Advances are outstanding and all accrued interest has been paid in full, all payments of principal and interest on Postponed Debt; and (d) any other payments owing in respect of the Secured Grid Note so long as, in the case of clause (d), in addition to the conditions described in Section 10(l), (i) the aggregate cash balance in the Borrower’s Collection Accounts and Deposit Accounts is equal to an amount greater than \$ [REDACTED] after making such payments, and (ii) both before and after making any such payment, the Borrower is Solvent.

1.10 The following definitions are added to Schedule “A” of the Credit Agreement in alphabetical order:

“**Dilution Reserve**” means a reserve, in an amount determined by the Agent in its sole discretion, relating to the dilution of any Accounts Receivable due to, among other things, bad debt write-offs, trade discounts, returned goods, invoicing errors and other adjustments.

“**Eligible Inventory**” means any Inventory owned by the Obligors which is considered finished goods suitable for sale or distribution to an end-user through a wholesaler or retailer and that complies with the Inventory Eligibility Criteria.

“**Excluded Subsidiaries**” means, collectively, CannaCanada Inc. and any other Affiliate or Subsidiary of any Obligor that (i) is not a direct or indirect Subsidiary of the Initial Guarantor (or its successor), (ii) is not Controlled by an Obligor, or (iii) is organized and existing under the laws of a jurisdiction other than an Approved Jurisdiction, and “**Excluded Subsidiary**” means any one of them; provided that, for clarity, any Affiliate of any Obligor that is not a direct or indirect Subsidiary of the Initial Guarantor may, with the mutual agreement of the Borrower and the Agent, be deemed not to be an Excluded Subsidiary, provided that such Affiliate becomes a Guarantor hereunder.

“**Inventory**” means all of the Obligors’ goods (including all “goods” as defined in the PPSA for the Province of Ontario) acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, raw materials, work in progress, finished goods, returned goods, repossessed goods, livestock and the young thereof after conception and crops and timber, and packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing and includes all Inventory in transit.

“**Inventory Advance Rate**” means, with respect to Eligible Inventory, either: (i) the lesser of (A) [REDACTED] % of book value, and (B) [REDACTED] % of cost, or (ii) such other amount as may be mutually agreed by the Agent and the Borrower in writing from time to time.

“**Inventory Eligibility Criteria**” means any Inventory owned by the Obligors which complies with the following eligibility criteria, which may be amended by the Agent from time to time: (i) such Inventory is not more than twelve (12) months old; (ii) such Inventory is not subject to any recall or safety restrictions in any relevant jurisdiction of sale or operations of any Obligor; (iii) such Inventory is not subject to any Potential Priority Claim; (iv) such Inventory is considered finished goods suitable for sale or distribution

to an end-user through a wholesaler or retailer; and (v) such Inventory is relevant to the applicable Obligor's business at all relevant times.

"Inventory Reserve" means a reserve, in an amount determined by the Agent in its sole discretion, in respect of any supplier whom the Agent has identified as being likely to exercise its unpaid seller's thirty (30) day goods rights to repossess good and/or its revendication rights.

"MYM Obligors" means, collectively, MYM Nutraceuticals Inc. and each of its direct or indirect Subsidiaries that is also an Obligor.

1.11 The definition of "Existing Promissory Note" in Schedule "A" of the Credit Agreement is hereby deleted.

1.12 Item #3 in Schedule "P" of the Credit Agreement is hereby deleted and replaced with the following:

3. The Borrower shall use commercially reasonable efforts to deliver to the Agent a Control Agreement in respect of each Collection Account and each Deposit Account of the Obligors.

2. FULL FORCE AND EFFECT.

2.1 The amendment set forth in Section 1 hereof shall be limited precisely as written and shall not be deemed: (a) to be an amendment, forbearance, waiver or modification of any other term or condition of any Credit Document or of any other instrument or agreement referred to therein or to prejudice any right or remedy which the Agent or any Lender may now have or in the future may have under or in connection with any Credit Document or any instrument or agreement referred to therein; (b) to be a consent to any future amendment, forbearance, waiver or modification to any instrument or agreement, the execution and delivery of which is consented to hereby, or to any waiver of any of the provisions thereof; or (c) to limit or impair the Agent's or any Lender's right to demand strict performance of all terms and covenants as of any date.

2.2 Except as expressly subject to the amendment described herein, as used in the Credit Agreement, the terms "Agreement," "this Agreement," "this Credit Agreement," "herein," "hereafter," "hereto," "hereof" and words of similar import, shall, unless the context otherwise requires, mean the Credit Agreement as modified by this Amendment.

3. REPRESENTATIONS AND WARRANTIES. Each Obligor represents and warrants that:

- (a) immediately upon giving effect to this Amendment, (i) the representations and warranties contained in the Credit Documents to which it is a party are true, accurate and complete in all material respects as of the Amendment No. 1 Effective Date (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct in all materials respects as of such date), and (ii) no Event of Default has occurred and is continuing;
- (b) it has the power and authority to execute and deliver this Amendment and to perform its obligations hereunder, under the Credit Agreement and each of the Credit Documents to which it is a party, as applicable;
- (c) its organizational documents remain true, accurate and complete and have not been amended, supplemented or restated, except for those amendments, supplements or restatements delivered to

the Agent on or prior to the Amendment No. 1 Effective Date, and are and continue to be in full force and effect;

- (d) its execution and delivery of this Amendment and its performance of its obligations under the Credit Agreement and each of the other Credit Documents to which it is a party, as applicable, have been duly authorized by all necessary corporation action;
- (e) it has duly executed and delivered this Amendment and this Amendment is a binding obligation of it, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights; and other equitable principles;
- (f) as of the Amendment No. 1 Effective Date, it has no defenses against the obligations to pay any amounts under the Obligations and no claims of any nature whatsoever against the Agent or any Lender, as applicable. It acknowledges that the Agent and the Lenders have acted in good faith and each has conducted in a commercially reasonable manner its relationships with the Borrower and/or each Guarantor in connection with this Amendment and in connection with the Credit Documents; and
- (g) it understands and acknowledges that the Agent and the Lenders are entering into this Amendment in reliance upon, and in partial consideration for, the above representations and warranties, and agrees that such reliance is reasonable and appropriate.

4. EFFECT AND EFFECTIVENESS. This Amendment shall be effective upon the fulfillment by the Borrower in a manner reasonably satisfactory to the Agent, of all of the following conditions precedent set forth in this Section 4 (the "**Amendment No. 1 Effective Date**"):

- (a) **Amendment.** The Agent shall have received counterparts of this Amendment, duly executed and delivered, that, when taken together, bear the signatures of all of the Obligor.
- (b) **Documents.** The Agent shall have received such agreements, certificates, instruments, opinions and other documents as the Agent may determine to be necessary to give effect to this Amendment.
- (c) **No Material Adverse Change.** No Material Adverse Change shall have occurred since the date of the latest financial statements provided to the Agent.
- (d) **Representations and Warranties.** The representations and warranties contained in Section 3 of this Amendment shall be true and correct in all material respects.
- (e) **Fees and Expenses.** The Borrower shall have paid to the Agent all fees, costs and expenses (including all reasonable legal fees and out-of-pocket expenses) of the Lender incurred and invoiced through the date of this Amendment.

5. FURTHER ASSURANCES.

- (a) Each Obligor agrees to promptly take any such action as is deemed reasonable or necessary, in the Agent's sole discretion, to carry out the intent of this Amendment or for any party to comply with this Amendment or any other Credit Document, including, without limitation, making further amendments to the Credit Agreement to the extent necessary in connection with the additional and ongoing due diligence conducted by the Agent.

(b) The Borrower shall continue to pay all scheduled principal payments and all scheduled interest payments contemplated by the Credit Documents.

6. REAFFIRMATION. Each Guarantor hereby acknowledges, ratifies and confirms that its guarantee, together with all amendments and supplements thereto, variations or versions thereof or substitutions or replacements therefor, is and shall remain in full force and effect as a guarantee of all claims, debts, liabilities and other obligations of the Borrower under the Credit Agreement, as amended by this Amendment, and any other Credit Documents to which such Guarantor is a party. Each Obligor hereby acknowledges, ratifies and confirms that any Security executed and delivered by it to the Agent, together with all amendments and supplements thereto, variations or versions thereof or substitutions or replacements therefor, is and shall remain in full force and effect and shall be deemed to secure, the claims, debts, liabilities and other obligations of such Obligor under the Credit Agreement, as amended by this Amendment, and any future loans, advances or credit facilities made or provided to the Borrower under the Credit Agreement, as amended by this Amendment, and any claims, debts, liabilities and other obligations of the Borrower or such Obligor, whatsoever, to the Agent and the Lenders pursuant to the Credit Documents. Each Obligor acknowledges that each Credit Document entered into by it is in full force and effect and that such Obligor waives any and all defenses to enforcement of each such Credit Document that might otherwise be available as a result of this Amendment to the Credit Agreement.

7. COUNTERPARTS. This Amendment may be executed in one or more counterparts, each of which when so executed shall constitute an original and all of which together shall constitute one and the same agreement.

8. INTEGRATION. This Amendment and any documents executed in connection herewith or pursuant hereto contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, understandings, offers and negotiations, oral or written, with respect thereto and no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Amendment; except that any financing statements or other agreements or instruments filed by the Agent with respect to Borrower and/or the Guarantors shall remain in full force and effect.

9. MISCELLANEOUS. Sections 18 through 36 of the Credit Agreement are hereby incorporated by reference, *mutatis mutandis*, as if its provisions were fully set forth herein.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

**CORTLAND CREDIT LENDING
CORPORATION, as Agent**

Per: 

Name: Sean Register

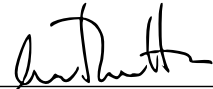
Title: CEO

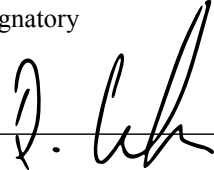
Per: _____

Name:

Title:


TRICHOME JWC ACQUISITION CORP.

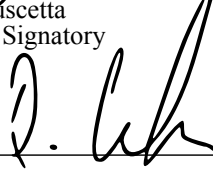
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Borrower

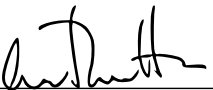
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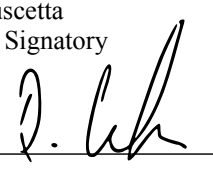
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Initial Guarantor

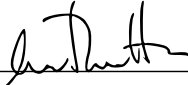
HIGHLAND GROW INC.

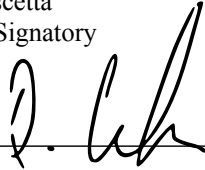
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Guarantor

MYM INTERNATIONAL BRANDS INC.

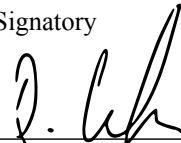
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Guarantor

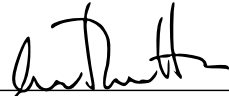
MYM NUTRACEUTICALS INC.

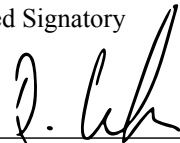
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Guarantor

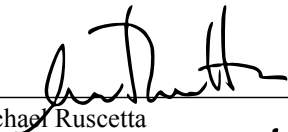
SUBLIMECULTURE INC.

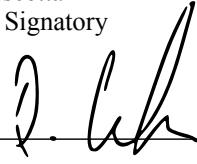
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Guarantor

TRICHOME RETAIL CORP.

Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Guarantor

SCHEDULE "D"

COMPLIANCE CERTIFICATE

[Date]

Cortland Credit Lending Corporation, as Agent
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3230
Toronto, Ontario M5J 2J2

Attention: Bruce Sherk

Dear Sirs:

We refer to the Credit Agreement dated as of May 14, 2021, by and among Trichome JWC Acquisition Corp. (the "**Borrower**"), Cortland Credit Lending Corporation (as Agent for and on behalf of the Lenders), the Lenders named therein and the Initial Guarantor named therein, with respect to a revolving credit facility, as amended by Amending Agreement No. 1 dated as of August 27, 2021 (as further amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used and not defined herein have the meanings given to them in the Credit Agreement.

THE UNDERSIGNED, IN HIS/HER CAPACITY AS AN OFFICER OF THE BORROWER (AND NOT IN ANY PERSONAL CAPACITY), HEREBY CERTIFIES THAT:

1. I am the duly appointed _____ of the Borrower.
2. I have reviewed the terms of the Credit Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Borrower and have made such inquiries of other officers and senior persons as are sufficient to enable me to make an informed statement herein.
3. No Default or Event of Default has occurred and is continuing on the date hereof.
4. No Change of Management has occurred (that has not been approved by the Agent).
5. The representations and warranties of the Borrower and, to the best of the Borrower's knowledge, each Obligor, set out in the Credit Agreement and the other Transaction Documents are true and correct as of the date hereof.
6. As at the end of the most recent calendar month, the Tangible Net Worth of the Borrower is \$_____ (note: not to be less than \$_____).
7. As at the end of the most recent calendar month, the Debt Service Coverage Ratio of the Borrower and the MYM Obligors, for the rolling three-month period, is ____ : ____ (note: not to be less than _____).
8. As at the end of the most recent calendar month, the Dilution of the Accounts Receivable of the Borrower and each Obligor, on a consolidated basis, for the rolling three-month period, is ____% (note: not to exceed _____%).

9. Since the date of the most recent financial statements of the Borrower or any other Obligor provided to the Agent, there has been no Material Adverse Change.
10. Attached at Appendix A hereto are all supplements to schedules to the Credit Agreement to update such schedules that were delivered on the effective date of the Credit Agreement or pursuant to a subsequent Compliance Certificate.

Yours truly,

TRICHOME JWC ACQUISITION CORP.

Per: _____

Name:

Title:

COMPLIANCE CERTIFICATE

Appendix A

Supplements to Disclosure Schedules in the Credit Agreement

AMENDING AGREEMENT NO. 2

THIS AMENDING AGREEMENT NO. 2 (this “**Amendment**”) is entered into as of March 31, 2022, by and among **TRICHOME JWC ACQUISITION CORP.** (the “**Borrower**”), **CORTLAND CREDIT LENDING CORPORATION** (“**Cortland**”), in its capacity as administrative agent (in such capacity, the “**Agent**”) for the lenders referenced in the Credit Agreement (as defined below) (collectively, the “**Lenders**”), **TRICHOME FINANCIAL CORP.** (the “**Initial Guarantor**”), **HIGHLAND GROW INC.**, **MYM INTERNATIONAL BRANDS INC.**, **MYM NUTRACEUTICALS INC.**, **SUBLIMECULTURE INC.** and **TRICHOME RETAIL CORP.** (collectively, the “**Guarantors**” and each, a “**Guarantor**”). Capitalized terms used herein without definition shall have the same meanings given them in the Credit Agreement.

WHEREAS:

- A. the Borrower, the Guarantors and the Agent are parties to that certain Credit Agreement dated as of May 14, 2021, as amended on August 27, 2021 pursuant to Amending Agreement No. 1, in connection with a revolving credit facility in favour of the Borrower (as the same may be amended, restated, replaced, increased, refinanced, supplemented or otherwise modified from time to time, the “**Credit Agreement**”);
- B. the parties to the Credit Agreement wish to effect certain amendments to the Credit Agreement; and
- C. the parties have agreed to effect the foregoing, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

NOW, THEREFORE, in consideration of the foregoing Recitals and other valuable consideration, and intending to be legally bound, the parties hereto agree as follows:

1. AMENDMENTS.

1.1 Section 1(c) of the Credit Agreement is hereby deleted.

1.2 Section 7(a) of the Credit Agreement is hereby deleted and replaced with the following:

The initial term of this Agreement will end on May 14, 2023 (the “**Initial Term**”), which, subject to the continued satisfactory performance of the Obligors’ obligations under this Agreement and the other Transaction Documents, may be extended for up to two (2) additional periods of 180 days each (each, a “**Term Extension**”) with the mutual agreement of the Borrower and the Agent no later than 30 days prior to the end of the Initial Term or the then current Term Extension, as applicable. The Initial Term and any applicable Term Extension are, collectively, the “**Term**”, and the last day of the Term is the “**Maturity Date**”.

1.3 The definition of “Borrowing Base Amount” in Schedule “A” of the Credit Agreement is hereby deleted and replaced with the following:

“**Borrowing Base Amount**” means the calculations prepared by the Borrower and reviewed by the Agent from time to time which calculates the availability under the Revolving Facility using criteria set out for Approved Debtors, Approved Debtor Invoices and Eligible Inventory, and calculated as follows, collectively, without duplication:

- (a) the product of (i) the Insured Advance Rate, multiplied by (ii) ■■■% of the outstanding balance of all Insured Approved Debtor Invoices owing to the

Borrower, plus

- (b) the product of (i) the Uninsured Advance Rate, multiplied by (ii) [REDACTED] % of the outstanding face value balance of all Uninsured Approved Debtor Invoices owing to the Borrower; plus
- (c) the product of (A) the Inventory Advance Rate, multiplied by (B) [REDACTED] % of the face value of all Eligible Inventory; less
- (d) for any rolling three-month period in which the financial covenant in section 11(c) is not satisfied, the Dilution Reserve; less
- (e) the Inventory Reserve; less
- (f) the amount of any Potential Priority Claims; less
- (g) an amounts owing by any Obligor on account of outstanding and unpaid taxes; less
- (h) [REDACTED] % of the amount of any customer or supplier deposits in respect of Inventory of the Borrower; less
- (i) [REDACTED] % of the amount of any customer deposits in respect of Accounts Receivable of the Borrower; less
- (j) [REDACTED] % of the value of any assets forming part of the Borrowing Base Amount pursuant to clauses (a), (b) and (c) above that are subject to an existing Priority Lien, or over which a person has a contractual right to register a Priority Lien at any point in the future; less

provided that:

- (A) the amount included in the Borrowing Base Amount for any single Account Debtor will be subject to reasonable concentration limits to be determined by the Agent (and provided to the Borrower) from time to time;
- (B) no amount will be included in the Borrowing Base Amount on account of any Accounts Receivable owing from any Account Debtors of the Borrower located outside of an Approved Jurisdiction; and
- (C) the amount included in the Borrowing Base Amount pursuant to clause (c) above will not exceed \$ [REDACTED] at any time.

1.4 The definition of “Total Commitment” in Schedule “A” of the Credit Agreement is hereby deleted and replaced with the following:

“**Total Commitment**” means \$ [REDACTED].

2. FULL FORCE AND EFFECT.

2.1 The amendments set forth in Section 1 hereof shall be limited precisely as written and shall not be deemed: (a) to be an amendment, forbearance, waiver or modification of any other term or condition of any Credit Document or of any other instrument or agreement referred to therein or to prejudice any right or remedy which the Agent or any Lender may now have or in the future may have under or in connection with any Credit Document or any instrument or agreement referred to therein; (b) to be a consent to any future amendment, forbearance, waiver or modification to any instrument or agreement, the execution and delivery of which is consented to hereby, or to any waiver of any of the provisions thereof; or (c) to limit or impair the Agent's or any Lender's right to demand strict performance of all terms and covenants as of any date.

2.2 Except as expressly subject to the amendment described herein, as used in the Credit Agreement, the terms "Agreement," "this Agreement," "this Credit Agreement," "herein," "hereafter," "hereto," "hereof" and words of similar import, shall, unless the context otherwise requires, mean the Credit Agreement as modified by this Amendment.

3. REPRESENTATIONS AND WARRANTIES. Each Obligor represents and warrants that:

- (a) immediately upon giving effect to this Amendment, (i) the representations and warranties contained in the Credit Documents to which it is a party are true, accurate and complete in all material respects as of the Amendment No. 2 Effective Date (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct in all materials respects as of such date), and (ii) no Event of Default has occurred and is continuing;
- (b) it has the power and authority to execute and deliver this Amendment and to perform its obligations hereunder, under the Credit Agreement and each of the Credit Documents to which it is a party, as applicable;
- (c) its organizational documents remain true, accurate and complete and have not been amended, supplemented or restated, except for those amendments, supplements or restatements delivered to the Agent on or prior to the Amendment No. 2 Effective Date, and are and continue to be in full force and effect;
- (d) its execution and delivery of this Amendment and its performance of its obligations under the Credit Agreement and each of the other Credit Documents to which it is a party, as applicable, have been duly authorized by all necessary corporation action;
- (e) it has duly executed and delivered this Amendment and this Amendment is a binding obligation of it, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights; and other equitable principles;
- (f) as of the Amendment No. 2 Effective Date, it has no defenses against the obligations to pay any amounts under the Obligations and no claims of any nature whatsoever against the Agent or any Lender, as applicable. It acknowledges that the Agent and the Lenders have acted in good faith and each has conducted in a commercially reasonable manner its relationships with the Borrower and/or each Guarantor in connection with this Amendment and in connection with the Credit Documents; and

(g) it understands and acknowledges that the Agent and the Lenders are entering into this Amendment in reliance upon, and in partial consideration for, the above representations and warranties, and agrees that such reliance is reasonable and appropriate.

4. EFFECT AND EFFECTIVENESS. This Amendment shall be effective upon the fulfillment by the Borrower in a manner reasonably satisfactory to the Agent, of all of the following conditions precedent set forth in this Section 4 (the “**Amendment No. 2 Effective Date**”):

(a) **Amendment.** The Agent shall have received counterparts of this Amendment, duly executed and delivered, that, when taken together, bear the signatures of all of the Obligors.

(b) **Documents.** The Agent shall have received such agreements, certificates, instruments, opinions and other documents as the Agent may determine to be necessary to give effect to this Amendment.

(c) **No Material Adverse Change.** No Material Adverse Change shall have occurred since the date of the latest financial statements provided to the Agent.

(d) **Representations and Warranties.** The representations and warranties contained in Section 3 of this Amendment shall be true and correct in all material respects.

(e) **Fees and Expenses.** The Borrower shall have paid to the Agent:

(i) an additional commitment fee equal to \$ [REDACTED], being [REDACTED] % of the \$ [REDACTED] increase in the Total Commitment; and

(ii) all fees, costs and expenses (including all reasonable legal fees and out-of-pocket expenses) of the Lender incurred and invoiced through the date of this Amendment.

5. FURTHER ASSURANCES.

(a) Each Obligor agrees to promptly take any such action as is deemed reasonable or necessary, in the Agent’s sole discretion, to carry out the intent of this Amendment or for any party to comply with this Amendment or any other Credit Document, including, without limitation, making further amendments to the Credit Agreement to the extent necessary in connection with the additional and ongoing due diligence conducted by the Agent.

(b) The Borrower shall continue to pay all scheduled principal payments and all scheduled interest payments contemplated by the Credit Documents.

6. REAFFIRMATION. Each Guarantor hereby acknowledges, ratifies and confirms that its guarantee, together with all amendments and supplements thereto, variations or versions thereof or substitutions or replacements therefor, is and shall remain in full force and effect as a guarantee of all claims, debts, liabilities and other obligations of the Borrower under the Credit Agreement, as amended by this Amendment, and any other Credit Documents to which such Guarantor is a party. Each Obligor hereby acknowledges, ratifies and confirms that any Security executed and delivered by it to the Agent, together with all amendments and supplements thereto, variations or versions thereof or substitutions or replacements therefor, is and shall remain in full force and effect and shall be deemed to secure, the claims, debts, liabilities and other obligations of such Obligor under the Credit Agreement, as amended by this Amendment, and any future loans, advances or credit facilities made or provided to the Borrower under the Credit Agreement, as amended by this Amendment, and any claims, debts, liabilities and other obligations of the Borrower or such Obligor, whatsoever, to the Agent and the Lenders pursuant to the Credit

Documents. Each Obligor acknowledges that each Credit Document entered into by it is in full force and effect and that such Obligor waives any and all defenses to enforcement of each such Credit Document that might otherwise be available as a result of this Amendment to the Credit Agreement.

7. COUNTERPARTS. This Amendment may be executed in one or more counterparts, each of which when so executed shall constitute an original and all of which together shall constitute one and the same agreement.

8. INTEGRATION. This Amendment and any documents executed in connection herewith or pursuant hereto contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, understandings, offers and negotiations, oral or written, with respect thereto and no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Amendment; except that any financing statements or other agreements or instruments filed by the Agent with respect to Borrower and/or the Guarantors shall remain in full force and effect.

9. MISCELLANEOUS. Sections 18 through 36 of the Credit Agreement are hereby incorporated by reference, *mutatis mutandis*, as if its provisions were fully set forth herein.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

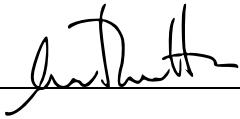
CORTLAND CREDIT LENDING CORPORATION,
as Agent

Per:  _____

Name: Sean Rogister

Title: CEO

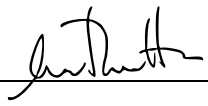
TRICHOME JWC ACQUISITION CORP.

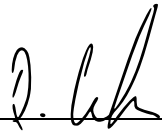
Per: 
Name:
Title:

Per: 
Name:
Title:

I/we have the authority to bind the Borrower

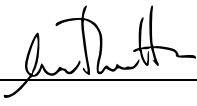
TRICHOME FINANCIAL CORP.

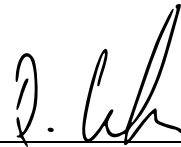
Per: 
Name:
Title:

Per: 
Name:
Title:

I/we have the authority to bind the Initial Guarantor

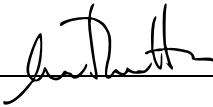
HIGHLAND GROW INC.

Per: 
Name:
Title:

Per: 
Name:
Title:

I/we have the authority to bind the Guarantor

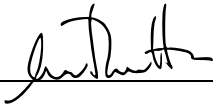
MYM INTERNATIONAL BRANDS INC.

Per: 
Name:
Title:

Per: 
Name:
Title:

I/we have the authority to bind the Guarantor

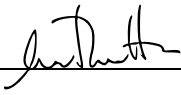
MYM NUTRACEUTICALS INC.

Per: 
Name:
Title:

Per: 
Name:
Title:

I/we have the authority to bind the Guarantor

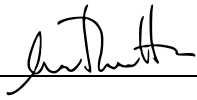
SUBLIMECULTURE INC.


Per: 
Name:
Title:

Per: 
Name:
Title:

I/we have the authority to bind the Guarantor

TRICHOME RETAIL CORP.

Per: 
Name:
Title:

Per: 
Name:
Title:

I/we have the authority to bind the Guarantor

TAB G

THIS IS **EXHIBIT "G"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

INSTRUMENT OF ASSUMPTION AND JOINDER

THIS INSTRUMENT OF ASSUMPTION AND JOINDER dated as of August 27, 2021 (the “**Joinder**”) is made by Highland Grow Inc., a corporation organized under the laws of the Province of Nova Scotia, MYM International Brands Inc., a corporation organized under the laws of the Province of British Columbia, MYM Nutraceuticals Inc., a corporation organized under the laws of the Province of British Columbia, SublimeCulture Inc., a corporation organized under the federal laws of Canada and Trichome Retail Corp., a corporation organized under the laws of the Province of Ontario (collectively, the “**Companies**”, and each, individually, a “**Company**”), in favour of Cortland Credit Lending Corporation, in its capacity as administrative agent under the Credit Agreement (as defined below) (the “**Agent**”).

WHEREAS, Trichome JWC Acquisition Corp. (the “**Borrower**”) and Trichome Financial Corp. (the “**Guarantor**”) have entered into a credit agreement with Cortland Credit Lending Corporation in its capacity as agent for the Lenders (in such capacity, the “**Agent**”) dated as of May 14, 2021 (as may be amended, replaced, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”);

WHEREAS, it is a condition precedent to the obligations of the Agent and the Lenders under the Credit Documents that the Companies are required to enter into this Joinder; and

WHEREAS capitalized terms used and not otherwise defined in this Joinder have the meanings given to them in the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and to induce the Agent and the Lenders to continue to make extensions of credit to the Borrower under the Credit Agreement, each Company hereby agrees with the Lender as follows:

1. Assumption and Joinder.

(a) Each Company hereby expressly acknowledges and agrees that by executing and delivering this Joinder, it hereby becomes a party to the Credit Agreement with the same force and effect as if it had been an original signatory thereto and agrees to perform and observe each and every one of the covenants, rights, promises, agreements, terms, conditions, obligations, appointments, duties and liabilities of a Guarantor and of an Obligor under the Credit Agreement and all the other Credit Documents applicable to it as an Obligor.

(b) All references to the terms “Guarantor” and “Obligor” in the Credit Agreement or any other Credit Document, or in any document or instrument executed and delivered or furnished, or to be executed and delivered or furnished, in connection therewith shall be deemed to be references to, and shall include, each Company.

2. Representations and Warranties. Each Company hereby represents and warrants to the Lender as follows:

(a) It has the requisite power and authority to enter into this Joinder and to perform its obligations hereunder and under the Credit Agreement and the other Credit Documents to which it is a party. The execution, delivery and performance of this Joinder by it and the performance of its obligations hereunder and under the Credit Agreement and the other Credit Documents (i) have been duly authorized by all necessary shareholder resolutions, director resolutions or other corporate proceedings and no other corporate proceedings on its part are necessary to authorize the execution, delivery or performance of this Joinder, the transactions contemplated hereby or the performance of its obligations under the Credit

Agreement or any other Credit Document and (ii) will not violate any provision of its articles, by-laws or other organizational or corporate governance documents. It has duly executed and delivered this Joinder. This Joinder and the other Credit Documents to which it is a party, when executed, will each constitute a legal, valid and binding obligation of it enforceable against it in accordance with its respective terms, subject, as to the enforcement of remedies, to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether such enforceability is considered a proceeding in equity or at law).

(b) The representations and warranties set forth in the Credit Agreement, as and to the extent related to it, are true and correct on and as of the date hereof (except to the extent that such representations and warranties expressly relate to an earlier date, in which case they are true and correct as of such date) with the same effect as if made on and as of such date.

(c) Attached hereto at Schedule A are updates to the Schedules in the Credit Agreement relating to it and its assets, business and undertakings, which updates are true and correct on and as of the date hereof.

3. Further Assurances. At any time and from time to time, upon the Lender's request and at the sole expense of the Borrower, each Company will promptly and duly execute and deliver any and all further instruments and documents and take such further action as the Lender reasonably deems necessary to effect the purposes of this Joinder.

4. Binding Effect. This Joinder shall be binding upon each Company and its successors and assigns, and shall inure to the benefit of the Lender and its successors and assigns.

5. Credit Agreement Provisions. Sections 15 through 40 of the Credit Agreement are hereby incorporated herein in by reference, *mutatis mutandis*.

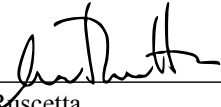
6. Governing Law. This Joinder any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Joinder and the transactions contemplated hereby and thereby shall be construed in accordance with and be governed by the laws of the Province of Ontario.

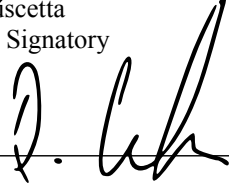
[Signature page follows]

IN WITNESS WHEREOF, the Companies have caused this Joinder to be duly executed and delivered as of the date first above written.

COMPANIES:

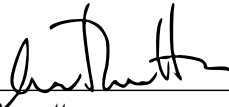
HIGHLAND GROW INC.

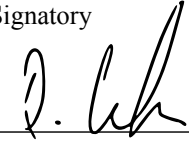
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Company

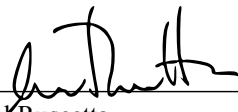
MYM INTERNATIONAL BRANDS INC.

Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Company

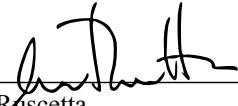
MYM NUTRACEUTICALS INC.

Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Company

SUBLIMECULTURE INC.

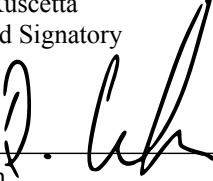
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Company

TRICHOME RETAIL CORP.

Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Company

SCHEDULE A

Updates to Schedules to the Credit Agreement

SCHEDULE “F”

LITIGATION

A statement of claim was filed against Highland Grow Inc. (“**Highland**”) and Cultivator Catalyst Corp. (“**CCC**”) by Francis W. MacMaster in the Supreme Court of Nova Scotia on November 25, 2020 for termination for cause. Highland Grow Inc. filed a notice of defence to dismiss the claim with costs on December 30, 2020. The approximate value is \$500,000.00. The litigation process is proceeding with the affidavit of documents. CCC, with the assistance of Highland, is preparing documentation to defend itself in this matter and expects to submit documents in the near term. CCC and Highland remain open to pursuing a settlement and believe that their evidence establishes a favorable negotiating position. Additionally, ~\$500,000 is held in an escrow account to cover any judgement arising from such claims or by joint written direction from all parties involved.

A demand letter was issued by MYM Nutraceuticals Inc. to Robert Gietl on March 8, 2021 for payment of a loan which Robert Gietl defaulted on. MYM Nutraceuticals Inc. filed a notice of civil claim in the Supreme Court of British Columbia against Robert Gietl on March 12, 2021. The approximate value of the claim is \$430,000.00. The pleading period is closed and trial is currently set for October 2022.

MYM Nutraceuticals Inc. is in the process of filing for an assessment of the final legal invoice from its counsel, Borden Ladner Gervais (“**BLG**”) by an assessment officer of the Ontario Superior Court of Justice. Commencement of the assessment process will in all likelihood preclude BLG from initiating a civil suit until after the assessment has been completed.

SCHEDULE "G"
ENVIRONMENTAL DISCLOSURE

None.

SCHEDULE “H”

SUBSIDIARIES

Trichome Financial Corp.

MYM Nutraceuticals Inc.

MYM Nutraceuticals Inc.

SublimeCulture Inc.

CannaCanada Inc.

MYM International Brands Inc.

MYM International Brands Inc.

Highland Grow Inc.

SCHEDULE "I"

CORPORATE INFORMATION

MYM Nutraceuticals Inc.

Name of Obligor: MYM Nutraceuticals Inc.
Prior Obligor Names: My Marijuana Canada Inc.
Predecessor Corporations: None
Jurisdiction of Formation: Province of British Columbia
Registered Office: 10th Floor, 595 Howe St., Vancouver, British Columbia, Canada, V6C 2T5
Chief Executive Office: 150 King Street West, Suite 200, Toronto, Ontario, Canada, M5H 1J9
Issued/Outstanding Shares: 372,654,440 common shares
List of Shareholders & holdings: Trichome Financial Corp. is the sole shareholder

MYM International Brands Inc.

Name of Obligor: MYM International Brands Inc.
Prior Obligor Names: None
Predecessor Corporations: None
Jurisdiction of Formation: Province of British Columbia
Registered Office: 10th Floor, 595 Howe St., Vancouver, British Columbia, Canada, V6C 2T5
Chief Executive Office: 150 King Street West, Suite 200, Toronto, Ontario, Canada, M5H 1J9
Issued/Outstanding Shares: 101 common shares
List of Shareholders & holdings: MYM Nutraceuticals Inc. is the sole shareholder

SublimeCulture Inc.

Name of Obligor: SublimeCulture Inc.
Prior Obligor Names: SublimeCulture inc.
Predecessor Corporations: None
Jurisdiction of Formation: Canada
Registered Office: 10th Floor, 595 Howe St., Vancouver, British Columbia, Canada, V6C 2T5
Principal Place of Business: 4460A Ave. Des Industries, Laval, Québec, Canada H7C 1A2
Chief Executive Office: 150 King Street West, Suite 200, Toronto, Ontario, Canada,

M5H 1J9

Issued/Outstanding Shares: 1,000,000 Class A shares
List of Shareholders & holdings: MYM Nutraceuticals Inc. is the sole shareholder

Highland Grow Inc.

Name of Obligor: Highland Grow Inc.
Prior Obligor Names: THC Dispensaries Canada Inc.
Predecessor Corporations: None
Jurisdiction of Formation: Province of Nova Scotia
Registered Office: 871 B Ohio East Road, Antigonish, Nova Scotia, Canada B2G 2K8; in process of being changed to Queen's Marque, 600-1741 Lower Water Street, Halifax, Nova Scotia, Canada, B3J 0J2
Principal Place of Business: 861 Ohio East Road, Antigonish, Nova Scotia, Canada B0H 1X0
Chief Executive Office: 150 King Street West, Suite 200, Toronto, Ontario, Canada, M5H 1J9
Issued/Outstanding Shares: 1 common share
List of Shareholders & holdings: MYM International Brands Inc. is the sole shareholder

Trichome Retail Corp.

Name of Obligor: Trichome Retail Corp.
Prior Obligor Names: None
Predecessor Corporations: None
Jurisdiction of Formation: Province of Ontario
Registered Office: 150 King Street West, Suite 214, Toronto, Ontario, Canada, M5H 1J9
Principal Place of Business: 150 King Street West, Suite 214, Toronto, Ontario, Canada, M5H 1J9
Chief Executive Office: 150 King Street West, Suite 214, Toronto, Ontario, Canada, M5H 1J9
Issued/Outstanding Shares: 100 common shares
List of Shareholders & holdings: Trichome JWC Acquisition Corp. is the sole shareholder

SCHEDULE “J”
PENDING CORPORATE CHANGES

None.

SCHEDULE "K"

COLLECTION ACCOUNTS AND DEPOSIT ACCOUNTS

A. Collection Accounts:

None.

B. Deposit Accounts:

Account Holder	Bank Name	Bank Address	Account Number	Account Type
MYM Nutraceuticals Inc.	Bank of Montreal	595 Burrard Street, Vancouver, BC V7X 1L7	41842677	Checking
MYM Nutraceuticals Inc.	Bank of Montreal	595 Burrard Street, Vancouver, BC V7X 1L7	48656359	Saving
Highland Grow Inc.	Bank of Montreal	595 Burrard Street, Vancouver, BC V7X 1L7	41683960	Checking
Highland Grow Inc.	East Coast Credit Union Limited	595 Burrard Street, Vancouver, BC V7X 1L7	33106-11-8	Checking
SublimeCulture Inc.	Bank of Montreal	595 Burrard Street, Vancouver, BC V7X 1L7	41812603	Checking

SCHEDULE "L"

MATERIAL AGREEMENTS AND MATERIAL PERMITS

Material Agreements:

1. The Lease between SublimeCulture Inc. and Société de Gestion L. Bélanger et Fils dated on or around February 18, 2017 or the premises located at 4460 A Avenue des Industries, Laval, Québec.
2. The Lease dated October 1, 2017 between SublimeCulture Inc. and Société de Gestion L. Bélanger et Fils for the premises located at 4460 B Avenue des Industries, Laval, Québec.

Material Permits:

1. License for Standard Cultivation, Standard Processing, and Sale for Medical Purposes under the *Cannabis Act* no. LIC-CV96ADY4K0-2020 issued by Health Canada to Highland Grow Inc. effective November 27, 2020 through November 27, 2023.
2. License for Standard Cultivation under the *Cannabis Act* no. LIC-IKJEW6NHXS-2020 issued by Health Canada to SublimeCulture Inc. effective January 31, 2020 through January 31, 2023.
3. Cannabis license under the *Excise Act, 2001* for Highland Grow Inc. number 83755 8790 RD0001.
4. Cannabis license under the *Excise Act, 2001* for SublimeCulture Inc. number 82212 9361 RD0001.

SCHEDULE "M"

REAL PROPERTY INTERESTS

1. Owned:

861 Ohio East Road, Antigonish County, Nova Scotia, Canada, B2G 2K8.

2. Leased:

Suite 250, 1095 West Pender Street, Vancouver, British Columbia, Canada, V6E 2M6.

4460 A Avenue des Industries, Laval, Québec, Canada, H7C 1A2.

4460 B Avenue des Industries, Laval, Québec, Canada, H7C 1A2.

SCHEDULE "N"

PERMITTED ENCUMBRANCES

Permitted Encumbrances include the following registrations:

1. Control number D5261300, bearing reference file number 737778K in favour of the Bank of Montreal for a LF269 pledge of instrument, assignment of proceeds instrument described as variable rate guaranteed investment certificate 0004-9689-953 in the amount of \$17,250.00 including all renewals and replacements thereof, substitutions therefor accretions thereto and interest, income and money therefrom and all proceeds thereof and therefrom including accounts made against SublimeCulture Inc. under the British Columbia PPR.
2. Registration numbers 31264476 and 34291443, bearing reference file number 11205431 in favour of Ford Credit Canada Leasing, Division of Canadian Road Leasing Company for a motor vehicle bearing serial number 1FTFW1E53KFB52096 made against Highland Grow Inc. under the Nova Scotia PPRS.
3. Registration number 31565666, bearing reference file number 12502361 in favour of Ford Credit Canada Company for a motor vehicle bearing serial number 1FDWE4F65KDC46855 made against Highland Grow Inc. under the Nova Scotia PPRS.

SCHEDULE "O"
RELATED PARTY TRANSACTIONS

None.

TAB H

THIS IS **EXHIBIT "H"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

GENERAL SECURITY AGREEMENT

TO: CORTLAND CREDIT LENDING CORPORATION, as Agent

FROM: TRICHOME JWC ACQUISITION CORP.
TRICHOME FINANCIAL CORP.

DATE: as of May 14, 2021

WHEREAS Trichome JWC Acquisition Corp. (the “**Borrower**”) and Trichome Financial Corp. (the “**Guarantor**”) have entered into a credit agreement with Cortland Credit Lending Corporation in its capacity as agent for and on behalf of the Lenders (in such capacity, the “**Agent**”) dated as of May 14, 2021 (as may be amended, replaced, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”);

AND WHEREAS the Guarantor has entered into a guarantee in favour of the Agent dated as of May 14, 2021 (as may be amended, replaced, restated, supplemented or otherwise modified from time to time, the “**Guarantee**”) in connection with the obligations of the Borrower under the Credit Agreement;

AND WHEREAS, pursuant to the Credit Agreement, the Grantors (as defined herein) are required to enter into this Agreement, pursuant to which the Grantors shall grant Liens on all of their personal property to the Agent, on behalf of the Secured Parties, to secure their respective Obligations.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantors hereby agree with the Agent and the Lenders as follows:

ARTICLE I **DEFINITIONS**

Section 1.1 **Definitions**

- (a) Each term defined above shall have the meaning set forth above for all purposes of this Agreement.
- (b) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings assigned to such terms in the Credit Agreement.
- (c) Terms defined in the *Personal Property Security Act* (Ontario) (“**PPSA**”) or the *Securities Transfer Act, 2006* (Ontario) (“**STA**”) and used but not otherwise defined in this Agreement have the same meanings. For greater certainty, the terms “**account**”, “**chattel paper**”, “**document of title**”, “**equipment**”, “**goods**”, “**intangible**”, “**investment property**”, “**money**”, “**personal property**” and “**proceeds**” have the meanings given to them in the PPSA; and the terms “**certificated security**”, “**control**”, “**deliver**”, “**entitlement holder**”, “**financial asset**”, “**securities account**”, “**securities intermediary**”, “**security entitlement**” and “**uncertificated security**” have the meanings given to them in the STA.
- (d) The following terms shall have the following meanings:

“**Agreement**” shall mean this General Security Agreement, as may be amended, replaced, restated, supplemented or otherwise modified from time to time.

“**Collateral**” shall have the meaning set forth in Section 2.1.

“**Copyright Licenses**” shall mean any and all present and future agreements providing for the granting of any right in or to Copyrights (whether the applicable Grantor is licensee or licensor thereunder), including any thereof referred to in Schedule 6.

“**Copyrights**” shall mean, collectively, with respect to each Grantor, all copyrights, whether registered or unregistered, owned by or assigned to such Grantor and all registrations and applications for the foregoing (whether by statutory or common law, whether established or registered in Canada, any province, or any other country or any political subdivision thereof and, in each case, whether owned by or licensed to such Grantor) and all goodwill associated therewith, now existing or hereafter adopted or acquired, together with any and all (i) rights and privileges arising under applicable law with respect to such Grantor’s use of any copyrights, (ii) reissues, continuations, extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof, including, without limitation, any thereof referred to in Schedule 6.

“**Grantors**” means, collectively, the Borrower and the Guarantor.

“**Instruments**” means (i) a bill, note or cheque within the meaning of the *Bills of Exchange Act* (Canada) or any other writing that evidences a right to the payment of money and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment, or (ii) a letter of credit and an advice of credit if the letter or advice states that it must be surrendered upon claiming payment thereunder, or (iii) chattel paper or any other writing that evidences both a Monetary Obligation and a security interest in or a lease of specific goods, or (iv) documents of title or any other writing that purports to be issued by or addressed to a bailee and purports to cover such goods in the bailee’s possession as are identified or fungible portions of an identified mass, and that in the ordinary course of business is treated as establishing that the Person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers, or (v) any document or writing commonly known as an instrument, but excludes investment property.

“**Issuers**” shall mean, collectively, each issuer of a Pledged Security.

“**Monetary Obligation**” shall mean a monetary obligation secured by goods or owed under a lease of goods and includes a monetary obligation with respect to software used in goods.

“**Patent Licenses**” shall mean any and all present and future agreements providing for the granting of any right in or to Patents (whether the applicable Grantor is licensee or licensor thereunder), including any thereof referred to in Schedule 4.

“**Patents**” shall mean, collectively, with respect to each Grantor, all letters patent issued or assigned to, and all patent and industrial design applications and registrations owned by, such Grantor (whether established or registered or recorded in Canada, any province thereof or any other country or any political subdivision thereof and, in each case, whether owned by or licensed to such Grantor), and all goodwill associated therewith, now existing or hereafter adopted or acquired, together with any and all (i) rights and privileges arising under applicable law with respect to such Grantor’s use of any patents and industrial designs, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and amendments thereto, and rights to obtain any of the foregoing, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or

payable thereunder and with respect thereto including damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof, including any thereof referred to in Schedule 4.

“Payment in Full” shall mean the final payment in full in cash of the Secured Obligations and the termination of the Credit Agreement and the other Transaction Documents.

“Pledged Certificated Securities” shall mean all certificated securities and any other Equity Interests of any Person, evidenced by a certificate, instrument or other similar document, in each case owned by any Grantor, and any distribution of property made on, in respect of or in exchange for the foregoing from time to time, including in each case those interests set forth on Schedule 2 to the extent such interests are certificated.

“Pledged Securities” shall mean, collectively, all Pledged Certificated Securities and all Pledged Uncertificated Securities.

“Pledged Uncertificated Securities” shall mean any Equity Interests of any Person, other than Pledged Certificated Securities, owned by any Grantor, including all right, title and interest of any Grantor as a limited or general partner in any partnership or as a member of any limited liability company not constituting Pledged Certificated Securities, all right, title and interest of any Grantor in, to and under any organizational document of any partnership or limited liability company to which it is a party, and any distribution of property made on, in respect of or in exchange for the foregoing from time to time, including in each case those interests set forth on Schedule 2 to the extent such interests are not certificated.

“Secured Obligations” shall mean the Obligations.

“Secured Parties” shall mean the Agent and the Lenders.

“Trademark Licenses” shall mean any and all present and future agreements providing for the granting of any right in or to Trademarks (whether the applicable Grantor is licensee or licensor thereunder), including any thereof referred to in Schedule 5.

“Trademarks” shall mean, collectively, with respect to each Grantor, all trademarks, service marks, slogans, logos, certification marks, trade dress, uniform resource locations (URL’s), domain names, corporate names, trade names and other source or business identifiers, whether registered or unregistered, owned by or assigned to such Grantor and all registrations and applications for the foregoing (whether by statutory or common law, whether established or registered in Canada, any province thereof, or any other country or any political subdivision thereof and, in each case, whether owned by or licensed to such Grantor), and all goodwill associated therewith, now existing or hereafter adopted or acquired, together with any and all (i) rights and privileges arising under applicable law with respect to such Grantor’s use of any trademarks, (ii) reissues, continuations, extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof, including any thereof referred to in Schedule 5.

“ULC” means an unlimited company, an unlimited liability company or an unlimited liability corporation incorporated pursuant to or otherwise governed by the laws of any of the provinces of Canada.

“ULC Shares” means shares in any ULC at any time owned or otherwise held by the Grantor.

“**Vehicles**” shall mean all vehicles covered by a certificate of title law of any province and all tires and other appurtenances to any of the foregoing.

Section 1.2 Other Definitional Provisions; References

The definition of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in the Credit Agreement), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Schedules and Annexes shall, unless otherwise stated, be construed to refer to Articles and Sections of, and Schedules and Annexes to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor’s Collateral or the relevant part thereof.

ARTICLE II GRANT OF SECURITY INTEREST

Section 2.1 Grant of Security Interest

(a) Each Grantor hereby pledges, assigns and transfers to the Agent, and grants to the Agent, for the ratable benefit of the Secured Parties, a security interest in all of the following property now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest and whether now existing or hereafter coming into existence (collectively, the “**Collateral**”), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations:

- (i) all present and after-acquired personal property;
- (ii) all inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing and materials used or consumed in the business of each Grantor;
- (iii) all equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related records, files, charts, plans, drawings, specifications, manuals and documents;
- (iv) all Accounts Receivable and other accounts due or accruing and all related agreements,

books, accounts, invoices, letters, documents and papers recording, evidencing or relating to them;

- (v) all money, documents of title, chattel paper, financial assets and investment property;
- (vi) all securities accounts, including the securities accounts listed in Schedule 2 and all of the credit balances, securities entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;
- (vii) all Instruments and securities, including the Instruments and securities listed in Schedule 2;
- (viii) all intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licenses and other contractual benefits;
- (ix) any government rebates, tax credits, guarantees, subsidies, loans or other incentives now or in future payable to such Grantor, if any, including all rebates and refunds payable in respect of income tax, goods and services tax, harmonized sales tax, provincial sales tax and withholding tax (collectively, the “**Tax Credits**”);
- (x) any tax refunds which such Grantor is expecting to receive as a result of its claims for the Tax Credits (the “**Tax Refunds**”);
- (xi) all Copyrights and Copyright Licenses;
- (xii) all letters of credit;
- (xiii) all notes and all other intercompany obligations between the Obligor;
- (xiv) all Patents and Patent Licenses;
- (xv) all Pledged Securities;
- (xvi) all Trademarks and Trademark Licenses;
- (xvii) all Vehicles;
- (xviii) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Sections 2.1(a)(i) through (xvii), inclusive; and
- (xix) to the extent not otherwise included, substitutions, replacements, accessions, products and other proceeds (including insurance proceeds, licenses, royalties, income, payments, claims, damages and proceeds of suit) of any or all of the foregoing and all collateral security, guarantees and other supporting obligations given with respect to any of the foregoing.

(b) The security interest hereunder does not extend to consumer goods and does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Grantor, but the Grantor will stand possessed of any such last day upon trust to assign and dispose of it as the Agent may reasonably direct.

(c) To the extent that an assignment of amounts payable and other proceeds arising under or in connection with, or the grant of a security interest in any agreement, licence, permit or quota of any Grantor would result in the termination of such agreement, licence, permit or quota (each, a “**Restricted Asset**”), the security interest granted in this Agreement with respect to each Restricted Asset will constitute a trust created in favour of the Agent, for the benefit of the Secured Parties, pursuant to which the Grantors hold as trustee all proceeds arising under or in connection with the Restricted Asset in trust for the Agent, for the benefit of the Secured Parties, on the following basis:

- (i) subject to the Credit Agreement, including any mandatory payment or prepayment provisions thereof, until the security interest granted in this Agreement with respect to a Restricted Asset is enforceable, the Grantors are entitled to receive all such proceeds;
- (ii) whenever the security interest granted in this Agreement with respect to a Restricted Asset is enforceable, (A) all rights of the Grantors to receive such proceeds shall immediately cease and all such proceeds will be promptly paid over to the Agent for the benefit of the Secured Parties, and (B) the Grantors will take all actions requested by the Agent to collect and enforce payment and other rights arising under the Restricted Asset; and
- (iii) whenever the security interest granted in this Agreement with respect to a Restricted Asset is enforceable, the relevant Grantor will use commercially reasonable efforts to obtain the consent of each other party to any and all material Restricted Assets to the assignment of such Restricted Asset to the Agent in accordance with this Agreement.

(d) To the extent that the security interests granted in this Agreement with respect to any equity interests in a non-wholly-owned subsidiary would require the consent of a non-Related Person which can not be obtained through the use of commercially reasonable efforts (each, a “**Restricted Equity Interest**”), the security interest granted in this Agreement with respect to each Restricted Equity Interest will constitute a trust created in favour of the Agent, for the benefit of the Secured Parties, pursuant to which the Grantors hold as trustee all proceeds arising under or in connection with the Restricted Equity Interest in trust for the Agent, for the benefit of the Secured Parties, on the following basis:

- (i) subject to the Credit Agreement, including any mandatory payment or prepayment provisions thereof, until the security interest granted in this Agreement with respect to a Restricted Equity Interest is enforceable, the Grantors are entitled to receive all such proceeds; and
- (ii) whenever the security interest granted in this Agreement with respect to a Restricted Equity Interest is enforceable, (i) all rights of the Grantors to receive such proceeds cease and all such proceeds will be promptly paid over to the Agent for the benefit of the Secured Parties, and (ii) the Grantors will take all actions requested by the Agent to collect and enforce payment and other rights arising under the Restricted Equity Interest.

(e) The pledges, assignments, transfers and security interests granted in this Agreement with respect to Trademarks constitute a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Agent for the benefit of the Secured Parties, but does not constitute an assignment of such Collateral to the Agent or any Secured Party.

(f) Until the security interest granted in this Agreement is enforceable, the grant of such security interest in the Patents, Trademarks, Copyrights and other intellectual property does not affect in any way

the Grantors' rights to commercially exploit such Patents, Trademarks, Copyrights and other intellectual property, defend it, enforce the Grantors' rights in it or with respect to it against third parties in any court or claim, or be entitled to receive any damages with respect to any infringement of it.

(g) The pledges, assignments, transfers and security interests granted in this Agreement with respect to the Health Canada Licenses constitute a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Agent for the benefit of the Secured Parties, but does not constitute an assignment of such Collateral to the Agent or any Secured Party.

Section 2.2 Transfer of Pledged Securities

All certificates and instruments representing or evidencing the Pledged Certificated Securities shall be delivered to and held pursuant hereto by the Agent or a Person designated by the Agent and, in the case of an instrument or certificate in registered form, shall be duly endorsed to the Agent or in blank by an effective endorsement (whether on the certificate or instrument or on a separate writing), and accompanied by any required transfer tax stamps to effect the pledge of the Pledged Securities to the Agent.

Section 2.3 Grantors Remain Liable under accounts, chattel paper and intangibles

Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the accounts, chattel paper and intangibles to observe and perform all of the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such account, chattel paper or intangible. Neither the Agent nor any other Secured Party shall have any obligation or liability under any account, chattel paper or intangible (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by the Agent or any such other Secured Party of any payment relating to such account, chattel paper or intangible pursuant hereto, nor shall the Agent or any other Secured Party be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any account, chattel paper or intangible (or any agreement giving rise thereto) to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any account, chattel paper or intangible (or any agreement giving rise thereto), to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

Section 2.4 Attachment

Each Grantor acknowledges that (i) value has been given, (ii) it has rights in the Collateral or the power to transfer rights in the Collateral to the Agent (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the security interest granted in this Agreement, and (iv) it has received a copy of this Agreement.

Section 2.5 Assignment of Tax Refunds

(a) To facilitate the repayment of the Secured Obligations, each Grantor hereby absolutely and unconditionally transfers and assigns to the Agent all of its right, title and interest in and to:

- (i) the Tax Refunds; and
- (ii) all records, files, charts, books, accounts, letters, papers, agreements and other documents of any nature whatsoever recording, evidencing or relating, in each case, to the Tax

Refunds.

(b) If reasonably requested by the Agent, each Grantor shall execute and deliver to the Agent, for delivery to the applicable Governmental Authority, a payment direction in favour of the Agent in respect of any Tax Refund which such Grantor is entitled to receive, in a form approved by the Agent, directing the payment of such Tax Refund to the Agent.

(c) Each Grantor agrees that if it receives any payment from any person which has been assigned to the Agent in connection with the Tax Credits, the Tax Refunds or any proceeds thereof, such payment shall, in each case, be received in trust for the benefit of the Agent and shall be immediately paid over to the Agent, or as the Agent may direct, in the same form as so received, together with any and all necessary endorsement(s).

ARTICLE III **ACKNOWLEDGMENTS, WAIVERS AND CONSENTS**

Section 3.1 Acknowledgments, Waivers and Consents

(a) Each Grantor acknowledges and agrees that the obligations undertaken by it under this Agreement involve the provision of collateral security for Secured Obligations of Persons other than such Grantor and that such Grantor's provision of collateral security for the Secured Obligations are absolute, irrevocable and unconditional under any and all circumstances. In full recognition and furtherance of the foregoing, each Grantor understands and agrees, to the fullest extent permitted under applicable law and except as may otherwise be expressly and specifically provided in the Transaction Documents, that each Grantor shall remain obligated hereunder (including, with respect to each Grantor, the collateral security provided by such Grantor herein), and the enforceability and effectiveness of this Agreement and the liability of such Grantor, and the rights, remedies, powers and privileges of the Agent and the other Secured Parties under this Agreement and the other Transaction Documents, shall not be affected, limited, reduced, discharged or terminated in any way:

- (i) notwithstanding that, without any reservation of rights against any Grantor and without notice to or further assent by any Grantor, (A) any demand for payment of any of the Secured Obligations made by the Agent or any other Secured Party may be rescinded by the Agent or such other Secured Party and any of the Secured Obligations continued; (B) the Secured Obligations, the liability of any other Person upon or for any part thereof or any collateral security or guarantee therefor or right of offset with respect thereto may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by, or any indulgence or forbearance in respect thereof granted by, the Agent or any other Secured Party; (C) the Credit Agreement, the other Transaction Documents and all other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Agent or the Lenders, as the case may be, may deem advisable from time to time; (D) the Borrower, any Guarantor or any other Person may from time to time accept or enter into new or additional agreements, security documents, guarantees or other instruments in addition to, in exchange for or relative to any Transaction Document, all or any part of the Secured Obligations or any Collateral now or in the future serving as security for the Secured Obligations; (E) any collateral security, guarantee or right of offset at any time held by the Agent or any other Secured Party for the payment of the Secured Obligations may be sold, exchanged, waived, surrendered or released; and (F) any other

event shall occur which constitutes a defense or release of sureties generally; and

- (ii) regardless of, and each Grantor hereby expressly waives to the fullest extent permitted by law any defense now or in the future arising by reason of, (A) the illegality, invalidity or unenforceability of the Credit Agreement, any other Transaction Document, any of the Secured Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Agent or any other Secured Party; (B) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Grantor or any other Person against the Agent or any other Secured Party; (C) the insolvency, bankruptcy arrangement, reorganization, adjustment, composition, liquidation, disability, dissolution or lack of power of any Grantor or any other Person at any time liable for the payment of all or part of the Secured Obligations or the failure of the Agent or any other Secured Party to file or enforce a claim in bankruptcy or other proceeding with respect to any Person, or any sale, lease or transfer of any or all of the assets of any Grantor, or any changes in the shareholders of any Grantor; (D) the fact that any Collateral or Lien contemplated or intended to be given, created or granted as security for the repayment of the Secured Obligations shall not be properly perfected or created, or shall prove to be unenforceable or subordinate to any other Lien, it being recognized and agreed by each of the Grantors that it is not entering into this Agreement in reliance on, or in contemplation of the benefits of, the validity, enforceability, collectability or value of any of the Collateral for the Secured Obligations; (E) any failure of the Agent or any other Secured Party to marshal assets in favour of any Grantor or any other Person, to exhaust any collateral for all or any part of the Secured Obligations, to pursue or exhaust any right, remedy, power or privilege it may have against any Grantor or any other Person or to take any action whatsoever to mitigate or reduce any Grantor's liability under this Agreement or any other Transaction Document; (F) any law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation; (G) the possibility that the Secured Obligations may at any time and from time to time exceed the aggregate liability of such Grantor under this Agreement; or (H) any other circumstance or act whatsoever, including any action or omission of the type described in subsection (a)(i) of this Section (with or without notice to or knowledge of any Grantor), which constitutes, or might be construed to constitute, an equitable or legal discharge or defense of the Borrower for the Obligations, or with respect to the collateral security provided by such Grantor herein, or which might be available to a surety or guarantor, in bankruptcy or in any other instance.

(b) Each Grantor hereby waives to the extent permitted by law (i) except as expressly provided otherwise in any Transaction Document, all notices to such Grantor, or to any other Person, including notices of the acceptance of this Agreement, or the provision of collateral security provided herein, or the creation, renewal, extension, modification or accrual of any Secured Obligations, or notice of or proof of reliance by the Agent or any other Secured Party upon the collateral security provided herein, or of default in the payment or performance of any of the Secured Obligations owed to the Agent or any other Secured Party and enforcement of any right or remedy with respect thereto, or notice of any other matters relating thereto; the Secured Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the collateral security provided herein and no notice of creation of the Secured Obligations or any extension of credit already or hereafter contracted by or extended to the Borrower need be given to any Grantor, and all dealings between the Borrower and any of the Grantors, on the one hand, and the Agent and the other Secured Parties, on the

other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the collateral security provided herein; (ii) diligence and demand of payment, presentment, protest, dishonor and notice of dishonor; (iii) any statute of limitations affecting any Grantor's liability hereunder or the enforcement thereof; (iv) all rights of revocation with respect to the Secured Obligations, and the provision of collateral security herein; and (v) all principles or provisions of law which conflict with the terms of this Agreement and which can, as a matter of law, be waived.

(c) When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Grantor, the Agent or any other Secured Party may, but shall be under no obligation to, join or make a similar demand on or otherwise pursue or exhaust such rights and remedies as it may have against the Borrower, any other Grantor or any other Person or against any collateral security or guarantee for the Secured Obligations or any right of offset with respect thereto, and any failure by the Agent or any other Secured Party to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrower, any other Grantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower, any other Grantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Grantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Agent or any other Secured Party against any Grantor. For the purposes hereof, "demand" shall include the commencement and continuance of any legal proceedings. Neither the Agent nor any other Secured Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Secured Obligations or any property subject thereto.

Section 3.2 No Subrogation, Contribution or Reimbursement

Until Payment in Full of the Secured Obligations, notwithstanding any payment made by any Grantor hereunder or any set-off or application of funds of any Grantor by the Agent or any other Secured Party, no Grantor shall be entitled to be subrogated to any of the rights of the Agent or any other Secured Party against the Borrower or any other Grantor or any collateral security or guarantee or right of offset held by the Agent or any other Secured Party for the payment of the Secured Obligations, nor shall any Grantor seek or be entitled to seek any indemnity, exoneration, participation, contribution or reimbursement from the Borrower or any other Grantor in respect of payments made by such Grantor hereunder, and each Grantor hereby expressly waives, releases and agrees not to exercise any or all such rights of subrogation, reimbursement, indemnity and contribution. Each Grantor further agrees that to the extent that such waiver and release set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement, indemnity and contribution such Grantor may have against the Borrower or any other Grantor or against any collateral or security or guarantee or right of offset held by the Agent or any other Secured Party shall be junior and subordinate to any rights the Agent and the other Secured Parties may have against the Borrower and such Grantor and to all right, title and interest the Agent and the other Secured Parties may have in such collateral or security or guarantee or right of offset. After the security interest granted in this Agreement becomes enforceable, the Agent, for the benefit of the Secured Parties, may use, sell or dispose of any item of Collateral or security as it sees fit without regard to any subrogation rights any Grantor may have, and upon any disposition or sale, any rights of subrogation any Grantor may have shall terminate.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

To induce the Agent and the other Secured Parties to enter into the Credit Agreement and the other Transaction Documents and to induce the Lenders to make extensions of credit to the Borrower thereunder,

each Grantor hereby confirms its representations and warranties made by it in the Credit Agreement. In addition, each Grantor represents and warrants to the Agent and each other Secured Party as follows:

Section 4.1 First Priority Liens

The security interests granted pursuant to this Agreement upon completion of the filings and other actions specified on Schedule 3 (which, in the case of all filings and other documents referred to on said Schedule have been delivered to the Agent in completed and duly executed form) will constitute valid perfected security interests in all of the Collateral in favour of the Agent, for the ratable benefit of the Secured Parties (subject, as to enforceability, to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity and principles of good faith and dealing), as collateral security for such Grantor's obligations, enforceable in accordance with the terms hereof against all creditors of such Grantor and any Persons purporting to purchase any Collateral from such Grantor and are prior to all other Liens on the Collateral except for Permitted Encumbrances.

Section 4.2 Fundamental Changes

Except as set forth on Schedule 7, during the 5-year period preceding the Closing Date no Obligor has been party to any merger or consolidation into or with any other Person, or acquired all or substantially all of the assets, property or undertaking of any other Person.

Section 4.3 Chattel Paper

No Collateral constituting chattel paper or Instruments contains any statement therein to the effect that such Collateral has been assigned to an identified party other than the Agent, and the grant of a security interest in such Collateral in favour of the Agent hereunder does not violate the rights of any other Person as a secured party.

Section 4.4 Truth of Information; Accounts

All information with respect to the Collateral set forth in any schedule, certificate or other writing at any time heretofore or hereafter furnished by such Grantor to the Agent or any other Secured Party, and all other written information heretofore or hereafter furnished by such Grantor to the Agent or any other Secured Party, is and will be true and correct in all material respects as of the date furnished. The amount represented by such Grantor to the Agent and the other Secured Parties from time to time as owing by each account debtor or by all account debtors in respect of the accounts, chattel paper and intangibles will at such time, to the knowledge of such Grantor, be the correct amount actually owing by such account debtor or account debtors thereunder.

Section 4.5 Governmental Account Debtors

None of the account debtors on such Grantor's accounts, chattel paper or intangibles is the Crown in Right of Canada or the Crown in Right of any Province, except for the Crown in Right of the Province of Ontario, British Columbia, New Brunswick, and Prince Edward Island.

Section 4.6 Copyrights, Patents and Trademarks

Schedule 4 includes all Patents owned or applied for by such Grantor in its own name as of the Closing Date and all Patents subject to Patent Licenses as of the Closing Date, and specifies as to each, the jurisdictions in which such intellectual property has been filed or registered (or, if applicable, in which such

an application for such issuance or registration has been or will be filed), including the respective application numbers and applicable dates of registration or application, and specifies as to each, as applicable, all Patent Licenses, material sublicenses and other material agreements as of the date hereof to which such Grantor is a party and/or pursuant to which any Person is authorized to use such intellectual property. Schedule 5 includes all Trademarks owned or applied for by such Grantor in its own name as of the Closing Date and all Trademarks subject to Trademark Licenses as of the Closing Date, and specifies as to each, the jurisdictions in which such intellectual property has been filed or registered (or, if applicable, in which such an application for such issuance or registration has been or will be filed), including the respective application numbers and applicable dates of registration or application, and specifies as to each, as applicable, Trademark Licenses, material sublicenses and other material agreements as of the date hereof to which such Grantor is a party and/or pursuant to which any Person is authorized to use such intellectual property. Schedule 6 includes all Copyrights owned or applied for by such Grantor in its own name as of the Closing Date, and Copyrights subject to Copyright Licenses as of the Closing Date, and specifies as to each, the jurisdictions in which such intellectual property has been filed or registered (or, if applicable, in which such an application for such issuance or registration has been or will be filed), including the respective application numbers and applicable dates of registration or application, and specifies as to each, as applicable, Copyright Licenses, material sublicenses and other material agreements as of the date hereof to which such Grantor is a party and/or pursuant to which any Person is authorized to use such intellectual property. Each Patent, Trademark and Copyright is valid, subsisting, unexpired and enforceable and has not been abandoned (unless otherwise noted herein). To the best knowledge of each Grantor, no Patent, Copyright, and Trademark of any Grantor, or any component thereof, violates or infringes upon any copyright, right of privacy, trademark, patent, trade name, performing right or any literary, dramatic, musical, artistic, personal, private, civil, contract, property, or any other right of any Person. Except as set forth in either such Schedule, none of such Patents, Trademarks and Copyrights is the subject of any licensing or franchise agreement. No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of any Patent, Trademark or Copyright. No action or proceeding is pending (i) seeking to limit, cancel or question the validity of any Patent, Trademark or Copyright, or (ii) claiming infringement of any Patent, Copyright, and Trademark or (iii) which, if adversely determined, would have a Material Adverse Change on the value of any Patent, Trademark or Copyright.

Section 4.7 Vehicles

As of the Closing Date no Grantor owns any Vehicle which has a market value in excess of \$100,000 and the aggregate market value of all Vehicles owned by the Grantors does not exceed \$250,000 in the aggregate.

Section 4.8 Locations

Schedule 8 sets forth, as of the Closing Date, each location at which any Grantor maintains any books, records, inventory, equipment, assets, or real property, including for each such location a street address (including county), an indication of whether the location is owned by the applicable Grantor, leased by the applicable Grantor (and, if so, the name and address of the owner of the location) or operated by a third party and the approximate value of the real estate (if such location is owned) or the approximate value of the Collateral located at such location (if such location is leased or operated by a third party).

Section 4.9 Restricted Assets

Schedule 9 sets forth, as of the Closing Date, each material Restricted Asset.

Section 4.10 Restricted Equity Interests

Schedule 2 sets forth, as of the Closing Date, all Pledged Securities and includes a notation for each Restricted Equity Interest listed in such Schedule.

ARTICLE V COVENANTS

Each Grantor hereby confirms and renews the affirmative and negative covenants made by it or on its behalf in the Credit Agreement to the Agent for and on behalf of the Lenders. In addition, each Grantor covenants and agrees with the Agent for and on behalf of the Lenders that, from and after the date of this Agreement until Payment in Full of the Secured Obligations:

Section 5.1 Maintenance of Perfected Security Interest; Further Documentation

(a) Such Grantor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 4.1 and shall defend such security interest against the claims and demands of all Persons whomsoever, except for Liens expressly permitted under the Credit Agreement.

(b) At any time and from time to time, upon the request of the Agent or any other Secured Party, and at the sole expense of such Grantor, such Grantor will promptly and duly give, execute, deliver, indorse, file or record any and all financing statements, continuation statements, amendments, notices (including notifications to financial institutions and any other Person), contracts, agreements, assignments, certificates, stock powers or other instruments, obtain any and all governmental approvals and consents and take or cause to be taken any and all steps or acts that may be necessary or advisable or as the Agent may reasonably request to create, perfect, establish the priority of, or to preserve the validity, perfection or priority of, the Liens granted by this Agreement or to enable the Agent or any other Secured Party to enforce its rights, remedies, powers and privileges under this Agreement with respect to such Liens or to otherwise obtain or preserve the full benefits of this Agreement and the rights, powers and privileges herein granted.

(c) Without limiting the obligations of the Grantors under paragraph (b) of this Section, (i) upon the request of the Agent or any other Secured Party, such Grantor shall take or cause to be taken all actions (other than any actions required to be taken by the Agent) requested by the Agent to cause the Agent to have “control” (within the meaning in the PPSA) over any Collateral constituting securities accounts, investment property (including the Pledged Securities), including executing and delivering any agreements, in form and substance satisfactory to the Agent, with securities intermediaries, issuers or other Persons in order to establish “control”, and each Grantor shall promptly notify the Agent and the other Secured Parties of such Grantor’s acquisition of any such Collateral, and such Grantor shall take or cause to be taken all actions (other than any actions required to be taken by the Agent or any other Secured Party) necessary or requested by the Agent to cause the Agent to have a perfected security interest in such Collateral under applicable law.

(d) This Section and the obligations imposed on each Grantor by this Section shall be interpreted as broadly as possible in favour of the Agent and the other Secured Parties in order to effectuate the purpose and intent of this Agreement.

Section 5.2 Maintenance of Records

Such Grantor will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including a record of all payments received and all credits granted with respect to the accounts comprising any part of the Collateral. For the Agent's and the other Secured Parties' further security, the Agent, for the ratable benefit of the Secured Parties, shall have a security interest in all of such Grantor's books and records pertaining to the Collateral.

Section 5.3 Further Identification of Collateral

Such Grantor will furnish to the Agent and the other Secured Parties from time to time, at such Grantor's sole cost and expense, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Agent may reasonably request, all in reasonable detail.

Section 5.4 Changes in Names, Locations

Such Grantor recognizes that financing statements pertaining to the Collateral have been or may be filed where such Grantor is organized. Without limitation of any other covenant herein, such Grantor will not cause or permit (i) any change to be made in its legal name, identity or corporate, limited liability company, or limited partnership structure, as applicable, or (ii) any change to (A) the identity of any warehouseman, common carrier, other third party transporter, bailee or any agent or processor in possession or control of any material Collateral or (B) such Grantor's jurisdiction of organization, unless such Grantor shall have first (1) notified the Agent and the other Secured Parties of such change at least 10 days prior to the date of such change, and (2) taken all action reasonably requested by the Agent or any other Secured Party for the purpose of maintaining the perfection and priority of the Agent's security interests under this Agreement, and unless such Grantor shall otherwise be in compliance with the Credit Agreement.

Section 5.5 Limitations on Dispositions of Collateral

The Agent and the other Secured Parties do not authorize any Grantor to, and such Grantor agrees not to, sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so, except to the extent expressly permitted by the Credit Agreement.

Section 5.6 Pledged Securities

(a) If such Grantor shall become entitled to receive or shall receive any stock certificate or other instrument (including any certificate or instrument representing a dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate or instrument issued in connection with any reorganization), option or rights in respect of the Equity Interests of any nature of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares (or such other interests) of the Pledged Securities, or otherwise in respect thereof, except as otherwise provided herein or in the Credit Agreement, such Grantor shall accept the same as the agent of the Agent and the other Secured Parties, hold the same in trust for the Agent and the other Secured Parties and deliver the same forthwith to the Agent in the exact form received, duly indorsed by such Grantor to the Agent, if required, together with an undated stock power or other equivalent instrument of transfer acceptable to the Agent covering such certificate or instrument duly executed in blank by such Grantor and with, if the Agent so requests, signature guaranteed, to be held by the Agent, subject to the terms hereof, as additional collateral security for the Secured Obligations.

(b) Without the prior written consent of the Agent, such Grantor will not (i) unless otherwise permitted hereby, vote to enable, or take any other action to permit, any Issuer to issue any Equity Interests of any nature or to issue any other securities or interests convertible into or granting the right to purchase or

exchange for any Equity Interests of any nature of any Issuer, (ii) sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the Pledged Securities or Proceeds thereof (except as expressly permitted by the Credit Agreement), (iii) create, incur or permit to exist any Lien (except for Permitted Encumbrances) or option in favour of, or any claim of any Person with respect to, any of the Pledged Securities or Proceeds thereof, or any interest therein, except for the security interests created by this Agreement or (iv) enter into any agreement or undertaking restricting the right or ability of such Grantor or the Agent to sell, assign or transfer any of the Pledged Securities or Proceeds thereof.

(c) In the case of each Grantor which is an Issuer, and each other Issuer that executes the Acknowledgment and Consent in the form of Annex II (which the applicable Grantor shall use its commercially reasonable efforts to obtain from each such other Issuer), such Issuer agrees that in addition to the other remedies set forth in Article VI, (i) it will be bound by the terms of this Agreement relating to the Pledged Securities issued by it and will comply with such terms insofar as such terms are applicable to it, and (ii) it will notify the Agent promptly in writing of the occurrence of any of the events described in paragraph (a) of this Section with respect to the Pledged Securities issued by it.

(d) Such Grantor shall furnish to the Agent such powers and other equivalent instruments of transfer as may be required by the Agent to assure the transferability of and the perfection of the security interest in the Pledged Securities when and as often as may be reasonably requested by the Agent.

(e) The Pledged Securities will constitute not less than 100% of the Equity Interests of the Issuer thereof owned by any Grantor.

(f) If any Grantor acquires any Pledged Securities after executing this Agreement, it shall execute a Supplement to this Agreement in the form of Annex I with respect to such Pledged Securities and deliver such Supplement to the Agent promptly thereafter.

Section 5.7 ULC Shares

(a) Notwithstanding anything else contained in this Agreement or any other document or agreement among all or some of the parties hereto, each Grantor is the sole registered and beneficial owner of all Collateral that constitutes ULC Shares and will remain so until such time as such ULC Shares are effectively transferred into the name of the Agent, any of the Secured Parties, or any nominee of the foregoing or any other Person on the books and records of such ULC. Accordingly, each Grantor shall be entitled to receive and retain for its own account any dividend on or other distribution, if any, in respect of ULC Shares that are Collateral and shall have the right to vote such ULC Shares and to control the direction, management and policies of any ULC to the same extent as each Grantor would if such ULC Shares were not pledged to the Agent for the benefit of the Secured Parties pursuant hereto. Nothing in this Agreement or any other document or agreement among all or some of the parties hereto is intended to, and nothing in this Agreement or any other document or agreement among all or some of the parties hereto shall, constitute the Agent, any of the Secured Parties or any Person other than each Grantor, a member of any ULC for the purposes of the *Companies Act* (Nova Scotia), the *Business Corporations Act* (British Columbia), the *Business Corporations Act* (Alberta) or any other applicable legislation until such time as notice is given to each Grantor and further steps are taken hereunder or thereunder so as to register the Agent, any of the Secured Parties or any nominee of the foregoing, as specified in such notice, as the holder of shares of such ULC. To the extent any provision hereof would have the effect of constituting the Agent or any of the Secured Parties a member of a ULC prior to such time, such provision shall be severed herefrom and ineffective with respect to Collateral that is shares of such ULC without otherwise invalidating or rendering unenforceable this Agreement or invalidating or rendering unenforceable such provision insofar as it relates to Collateral that is not shares of such ULC.

(b) Except upon the exercise of rights to sell or otherwise dispose of Collateral that constitutes ULC Shares once the security interest is enforceable, the Grantor shall not cause or permit, or enable any ULC in which it holds ULC Shares that are Collateral to cause or permit, the Agent or any other Secured Party to: (a) be registered as a shareholder or member of a ULC; (b) have any notation entered in its favour in the share register of a ULC; (c) be held out as a shareholder or member of a ULC; (d) receive, directly or indirectly, any dividends, property or other distributions from a ULC by reason of the Agent or any other Secured Party holding a security interest in a ULC or ULC Shares; or (e) act as a shareholder or member of a ULC, or exercise any rights of a shareholder or member including the right to attend a meeting of, or to vote the shares of, a ULC.

Section 5.8 Copyrights, Patents and Trademarks

(a) Such Grantor (either itself or through licensees) will, except with respect to any Trademark that such Grantor shall reasonably determine is immaterial, (i) maintain as in the past the quality of services offered under all Trademarks owned by such Grantor, (ii) maintain such Trademarks in full force and effect, free from any claim of abandonment for non-use, (iii) employ such Trademarks with the appropriate notice of registration, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of any such Trademark unless the Agent, for the ratable benefit of the Secured Parties, shall obtain a perfected security interest in such mark pursuant to this Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated.

(b) Such Grantor will not, except with respect to any Patent that such Grantor shall reasonably determine is immaterial, do any act, or omit to do any act, whereby any Patent may become abandoned or unenforceable.

(c) Such Grantor will not (except with respect to any Copyright that such Grantor shall reasonably determine is immaterial to the Obligors) do any act, or omit to do any act, whereby any Copyright may become abandoned or unenforceable.

(d) Such Grantor will notify the Agent and the other Secured Parties immediately if it knows, or has reason to know, that any application or registration relating to any material Copyright, Patent or Trademark may become abandoned or unenforceable, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the Canadian Intellectual Property Office, the Copyright Board of Canada or any court or tribunal in any country) regarding such Grantor's ownership of any Copyright, Patent or Trademark or its right to register the same or to keep and maintain the same.

(e) Whenever a Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Copyright, Patent or Trademark with the Canadian Intellectual Property Office, or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall (x) give five (5) Business Days' prior written notice of any such application for the registration of any Copyright to be filed by such Grantor with the Canadian Intellectual Property Office, and (y) promptly (and in any event within five (5) Business Days after the last day of the fiscal quarter in which such filing occurs) give written notice of any application for the registration of any Patent or Trademark filed by such Grantor with the Canadian Intellectual Property Office made during such fiscal quarter. Upon request of the Agent, such Grantor shall execute and deliver any and all other agreements, instruments, documents, and papers as the Agent may request to evidence the Agent's and the other Secured Parties' security interest in any Copyright, Patent or Trademark and the goodwill and intangibles of such

Grantor relating thereto or represented thereby, and such Grantor hereby constitutes the Agent its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest is irrevocable until Payment in Full of the Secured Obligations.

(f) Such Grantor will take all commercially reasonable and necessary steps, including in any proceeding before the Canadian Intellectual Property Office, the United States Patent and Trademark Office, or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the Copyrights, Patents and Trademarks, including filing of applications for renewal, affidavits of use and affidavits of incontestability.

(g) In the event that:

- (i) any Patent or Trademark included in the Collateral is infringed, misappropriated or diluted by a third party, such Grantor shall promptly notify the Agent after it learns thereof and shall, unless such Grantor shall reasonably determine that such Patent or Trademark is immaterial to such Grantor which determination such Grantor shall promptly report to the Agent, promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Patent or Trademark; and
- (ii) any Copyright included in the Collateral is infringed, misappropriated or diluted by a third party, such Grantor shall promptly notify the Agent after it learns thereof and shall (unless such Grantor shall reasonably determine that such Copyright is immaterial to the Obligors which determination such Grantor shall promptly report to the Agent) promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Copyright.

ARTICLE VI **REMEDIAL PROVISIONS**

Section 6.1 Remedies

Upon the occurrence and during the continuance of an Event of Default, the Agent may realize upon the Collateral and enforce the rights of the Agent and the Secured Parties by:

- (a) entry onto any premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral by any method permitted by law;
- (c) sale, grant of options to purchase, or lease of all or any part of the Collateral;
- (d) holding, storing and keeping idle or operating all or any part of the Collateral;
- (e) exercising and enforcing all rights and remedies of a holder of the Collateral as if the Agent were

the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Agent or its nominee if not already done);

- (f) collection of any proceeds arising in respect of the Collateral;
- (g) collection, realization or sale of, or other dealing with, accounts;
- (h) license or sublicense, whether on an exclusive or nonexclusive basis, of any intellectual property for such term and on such conditions and in such manner as the Agent in its sole judgment determines (taking into account such provisions as may be necessary to protect and preserve such intellectual property);
- (i) instruction or order to any issuer or securities intermediary pursuant to any control the Agent has over the Collateral;
- (j) instruction to any bank to transfer all moneys constituting Collateral held by such bank to an account maintained with or by the Agent;
- (k) application of any moneys constituting Collateral or proceeds thereof in accordance with the Credit Agreement;
- (l) appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of all or any part of the Collateral and removal or replacement from time to time of any receiver or agent;
- (m) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;
- (n) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (o) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Grantor; and
- (p) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

Section 6.2 Additional Rights

In addition to the remedies set forth in Section 6.1 and elsewhere in this Agreement, whenever the security interest granted in this Agreement is enforceable, the Agent may:

- (a) require such Grantor, at such Grantors' expense, to assemble the Collateral at a place or places designated by notice in writing and such Grantor agrees to so assemble the Collateral immediately upon receipt of such notice;
- (b) require any Grantor, by notice in writing, to disclose to the Agent the location or locations of the Collateral and such Grantor agrees to promptly make such disclosure when so required;
- (c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the

disposition of the Collateral, whether on the premises of the Grantor or otherwise;

- (d) redeem any prior security interest against any Collateral, procure the transfer of such security interest to itself, or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on such Grantor);
- (e) pay any liability secured by any Lien against any Collateral (such Grantor will immediately on demand reimburse the Agent for all such payments);
- (f) carry on all or any part of the business of any Grantor and, to the exclusion of all others including such Grantor, enter upon, occupy and use all or any of the premises, buildings, and other property of or used by such Grantor for such time as the Agent sees fit, free of charge, and the Agent and the Secured Parties are not liable to such Grantor for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection with or resulting from such action;
- (g) borrow for the purpose of carrying on the business of such Grantor or for the maintenance, preservation or protection of the Collateral and grant a security interest in the Collateral, whether or not in priority to the security interest granted in this Agreement, to secure repayment;
- (h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to such Grantor; and
- (i) at any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to such Grantor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Agent, the Agent may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

Section 6.3 Exercise of Remedies

The remedies under Sections 6.1 and 6.2 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Agent and the Secured Parties however arising or created. The Agent and the Secured Parties are not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Agent and the Secured Parties in respect of the Secured Obligations including the right to claim for any deficiency.

Section 6.4 Receiver's Powers

- (a) Any receiver appointed by the Agent is vested with the rights and remedies which could have been exercised by the Agent in respect of the Grantor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration are within the sole and unfettered discretion of the Agent.
- (b) Any receiver appointed by the Agent will act as agent for the Agent for the purposes of taking

possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Grantor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Grantor or as agent for the Agent as the Agent may determine in its discretion. The Grantor agrees to ratify and confirm all actions of the receiver acting as agent for the Grantor, and to release and indemnify the receiver in respect of all such actions.

(c) The Agent, in appointing or refraining from appointing any receiver, does not incur liability to the receiver, the Grantor or otherwise and is not responsible for any misconduct or negligence of such receiver.

Section 6.5 Dealing with the Collateral

(a) The Agent and the Secured Parties are not obliged to exhaust their recourse against the Grantor or any other Person or against any other security they may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Agent may consider desirable.

(b) The Agent and the Secured Parties may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Grantor and with other Persons, sureties or securities as they may see fit without prejudice to the Secured Obligations, the liability of the Grantor or the rights of the Agent and the Secured Parties in respect of the Collateral.

(c) Except as otherwise provided by law or this Agreement, the Agent and the Secured Parties are not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

Section 6.6 Standards of Sale

Without prejudice to the ability of the Agent to dispose of the Collateral in any manner which is commercially reasonable, the Grantor acknowledges that:

- (a) the Collateral may be disposed of in whole or in part;
- (b) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Collateral may be the Agent, a Secured Party or a customer of any such Person;
- (d) any sale conducted by the Agent will be at such time and place, on such notice and in accordance with such procedures as the Agent, in its sole discretion, may deem advantageous;
- (e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;

- (f) a disposition of the Collateral may be on such terms and conditions as to credit or otherwise as the Agent, in its sole discretion, may deem advantageous; and
- (g) the Agent may establish an upset or reserve bid or price in respect of the Collateral.

Section 6.7 Dealings by Third Parties

(a) No Person dealing with the Agent, any of the Secured Parties or an agent or receiver is required to determine (i) whether the security interest granted in this Agreement has become enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Agent or the Secured Parties by the Grantor, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Agent or any Secured Party with the Collateral, or (vi) how any money paid to the Agent or the Secured Parties has been applied.

(b) Any bona fide purchaser of all or any part of the Collateral from the Agent or any receiver or agent will hold the Collateral absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Grantor, which it specifically waives (to the fullest extent permitted by law) as against any such purchaser together with all rights of redemption, stay or appraisal which the Grantor has or may have under any rule of law or statute now existing or hereafter adopted.

Section 6.8 Waiver; Deficiency

Each Grantor waives and agrees not to assert any rights or privileges which it may acquire under the PPSA, STA or any other applicable law. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Obligations, and the fees and disbursements of any attorneys employed by the Agent or any other Secured Party to collect such deficiency.

Section 6.9 Non-Judicial Enforcement

The Agent may enforce its rights hereunder without prior judicial process or judicial hearing, and, to the extent permitted by law, each Grantor expressly waives any and all legal rights which might otherwise require the Agent to enforce its rights by judicial process.

**ARTICLE VII
THE AGENT**

Section 7.1 The Agent's Appointment as Attorney-in-Fact

(a) Each Grantor hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all reasonably appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do any or all of the following:

- (i) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;
- (ii) execute, in connection with any sale provided for in Article VI, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and
- (iii) (A) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Agent or as the Agent shall direct; (B) take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any account, instrument, chattel paper or intangible or with respect to any other Collateral, and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Agent for the purpose of collecting any or all such moneys due under any account, instrument or intangible or with respect to any other Collateral whenever payable; (C) ask or demand for, collect, and receive payment of and receipt for any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (D) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (E) receive, change the address for delivery, open and dispose of mail addressed to any Grantor, and execute, assign and indorse negotiable and other instruments for the payment of money, documents of title or other evidences of payment, shipment or storage for any form of Collateral on behalf of and in the name of any Grantor; (F) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (G) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (H) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Agent may deem appropriate; (I) assign any Patent or Trademark (along with the goodwill of the business to which any such Trademark pertains) throughout the world for such term or terms, on such conditions, and in such manner as the Agent shall in its sole discretion determine; and (J) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Agent were the absolute owner thereof for all purposes, and do, at the Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve or realize upon the Collateral and the Agent's and the other Secured Parties' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this subsection to the contrary notwithstanding, other than as permitted by Section 7.1(a)(i), the Agent agrees that it will not exercise any rights under the power of attorney granted in this subsection unless an Event of Default shall have occurred and be continuing. The Agent shall give the relevant Grantor notice of any action taken pursuant to this subsection when reasonably practicable; provided that the Agent shall have no liability for the failure to provide any such notice.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein within the applicable grace periods, the Agent, at its option, but without any obligation so to do, may perform or

comply, or otherwise cause performance or compliance, with such agreement.

(c) The reasonable and documented out-of-pocket expenses of the Agent incurred in connection with actions undertaken as provided in this Section, together with interest thereon at the rate for default interest from the date of payment by the Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Agent on demand.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof and in compliance herewith. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

Section 7.2 Filing of Financing Statements

Pursuant to the PPSA and any other applicable law, each Grantor authorizes the Agent, its counsel or its representative, at any time and from time to time, to file or record financing statements, financing change statements, amendments thereto and other filing or recording documents or instruments with respect to the Collateral without the signature of such Grantor in such form and in such offices as the Agent reasonably determines appropriate to perfect the security interests of the Agent under this Agreement. Additionally, each Grantor authorizes the Agent, its counsel or its representative, at any time and from time to time, to file or record such financing statements that describe the collateral covered thereby as “all present and after-acquired personal property of the Grantor” or words of similar effect.

Section 7.3 Authority of the Agent

Each Grantor acknowledges that the rights and responsibilities of the Agent under this Agreement with respect to any action taken by the Agent or the exercise or non-exercise by the Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Agent and the other Secured Parties, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Agent and the Grantors, the Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

ARTICLE VIII SUBORDINATION OF INDEBTEDNESS

Section 8.1 Subordination of All Guarantor Claims

As used herein, the term “**Guarantor Claims**” shall mean all debts and obligations of the Borrower or any other Grantor to any Grantor, whether such debts and obligations now exist or are hereafter incurred or arise, or whether the obligation of the debtor thereon be direct, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such debts or obligations be evidenced by note, contract, open account, or otherwise, and irrespective of the Person or Persons in whose favour such debts or obligations may, at their inception, have been or may hereafter be created, or the manner in which they have been or may hereafter be acquired. After the occurrence and during the continuation of an Event of Default, no Grantor shall receive or collect, directly or indirectly, from any obligor in respect thereof any amount upon the Guarantor Claims.

Section 8.2 Claims in Bankruptcy

In the event of receivership, bankruptcy, reorganization, arrangement, debtor's relief or other insolvency proceedings involving any Grantor, the Agent on behalf of the Secured Parties shall have the right to prove their claim in any proceeding, so as to establish their rights hereunder and receive directly from the receiver, trustee or other court custodian dividends and payments which would otherwise be payable upon Guarantor Claims. Each Grantor hereby assigns such dividends and payments to the Agent for the benefit of the Secured Parties for application against the Secured Obligations as provided under the Credit Agreement. Should the Agent or any other Secured Party receive, for application upon the Secured Obligations, any such dividend or payment which is otherwise payable to any Grantor, and which, as between such Grantor, shall constitute a credit upon the Guarantor Claims, then upon Payment in Full of the Secured Obligations, the intended recipient shall become subrogated to the rights of the Agent and the other Secured Parties to the extent that such payments to the Agent and the other Secured Parties on the Guarantor Claims have contributed toward the liquidation of the Secured Obligations, and such subrogation shall be with respect to that proportion of the Secured Obligations which would have been unpaid if the Agent and the other Secured Parties had not received dividends or payments upon the Guarantor Claims.

Section 8.3 Payments Held in Trust

In the event that, notwithstanding Sections 8.1 or 8.2, any Grantor should receive any funds, payments, claims or distributions which are prohibited by such Sections, then it agrees (a) to hold in trust for the Agent and the other Secured Parties an amount equal to the amount of all funds, payments, claims or distributions so received, and (b) that it shall have absolutely no dominion over the amount of such funds, payments, claims or distributions except to pay them promptly to the Agent, for the benefit of the Secured Parties; and each Grantor covenants promptly to pay the same to the Agent.

Section 8.4 Liens Subordinate

Each Grantor agrees that, until Payment in Full of the Secured Obligations, any Liens securing payment of the Guarantor Claims shall be and remain inferior and subordinate to any Liens securing payment of the Secured Obligations, regardless of whether such encumbrances in favour of such Grantor, the Agent or any other Secured Party presently exist or are hereafter created or attach. Without the prior written consent of the Agent, no Grantor, until Payment in Full of the Secured Obligations, shall (a) exercise or enforce any creditor's right it may have against any debtor in respect of the Guarantor Claims, or (b) foreclose, repossess, sequester or otherwise take steps or institute any action or proceeding (judicial or otherwise, including the commencement of or joinder in any liquidation, bankruptcy, rearrangement, debtor's relief or insolvency proceeding) to enforce any Lien held by it.

Section 8.5 Notation of Records

Upon the request of the Agent, all promissory notes and all accounts receivable ledgers or other evidence of the Guarantor Claims accepted by or held by any Grantor shall contain a specific written notice thereon that the indebtedness evidenced thereby is subordinated under the terms of this Agreement.

ARTICLE IX **MISCELLANEOUS**

Section 9.1 Waiver

No failure on the part of the Agent or any other Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, remedy, power or privilege under any of the Transaction Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any of the Transaction Documents preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided herein are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. The exercise by the Agent of any one or more of the rights, powers and remedies herein shall not be construed as a waiver of any other rights, powers and remedies, including any rights of set-off.

Section 9.2 Notices

All notices and other communications provided for herein shall be given in the manner and subject to the terms of the Credit Agreement; provided that any such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on Schedule 1.

Section 9.3 Amendments in Writing

None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with the terms of the Credit Agreement.

Section 9.4 Successors and Assigns

This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Agent and the other Secured Parties, the future permitted holders of the Loan Advances, and their respective successors and permitted assigns; provided that no Grantor may assign, transfer or delegate any of its rights or Secured Obligations under this Agreement without the prior written consent of the Agent and the Lenders.

Section 9.5 Severability

Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 9.6 Counterparts

This Agreement may be executed in one or more counterparts, each of which when so executed will constitute an original and all of which together will constitute one and the same agreement. The words “delivery”, “execution,” “signed,” “signature,” and words of like import in any Transaction Document or any other document to be signed in connection with this Agreement and the transactions contemplated hereby will be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which will be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law.

Section 9.7 Captions

Captions and section headings appearing herein are included solely for convenience of reference and are

not intended to affect the interpretation of any provision of this Agreement.

Section 9.8 No Oral Agreements

The Transaction Documents embody the entire agreement and understanding between the parties and supersede all other agreements and understandings between such parties relating to the subject matter hereof and thereof. The Transaction Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 9.9 Governing Law; Submission to Jurisdiction

(a) This Agreement any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement and the transactions contemplated hereby and thereby shall be construed in accordance with and be governed by the laws of the Province of Ontario.

(b) Each Grantor irrevocably attorns and submits to the exclusive jurisdiction of any court of competent jurisdiction of the Province of Ontario sitting in Toronto, Ontario, in any action or proceeding arising out of or relating to this Agreement. Each Grantor irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section 9.9 limits the right of the Agent to bring proceedings against any Grantor in the courts of any other jurisdiction.

(c) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 9.2. Nothing in this Agreement or in any other Transaction Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 9.10 Acknowledgments

(a) Each Grantor hereby acknowledges that:

- (i) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Transaction Documents to which it is a party;
- (ii) neither the Agent nor any other Secured Party has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Transaction Documents, and the relationship between the Grantors, on the one hand, and the Agent and the other Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and
- (iii) no joint venture is created hereby or by the other Transaction Documents or otherwise exists by virtue of the transactions contemplated hereby among the Secured Parties or among the Grantors and the Secured Parties.

(b) Each Grantor specifically agrees that it has a duty to read this Agreement and the other Transaction Documents to which it is a party and agrees that it is charged with notice and knowledge of the terms of this Agreement and the other Transaction Documents to which it is a party; that it has in fact read this Agreement and the other Transaction Documents to which it is a party and is fully informed and has full notice and knowledge of the terms, conditions and effects of this Agreement and the other Transaction Documents to which it is a party; that it has been represented by independent legal counsel of its choice throughout the negotiations preceding its execution of this Agreement and the other Transaction Documents

to which it is party; and has received the advice of its attorney in entering into this Agreement and the other Transaction Documents to which it is a party; and that it recognizes that certain of the terms of this Agreement and other Transaction Documents to which it is a party result in one party assuming the liability inherent in some aspects of the transaction and relieving the other party of its responsibility for such liability. Each Grantor agrees and covenants that it will not contest the validity or enforceability of any exculpatory provision of this Agreement or the other Transaction Documents to which it is a party on the basis that such Grantor had no notice or knowledge of such provision or that the provision is not “conspicuous”.

(c) Each Grantor warrants and agrees that each of the waivers and consents set forth in this Agreement are made voluntarily and unconditionally after consultation with outside legal counsel and with full knowledge of their significance and consequences, with the understanding that events giving rise to any defense or right waived may diminish, destroy or otherwise adversely affect rights which such Grantor otherwise may have against any other Grantor, the Agent, the other Secured Parties or any other Person or against any Collateral. If, notwithstanding the intent of the parties that the terms of this Agreement shall control in any and all circumstances, any such waivers or consents are determined to be unenforceable under applicable law, such waivers and consents shall be effective to the maximum extent permitted by law.

Section 9.11 Set-Off

Each Grantor agrees that, in addition to (and without limitation of) any right of set-off, bankers’ lien or counterclaim a Secured Party may otherwise have, each Secured Party shall have the right and be entitled (after consultation with the Agent), at its option, to offset (a) balances held by it or by any of its Affiliates for account of any Grantor or any of its Subsidiaries at any of its offices, in dollars or in any other currency, and (b) Obligations then due and payable to such Secured Party (or any Affiliate of such Secured Party), which are not paid when due, in which case it shall promptly notify the Borrower and the Agent thereof; provided that such Secured Party’s failure to give such notice shall not affect the validity thereof.

Section 9.12 Releases

(a) Release Upon Payment in Full. The grant of the security interest hereunder and all of the rights, powers and remedies in connection herewith shall remain in full force and effect until the Termination Date. On or following the Termination Date, the Agent, at the written request and expense of the Borrower, will promptly release, reassign and transfer the Collateral to the Grantors, without recourse, representation, warranty or other assurance of any kind, and declare this Agreement to be of no further force or effect.

(b) Further Assurances. If any of the Collateral shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the Credit Agreement, then the Agent, at the request and sole expense of such Grantor, shall promptly execute and deliver to such Grantor all releases or other documents reasonably necessary for the release of the Liens created hereby on such Collateral and the Equity Interests of such Grantor, made without recourse, representation, warranty or other assurance of any kind. At the request and sole expense of the Borrower, a Grantor shall be released from its obligations hereunder in the event that all the Equity Interests of such Grantor shall be sold, transferred or otherwise disposed of in a transaction expressly permitted by the Credit Agreement; provided that the Borrower shall have delivered to the Agent, at least 10 Business Days prior to the date of the proposed release, a written request for release identifying the relevant Grantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by the Borrower stating that such transaction is in compliance with the Credit Agreement and the other Transaction Documents.

(c) **Retention in Satisfaction.** No action taken or omission to act by the Agent or the other Secured Parties hereunder, including any exercise of voting or consensual rights or any other action taken or inaction, shall be deemed to constitute a retention of the Collateral in satisfaction of the Secured Obligations or otherwise to be in full satisfaction of the Secured Obligations, and the Secured Obligations shall remain in full force and effect, until the Agent and the other Secured Parties shall have applied payments (including collections from Collateral) towards the Secured Obligations in the full amount then outstanding or until such subsequent time as is provided in subsection (a) of this Section.

Section 9.13 Reinstatement

The obligations of each Grantor under this Agreement shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Agent or any other Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any other Grantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any other Grantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

Section 9.14 Acceptance

Each Grantor hereby expressly waives notice of acceptance of this Agreement, acceptance on the part of the Agent and the other Secured Parties being conclusively presumed by their request for this Agreement and delivery of the same to the Agent.

Section 9.15 Paramountcy


In the event of any conflict or discrepancy between the provisions of this Agreement and the provisions of the Credit Agreement, the provisions of the Credit Agreement shall govern and be paramount, but only to the extent of such conflict or discrepancy.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

BORROWER:

TRICHOME JWC ACQUISITION CORP.

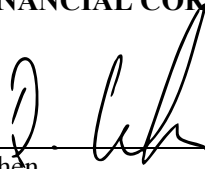
By: 
Name: Daniel Cohen
Title: Treasurer and Secretary

By: _____
Name:
Title:

I/we have the authority to bind the Borrower.

GUARANTOR:

TRICHOME FINANCIAL CORP.

Per: 
Name: Daniel Cohen
Title: Vice President and General Counsel

Per: _____
Name:
Title:

I/we have the authority to bind the Guarantor.

AGENT:

**CORTLAND CREDIT LENDING
CORPORATION, as Agent**

Per: 
Name: Sean Rogister
Title: CEO

Per: _____
Name:
Title:

I/we have the authority to bind the Agent.

Notice Addresses

All notices to the Grantors should be sent to:

Trichome JWC Acquisition Corp.
150 King Street West, Suite 214, Toronto, Ontario, Canada, M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

With copies to:

Trichome JWC Acquisition Corp.
150 King Street West, Suite 214, Toronto, Ontario, Canada, M5H 1J9

Attention: Dan Cohen
Email: dcohen@trichomefinancial.com

Attention: Karl Grywacheski
Email: kgrywacheski@trichomefinancial.com

SCHEDULE 2**Pledged Securities, Instruments, Securities Accounts and Collection/Deposit Accounts****Part 1 – Pledged Securities**

No.	Issuer	Issued Shares	Holder	Certificate No.
1.	Trichome JWC Acquisition Corp.	7,616,442 common shares	Trichome Financial Corp.	C-3
2.	Trichome Asset Funding Corp.	100 common shares	Trichome Financial Corp.	C-2
3.	Trichome Financial Cannabis GP Inc.	1 common share	Trichome Financial Corp.	C-1
4.	Trichome Financial Cannabis Manager Inc.	1 common share	Trichome Financial Corp.	C-1
5.	Trichome Retail Corp.	100 common shares	Trichome JWC Acquisition Corp.	C-1

Part 2 – Securities which are Restricted Equity Interests, and Instruments

None.

Part 3 – Securities Accounts

Grantor	Bank Name & Address	Account Details	Currency	Collection/Deposit Account
Trichome JWC Acquisition Corp.	Alterna Savings and Credit Union Limited 319 McRae Avenue Ottawa, ON K1Z 0B9	Membership shares – falls under account 100010448866	CAD	Share account
Trichome Financial Corp.	Alterna Savings and Credit Union Limited 319 McRae Avenue Ottawa, ON K1Z 0B9	419604 – Share accounts	CAD	Share accounts

Grantor	Bank Name & Address	Account Details	Currency	Collection/Deposit Account
Trichome Financial Corp.	ATB Financial 07609 Calgary Stephen Ave Branch 102 8 Ave SW Calgary, AB T2P 1B3	GIC 39814386200	CAD	GIC
Trichome Financial Corp.	Cannacord Genuity Corp. 161 Bay Street Suite 3100 P.O. Box 516 Toronto, ON M5J 2S1	129-488A-1	CAD	Investment – cash
Trichome Financial Corp.	Cormark Securities Inc. Royal Bank Plaza North Tower 200 Bay Street, Suite 1800 P.O. Box 63 Toronto, ON M5J 2J2	733-9352-A	CAD	Investment – trading
		733-9352-B	USD	Investment – trading

Part 4 – Collection Accounts & Deposit Accounts

Grantor	Bank Name & Address	Account Details	Currency	Collection/Deposit Account
Trichome JWC Acquisition Corp.	Alterna Savings and Credit Union Limited 319 McRae Avenue Ottawa, ON K1Z 0B9	100010448866	CAD	Deposit account – daily banking account
Trichome Financial Corp.	ATB Financial 07609 Calgary Stephen Ave Branch 102 8 Ave SW Calgary, AB T2P 1B3	38419-3679	CAD	Deposit account – commercial operating
Trichome Financial Corp.	ATB Financial 07609 Calgary Stephen Ave Branch 102 8 Ave SW Calgary, AB T2P 1B3	38435-9979	CAD	Deposit account – commercial operating

Grantor	Bank Name & Address	Account Details	Currency	Collection/Deposit Account
Trichome Financial Corp.	Alterna Savings and Credit Union Limited 319 McRae Avenue Ottawa, ON K1Z 0B9	419604	CAD	Deposit account – daily banking accounts

SCHEDULE 3**Filings and Other Actions Required to Perfect Security Interests**

No.	Name	Filing Office
1.	Trichome JWC Acquisition Corp.	ON PPR
2.	Trichome Financial Corp.	ON PPR

SCHEDULE 4**Patents and Patent Licenses**

Patent	Ownership	Country	App./Reg. No.	Date of Application/ Registration	Status
Aeroponic Systems And Methods For Growing Plants	Trichome JWC Acquisition Corp.	Canada	2,996,234	February 23, 2018	To be abandoned.
Aeroponic Systems And Methods For Growing Plants	Trichome JWC Acquisition Corp.	WO	PCT/CA2019/050202	February 20, 2019	Abandoned.
Apparatus And Method For Trimming Plants	Trichome JWC Acquisition Corp.	Canada	2,997,989	March 12, 2018	Abandoned.
Apparatus And Method For Trimming Plants	Trichome JWC Acquisition Corp.	WO	PCT/CA2019/050269	March 6, 2019	Abandoned.
Dual Droplet Aeroponic Systems And Methods For Growing Plants	Trichome JWC Acquisition Corp.	Canada	3,025,110	November 23, 2018	Abandoned.
Dual Droplet Aeroponic Systems And Methods For Growing Plants	Trichome JWC Acquisition Corp.	WO	PCT/CA2019/051670	November 21, 2019	To be abandoned.

SCHEDULE 5

Trademarks and Trademark Licenses

Trademark	Ownership	Country	App./Reg. No.	Date of Application/Registration	Status
GROWTHSTORM	Trichome JWC Acquisition Corp.	Canada	1,867,310	November 10, 2017	To be abandoned.
GROWTHSTORM DUAL DROPLET	Trichome JWC Acquisition Corp.	European Union	018101106	July 29, 2019/ February 5, 2020	Registered (to be abandoned).
JWC & LEAF DESIGN	Trichome JWC Acquisition Corp.	Canada	1,867,688	November 14, 2017	To be abandoned.
JAMES E. WAGNER CULTIVATION & DESIGN	Trichome JWC Acquisition Corp.	Canada	1,867,687	November 14, 2017	To be abandoned.
TEMPEST TRIMMER	Trichome JWC Acquisition Corp.	Canada	1,909,674	July 16, 2018	Abandoned.
TEMPEST TRIMMER	Trichome JWC Acquisition Corp.	European Union	018009946	January 14, 2019/ June 28, 2019	Registered (to be abandoned).
TEMPEST TRIMMER	Trichome JWC Acquisition Corp.	United States	88/260,516	January 14, 2019	To be abandoned.
GROWTHSTORM DUAL DROPLET	Trichome JWC Acquisition Corp.	Canada	1,943,261	January 29, 2019	To be abandoned.

DUAL DROPLET SYSTEM & DESIGN	Trichome JWC Acquisition Corp.	Canada	1,950,111	March 7, 2019	To be abandoned.
DUAL DROPLET SYSTEM GROWTHSTORM & DESIGN	Trichome JWC Acquisition Corp.	Canada	1,950,112	March 7, 2019	To be abandoned.
GROWTHSTORM DUAL DROPLET	Trichome JWC Acquisition Corp.	South Africa	2019/21206	July 29, 2019	To be abandoned.
WAGNERS	Trichome JWC Acquisition Corp.	Canada	2,066,121	November 25, 2020	Pending.
WELL MADE WEED	Trichome JWC Acquisition Corp.	Canada	N/A	N/A	Will be filed imminently.

Domain Names

Owner	Domain Name	Registration Date
Trichome JWC Acquisition Corp.	jwcmcd.com	February 2, 2015
Trichome JWC Acquisition Corp.	jwc.ca	September 29, 2000
Trichome JWC Acquisition Corp.	wagnersweed.ca	November 25, 2020
Trichome JWC Acquisition Corp.	wagnersweed.com	November 25, 2020
Trichome JWC Acquisition Corp.	wagnersweed.co	November 25, 2020
Trichome JWC Acquisition Corp.	wellmadeweeds.ca	November 25, 2020
Trichome JWC Acquisition Corp.	wellmadeweeds.com	November 25, 2020
Trichome JWC Acquisition Corp.	wearewagners.ca	November 25, 2020
Trichome JWC Acquisition Corp.	wearewagners.com	November 25, 2020

Copyrights and Copyright Licenses

None.

Fundamental Changes

1. Trichome Financial Corp. is a party to an Arrangement Agreement dated March 31, 2021 whereby IM Cannabis Corp. will acquire the issued and outstanding shares of MYM Nutraceuticals Inc. We expect the transaction to close during the second half of 2021.
2. Purchase of all of the issued and outstanding shares of Trichome Financial Corp. by IM Cannabis Corp. on March 18, 2021.
3. Purchase of substantially all of the assets of James E. Wagner Cultivation Corporation and its subsidiaries pursuant to an asset purchase agreement dated March 31, 2020 among Trichome Financial Corp. and James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd. JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. And Growthstorm Inc.
4. Amalgamation of 22 Capital Corp. and Trichome Financial Corp. pursuant to an amalgamation agreement dated November 13, 2018 among 22 Capital Corp. and Trichome Financial Corp.

SCHEDULE 8

Locations

Address	Grantor	Owned/Leased	Owner/ Lessor and Address	Approximate Value of Real Estate	Approximate Value of Collateral
530 Manitou Drive, Kitchener, Ontario	Trichome JWC Acquisition Corp.	Leased	Homer Land Corp. c/o IMT Corporation 530 Manitou Drive, Kitchener, Ontario N2C 1L3	N/A	\$9.85 – \$11.59 million (value of leasehold improvements and production equipment combined)
855 Trillium Drive, Kitchener, Ontario	Trichome JWC Acquisition Corp.	Leased	Blue Top Properties (855 Trillium) Inc. 360 Holiday Inn Drive, Unit 1, Cambridge, Ontario N3C 3T1	N/A	\$1.69 - \$1.99 million (value of leasehold improvements and production equipment combined)
1307 100 Garment Street S, Kitchener, Ontario	Trichome JWC Acquisition Corp.	Leased	Snope Corp	N/A	Immaterial

Restricted Assets

1. Health Canada licenses No. LIC-WS1222RD05-2020 and No. LIC-GIXZX8BRGP-2020.
2. CRA Cannabis License No. 735486078 RD0001.

Form of Supplement

THIS SUPPLEMENT TO GENERAL SECURITY AGREEMENT, dated as of [_____] (this “**Supplement**”), is made by [NAME OF GRANTOR] (the “**Grantor**”), in favour of Cortland Credit Lending Corporation, as agent (in such capacity, the “**Agent**”) for the Secured Parties (as defined in the General Security Agreement referred to below). All capitalized terms not defined herein shall have the meanings assigned to them in the General Security Agreement.

WHEREAS Trichome JWC Acquisition Corp. (the “**Borrower**”) and Trichome Financial Corp. (the “**Guarantor**”) have entered into a credit agreement with Cortland Credit Lending Corporation in its capacity as agent for the Lenders (in such capacity, the “**Agent**”) dated as of May 14, 2021 (as may be amended, replaced, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”);

WHEREAS, in connection with the Credit Agreement, the Borrower and the Guarantor have entered into the General Security Agreement, dated as of May 14, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “**General Security Agreement**”), in favour of the Agent for the benefit of the Secured Parties; and

WHEREAS, it is a condition precedent to the continued extension of the Revolving Facility under the Credit Agreement that the Grantor grant to the Agent a security interest in all of its Additional Pledged Collateral (as defined below), and the Grantor wishes to fulfill said condition precedent.

NOW, THEREFORE, in consideration of the premises and in order to ensure compliance with the Credit Agreement, the Grantor hereby agrees as follows:

SECTION 1. Additional Pledge. As security for the payment and performance of the Secured Obligations, the Grantor hereby:

- (a) pledges, hypothecates, assigns, charges, mortgages, delivers, sets over, conveys and transfers to the Agent, for the benefit of the Secured Parties, and grants to the Agent, for the benefit of the Secured Parties, a security interest in all of the Grantor’s right, title and interest in and to:
 - (i) the Equity Interests more particularly described in Schedule A hereto and the certificates, if any, evidencing such shares (the “**Additional Pledged Securities**”) and all cash, instruments and other property from time to time received, receivable or otherwise distributed in exchange for any and all of such Additional Pledged Securities; and
 - (ii) all other Collateral (as defined in the General Security Agreement) relating to the Additional Pledged Securities (together with the items described in clause (i) above, the “**Additional Pledged Collateral**”); and
- (b) delivers to the Agent, for the benefit of the Secured Parties, all of the Grantor’s right, title and interest in and to the certificates and instruments, if any, evidencing the Additional Pledged Collateral, accompanied by instruments of transfer or assignment, duly executed in blank.

SECTION 2. Representations and Warranties. The Grantor hereby (a) represents and warrants that it is the legal and beneficial owner of the Additional Pledged Collateral, free and clear of any lien, security interest, option or other charge or encumbrance except for the security interest created by the General

Security Agreement as supplemented by this Supplement and any other Liens permitted by the Credit Agreement; and (b) restates each representation and warranty set forth in Article IV of the General Security Agreement, as supplemented by this Supplement, as of the date hereof with respect to the Additional Pledged Collateral.

SECTION 3. Additional Pledged Collateral. By execution and delivery of this Supplement, the Additional Pledged Collateral shall become a part of the Collateral referred to in the General Security Agreement and shall secure the Secured Obligations as if such Additional Pledged Collateral were Collateral on the Closing Date, and shall be subject to all of the terms and conditions governing Collateral under the General Security Agreement. From and after the date hereof, Schedule 2 to the General Security Agreement is hereby amended to add the Additional Pledged Collateral.

SECTION 4. Binding Effect. This Supplement shall become effective when it shall have been executed by the Grantor and thereafter shall be binding upon the Grantor and shall inure to the benefit of the Agent and the Secured Parties. Upon the effectiveness of this Supplement, this Supplement shall be deemed to be a part of and shall be subject to all of the terms and conditions of the General Security Agreement. The Grantor shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 5. Governing Law. This Supplement and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Supplement and the transactions contemplated hereby shall be construed in accordance with and be governed by the laws of the province of Ontario.

SECTION 6. Execution in Counterparts. This Supplement may be executed in one or more counterparts, each of which when so executed will constitute an original and all of which together will constitute one and the same agreement. The words “delivery”, “execution,” “signed,” “signature,” and words of like import in any Transaction Document or any other document to be signed in connection with this Supplement and the transactions contemplated hereby will be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which will be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law; provided, that notwithstanding anything contained herein to the contrary the Agent is under no obligation to agree to accept electronic signature in any form or in any format unless expressly agreed to by the Agent pursuant to procedures approved by it.

[signature page follows]

IN WITNESS WHEREOF, the Grantor has caused this Supplement to be duly executed and delivered by its duly authorized officer as of the date first above written.

GRANTOR:

[NAME OF GRANTOR]

Per: _____

Name:

Title:

Per: _____

Name:

Title:

I/we have the authority to bind the Grantor

Acknowledged and agreed to as of the date hereof:

AGENT:

CORTLAND CREDIT LENDING CORPORATION, as Agent

Per: _____

Name:

Title:

Per: _____

Name:

Title:

I/we have the authority to bind the Agent

SCHEDULE A

Additional Pledged Securities

No.	Issuer	Issued Shares	Holder	Certificate No.	Options, Rights, Restrictions applicable to Shares*
1.					

* The Board of Directors of each Obligor must approve the transfer of any shares.

Form of Acknowledgment and Consent

The undersigned hereby acknowledges receipt of a copy of the General Security Agreement, dated as of May 14, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “**General Security Agreement**”; capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the General Security Agreement), made by Trichome JWC Acquisition Corp. and the other Grantors parties thereto for the benefit of Cortland Credit Lending Corporation, as agent (the “**Agent**”). The undersigned agrees for the benefit of the Agent and the Secured Parties defined therein as follows:

1. The undersigned will be bound by the terms of the General Security Agreement relating to the Pledged Securities issued by the undersigned and will comply with such terms insofar as such terms are applicable to the undersigned.
2. The terms of Article VI of the General Security Agreement shall apply to it, *mutatis mutandis*, with respect to all actions that may be required of it pursuant to such Article VI with respect to the Pledged Securities issued by the undersigned.
3. This Acknowledgment and Consent and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Acknowledgment and Consent and the transactions contemplated hereby shall be construed in accordance with and be governed by the laws of the province of Ontario.

Dated: _____, 20_____.

[NAME OF ISSUER]

By: _____

Name:

Title:

Address for Notices:

[_____]

[_____]

Attention: [_____]

Email: [_____]

TAB I

THIS IS **EXHIBIT "I"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

SUPPLEMENT TO GENERAL SECURITY AGREEMENT

THIS SUPPLEMENT TO GENERAL SECURITY AGREEMENT, dated as of August 27, 2021 (this “**Supplement**”), is made by Highland Grow Inc., a corporation organized under the laws of the Province of Nova Scotia, MYM International Brands Inc., a corporation organized under the laws of the Province of British Columbia, MYM Nutraceuticals Inc., a corporation organized under the laws of the Province of British Columbia, SublimeCulture Inc., a corporation organized under the federal laws of Canada and Trichome Retail Corp., a corporation organized under the laws of the Province of Ontario (collectively, the “**Grantors**”, and each, individually, a “**Grantor**”), in favour of Cortland Credit Lending Corporation, as agent (in such capacity, the “**Agent**”) for the Secured Parties (as defined in the General Security Agreement referred to below). All capitalized terms not defined herein shall have the meanings assigned to them in the General Security Agreement.

WHEREAS Trichome JWC Acquisition Corp. (the “**Borrower**”) and Trichome Financial Corp. (the “**Guarantor**”) have entered into a credit agreement with Cortland Credit Lending Corporation in its capacity as agent for the Lenders (in such capacity, the “**Agent**”) dated as of May 14, 2021 (as may be amended, replaced, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”);

WHEREAS, in connection with the Credit Agreement, the Borrower and the Guarantor have entered into the General Security Agreement, dated as of May 14, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “**General Security Agreement**”), in favour of the Agent for the benefit of the Secured Parties; and

WHEREAS, it is a condition precedent to the continued extension of the Revolving Facility under the Credit Agreement that each Grantor grant to the Agent a security interest in all of its Additional Pledged Collateral (as defined below), and each Grantor wishes to fulfill said condition precedent.

NOW, THEREFORE, in consideration of the premises and in order to ensure compliance with the Credit Agreement, each Grantor hereby agrees as follows:

SECTION 1. Additional Pledge. As security for the payment and performance of the Secured Obligations, each Grantor hereby:

- (a) pledges, hypothecates, assigns, charges, mortgages, delivers, sets over, conveys and transfers to the Agent, for the benefit of the Secured Parties, and grants to the Agent, for the benefit of the Secured Parties, a security interest in all of such Grantor’s right, title and interest in and to:
 - (i) the Equity Interests more particularly described in Schedule A hereto and the certificates, if any, evidencing such shares (the “**Additional Pledged Securities**”) and all cash, instruments and other property from time to time received, receivable or otherwise distributed in exchange for any and all of such Additional Pledged Securities; and
 - (ii) all other Collateral (as defined in the General Security Agreement) relating to the Additional Pledged Securities (together with the items described in clause (i) above, the “**Additional Pledged Collateral**”); and
- (b) delivers to the Agent, for the benefit of the Secured Parties, all of such Grantor’s right, title and interest in and to the certificates and instruments, if any, evidencing the Additional Pledged Collateral, accompanied by instruments of transfer or assignment, duly executed in blank.

SECTION 2. Representations and Warranties. Each Grantor hereby (a) represents and warrants that it is the legal and beneficial owner of the Additional Pledged Collateral, free and clear of any lien, security interest, option or other charge or encumbrance except for the security interest created by the General Security Agreement as supplemented by this Supplement and any other Liens permitted by the Credit Agreement; (b) restates each representation and warranty set forth in Article IV of the General Security Agreement, as supplemented by this Supplement, as of the date hereof with respect to the Additional Pledged Collateral; and (c) represents and warrants that the updates to the Schedules in the General Security Agreement attached hereto at Schedule B are true and correct as of the date hereof.

SECTION 3. Additional Pledged Collateral. By execution and delivery of this Supplement, the Additional Pledged Collateral shall become a part of the Collateral referred to in the General Security Agreement and shall secure the Secured Obligations as if such Additional Pledged Collateral were Collateral on the Closing Date, and shall be subject to all of the terms and conditions governing Collateral under the General Security Agreement. From and after the date hereof, Schedule 2 to the General Security Agreement is hereby amended to add the Additional Pledged Collateral.

SECTION 4. Binding Effect. This Supplement shall become effective when it shall have been executed by each Grantor and thereafter shall be binding upon such Grantor and shall inure to the benefit of the Agent and the Secured Parties. Upon the effectiveness of this Supplement, this Supplement shall be deemed to be a part of and shall be subject to all of the terms and conditions of the General Security Agreement. No Grantor shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 5. Governing Law. This Supplement and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Supplement and the transactions contemplated hereby shall be construed in accordance with and be governed by the laws of the province of Ontario.

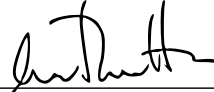
SECTION 6. Execution in Counterparts. This Supplement may be executed in one or more counterparts, each of which when so executed will constitute an original and all of which together will constitute one and the same agreement. The words “delivery”, “execution,” “signed,” “signature,” and words of like import in any Transaction Document or any other document to be signed in connection with this Supplement and the transactions contemplated hereby will be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which will be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law; provided, that notwithstanding anything contained herein to the contrary the Agent is under no obligation to agree to accept electronic signature in any form or in any format unless expressly agreed to by the Agent pursuant to procedures approved by it.

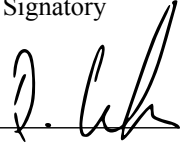
[signature page follows]

IN WITNESS WHEREOF, the Grantors have caused this Supplement to be duly executed and delivered as of the date first above written.

GRANTORS:

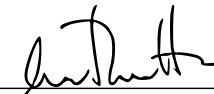
HIGHLAND GROW INC.

Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Grantor

MYM INTERNATIONAL BRANDS INC.


Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Grantor


MYM NUTRACEUTICALS INC.


Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Grantor

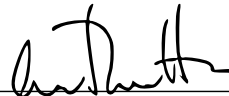
SUBLIMECULTURE INC.

Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Grantor

TRICHOME RETAIL CORP.

Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Grantor

Acknowledged and agreed to as of the date hereof:

AGENT:

CORTLAND CREDIT LENDING CORPORATION, as Agent

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/we have the authority to bind the Agent

SUBLIMECULTURE INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/we have the authority to bind the Grantor

TRICHOME RETAIL CORP.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/we have the authority to bind the Grantor

Acknowledged and agreed to as of the date hereof:

AGENT:

CORTLAND CREDIT LENDING CORPORATION, as Agent

Per: Sean R.
Name: Sean Rogister
Title: CEO

Per: _____
Name:
Title:

I/we have the authority to bind the Agent

SCHEDULE A

Additional Pledged Securities

No.	Issuer	Issued Shares	Holder	Certificate No.	Options, Rights, Restrictions applicable to Shares*
1.	Trichome Retail Corp.	100 common shares	Trichome JWC Acquisition Corp.	C-1	The Board of Directors must approve the transfer of any shares.
2.	Highland Grow Inc.	1 common share	MYM International Brands Inc.	C-4	The Board of Directors must approve the transfer of any shares.
3.	MYM International Brands Inc.	101 common shares	MYM Nutraceuticals Inc.	C1 C2	The Board of Directors must approve the transfer of any shares.
4.	MYM Nutraceuticals Inc.	372,654,440 common shares	Trichome Financial Corp.	1	The Board of Directors must approve the transfer of any shares.
5.	SublimeCulture Inc.	1,000,000 Class A shares	MYM Nutraceuticals Inc.	A-10 A-11 A-12 A-13	The Board of Directors must approve the transfer of any shares.
6.	CannaCanada Inc.	1,000,000 Class B Shares	MYM Nutraceuticals Inc.	B-2	The Board of Directors must approve the transfer of any shares.

* The Board of Directors of each Obligor must approve the transfer of any shares.

SCHEDULE B

Updates to Schedules to the General Security Agreement

Notice Addresses

All notices to the Grantors should be sent to:

Trichome JWC Acquisition Corp.
150 King Street West, Suite 214, Toronto, Ontario, Canada, M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

With copies to:

Trichome JWC Acquisition Corp.
150 King Street West, Suite 214, Toronto, Ontario, Canada, M5H 1J9

Attention: Dan Cohen
Email: dcohen@trichomefinancial.com

Attention: Karl Grywacheski
Email: kgrywacheski@trichomefinancial.com

SCHEDULE 2

Pledged Securities, Instruments, Securities Accounts and Collection/Deposit Accounts

Part 1 – Pledged Securities

No.	Issuer	Issued Shares	Holder	Certificate No.	Options, Rights, Restrictions applicable to Shares*
1.	Trichome Retail Corp.	100 common shares	Trichome JWC Acquisition Corp.	C-1	The Board of Directors must approve the transfer of any shares.
2.	Highland Grow Inc.	1 common share	MYM International Brands Inc.	C-4	The Board of Directors must approve the transfer of any shares.
3.	MYM International Brands Inc.	101 common shares	MYM Nutraceuticals Inc.	C1 C2	The Board of Directors must approve the transfer of any shares.
4.	MYM Nutraceuticals Inc.	372,654,440 common shares	Trichome Financial Corp.	1	The Board of Directors must approve the transfer of any shares.
5.	SublimeCulture Inc.	1,000,000 Class A shares	MYM Nutraceuticals Inc.	A-10 A-11 A-12 A-13	The Board of Directors must approve the transfer of any shares.
6.	CannaCanada Inc.	1,000,000 Class B shares	MYM Nutraceuticals Inc.	B-2	The Board of Directors must approve the transfer of any shares.

* The Board of Directors of each Obligor must approve the transfer of any shares.

Part 2 – Securities which are Restricted Equity Interests, and Instruments

None.

Part 3 – Securities Accounts

None.

Part 4 – Collection Accounts & Deposit Accounts

Grantor	Bank Name & Address	Account Details	Currency	Collection/Deposit Account
MYM Nutraceuticals Inc.	Bank of Montreal 595 Burrard Street, Vancouver, BC V7X 1L7	41842677	CAD	Checking
MYM Nutraceuticals Inc.	Bank of Montreal 595 Burrard Street, Vancouver, BC V7X 1L7	48656359	CAD	Saving

Grantor	Bank Name & Address	Account Details	Currency	Collection/Deposit Account
Highland Grow Inc.	Bank of Montreal 595 Burrard Street, Vancouver, BC V7X 1L7	41683960	CAD	Checking
Highland Grow Inc.	East Coast Credit Union Limited Bergengren Branch, Corporate Office, 257 Main St, Antigonish, NS B2G 2C1	33106-11-8	CAD	Checking
SublimeCulture Inc.	Bank of Montreal 595 Burrard Street, Vancouver, BC V7X 1L7	41812603	CAD	Checking

SCHEDULE 3**Filings and Other Actions Required to Perfect Security Interests**

No.	Name	Filing Office
1.	Trichome Retail Corp.	Ontario Personal Property Registry
2.	Highland Grow Inc.	Ontario Personal Property Registry Nova Scotia Personal Property Registry
3.	MYM International Brands Inc.	British Columbia Personal Property Registry Ontario Personal Property Registry
4.	MYM Nutraceuticals Inc.	British Columbia Personal Property Registry Ontario Personal Property Registry
5.	SublimeCulture Inc.	British Columbia Personal Property Registry Ontario Personal Property Registry Québec Register of Personal and Movable Real Rights

Patents and Patent Licenses

None.

SCHEDULE 5

Trademarks and Trademark Licenses

Trademark	Ownership	Country	App./Reg. No.	Date of Application / Registration	CIPO Status	TM5 Status
DR. FURBABY	MYM Nutraceuticals Inc.	Canada	1945273	February 8, 2019	Formalized	Awaiting Examination
HEMPMED	MYM Nutraceuticals Inc.	Canada	1841471	June 7, 2017	Abandoned	Abandoned
JOSHUA TREE	MYM Nutraceuticals Inc.	Canada	1821996	February 8, 2017	Registered	Issued and Active
MYHEMP	Erick Factor, a former executive officer of MYM Nutraceuticals Inc.	Canada	1937140	December 19, 2018	Formalized	Awaiting Examination
BUDLY	MYM Nutraceuticals Inc.	Canada	1906907	June 28, 2018	Searched	Under Examination
MYMARIJUANA	MYM Nutraceuticals Inc.	Canada	1676300	May 9, 2014	Registered	Issued and Active
HIGHLAND GROW	Cultivator Catalyst Corp.	Canada	1915855	August 20, 2018	Abandoned	Abandoned

Domain Names

Owner	Domain Name	Registration Date
MYM Nutraceuticals Inc.	www.mym.ca	September 19, 2006
James Andrews, a consultant of MYM	www.highlandgrow.com	May 16, 2018

Owner	Domain Name	Registration Date
Nutraceuticals Inc.		
MYM Nutraceuticals Inc.	www.coastalbuds.ca	August 25, 2020
MYM Nutraceuticals Inc.	www.sublimeculture.ca	December 31, 2013

Copyrights and Copyright Licenses

None.

Fundamental Changes

1. MYM Nutraceuticals Inc. is party to an Arrangement Agreement dated March 31, 2021 whereby IM Cannabis Corp. acquired the issued and outstanding shares of MYM Nutraceuticals Inc. (the “**Arrangement**”). The Arrangement was completed on July 9, 2021. As a result of the completion of the Arrangement, MYM Nutraceuticals Inc. became a wholly-owned subsidiary of IM Cannabis Corp.’s wholly owned subsidiary Trichome Financial Corp.
2. Prior to closing the Arrangement, there was a pre-closing reorganization of the Grantors. As a result of the reorganization, CannaCanada Inc., Highland Grow Inc., MYM International Brands Inc., and SublimeCulture Inc. are the only subsidiaries of Nutraceuticals Inc.

SCHEDULE 8

Locations

Address	Grantor	Owned/Leased	Owner/ Lessor and Address	Approximate Value of Real Estate	Approximate Value of Collateral
861 Ohio East Road, Antigonish County, Nova Scotia	Highland Grow Inc.	Owned	Highland Grow Inc.	~\$4 million	N/A
Suite 250, 1095 West Pender Street, Vancouver, British Columbia	MYM Nutraceuticals Inc.	Leased	The Manufacturers Life Insurance Company Suite 100, 1095 West Pender Street, Vancouver, British Columbia	N /A	N/A
4460 A Avenue des Industries, Laval, Québec	SublimeCulture Inc.	Leased	Société de Gestion L. Bélanger et Fils 2300 Place de Villeroy, Lavel, Québec	N/A	~\$3.2 million of fixed collateral (\$3 million in leasehold improvements and \$0.2 million in equipment)
4460 B Avenue des Industries, Laval, Québec	SublimeCulture Inc.	Leased	Société de Gestion L. Bélanger et Fils 2300 Place de Villeroy, Lavel, Québec	N/A	

Restricted Assets

1. License for Standard Cultivation, Standard Processing, and Sale for Medical Purposes under the *Cannabis Act* no. LIC-CV96ADY4K0-2020 issued by Health Canada to Highland Grow Inc. effective November 27, 2020 through November 27, 2023.
2. License for Standard Cultivation under the *Cannabis Act* no. LIC-IKJEW6NHXS-2020 issued by Health Canada to SublimeCulture Inc. effective January 31, 2020 through January 31, 2023.
3. Cannabis license under the *Excise Act, 2001* for Highland Grow Inc. number 83755 8790 RD0001.
4. Cannabis license under the *Excise Act, 2001* for SublimeCulture Inc. number 82212 9361 RD0001.

TAB J

THIS IS **EXHIBIT "J"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

GUARANTEE

TO: CORTLAND CREDIT LENDING CORPORATION, as Agent
FROM: TRICHOME FINANCIAL CORP., as Guarantor
RE: TRICHOME JWC ACQUISITION CORP., as Borrower
DATE: as of May 14, 2021

WHEREAS Trichome JWC Acquisition Corp. (the “**Borrower**”) and Trichome Financial Corp. (the “**Guarantor**”) have entered into a credit agreement with Cortland Credit Lending Corporation in its capacity as agent for the Lenders (in such capacity, the “**Agent**”) dated as of May 14, 2021 (as may be amended, replaced, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”);

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby agrees with the Agent and the Lenders as follows:

1. **Interpretation.** In this agreement (as it may be amended, restated, supplemented or otherwise modified from time to time, the “**Agreement**”) terms used herein as defined terms shall have the meanings ascribed thereto in the Credit Agreement, unless otherwise defined.
2. **Guarantee.** The Guarantor hereby guarantees payment to the Agent and the Lenders and their respective successors and assigns, promptly upon demand by the Agent from and after the occurrence of any Acceleration Event, of (i) all present and future, direct and indirect, contingent and absolute obligations and liabilities of the Borrower to the Agent and the Lenders arising under or in connection with the Credit Agreement and the Security Agreements and (ii) all other obligations of the Borrower to the Agent and the Lenders which the Guarantor may from time to time acknowledge in writing are guaranteed hereby (collectively, the “**Obligations**”). This guarantee shall, until the full and final payment of all Obligations and release in accordance with Section 23 of this Agreement, be a continuing guarantee and shall secure the Obligations and any ultimate balance thereof, notwithstanding that the Borrower may from time to time satisfy the Obligations in whole or in part and thereafter incur further Obligations. The Agent may make successive demands for payment under this Agreement.
3. **Interest.** The Guarantor agrees to pay interest to the Agent on behalf of the Lenders on all amounts due by it under this Agreement, from the date of demand, at the highest rate set out in the Credit Agreement plus two percent (2%) per annum, compounded monthly and payable both before and after judgment at the same rate.
4. **Borrower’s Status and Authority.** All monies, advances, renewals or credits in fact borrowed or obtained from the Lenders by the Borrower (or by persons purporting to act on behalf of the Borrower) under the Credit Agreement and the other Transaction Documents shall be deemed to form part of the Obligations, notwithstanding any lack or limitation of status or power, incapacity or disability of the Borrower or its directors, officers, employees or agents, or that the Borrower may not be a legal entity or that such borrowing or obtaining of monies, advances, renewals or credits or the execution and delivery of any agreement or document by or on behalf of the Borrower is in excess of its powers or the authority of its directors, officers, employees or agents or is in any way irregular, defective, fraudulent or informal. The Agent and the Lenders have no obligation to inquire into the powers of the Borrower or its directors, officers, employees or agents acting or purporting to act on its behalf.

5. **Liability Unaffected by Certain Matters.** Except as set forth above, the liability of the Guarantor hereunder shall be absolute and unconditional irrespective of, and shall not be released, discharged, diminished, limited or otherwise affected by:

- (a) the lack of validity or enforceability of the Obligations in whole or in part for any reason whatsoever, including without limitation by reason of prescription, by operation of law or as a result of any Applicable Law;
- (b) any prohibition or restriction imposed in respect of the rights and remedies of the Agent and the Lenders in respect of the Obligations, specifically including without limitation any court order which purports to prohibit or suspend the acceleration of the time for payment of any of the Obligations, the payment by the Borrower of any of the Obligations or the rights and remedies of the Agent and the Lenders against the Borrower in respect of the Obligations;
- (c) the lack of validity or enforceability in whole or in part of: (i) the Credit Agreement or other Transaction Document; (ii) any guarantee given by any person in favour of the Agent or the Lenders from time to time in connection with or relating to the Obligations; or (iii) any security given by any the Guarantor in favour of the Agent or any Lender from time to time in connection with the Obligations (collectively, the “**Credit Documents**”, and individually, a “**Credit Document**”);
- (d) any change in the existence, structure, ownership or control of the Borrower (including any of the foregoing arising from any merger, consolidation, amalgamation, reorganization or similar transaction); any change in the name, objects, capital stock, constating documents or by-laws of the Borrower; or the dissolution, winding-up, liquidation or other distribution of the assets of the Borrower, whether voluntary or otherwise;
- (e) the Borrower becoming insolvent or bankrupt or subject to any proceeding under the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada), the arrangement provisions of applicable corporate legislation, any legislation similar to the foregoing in any other jurisdiction, or any legislation enacted substantially in replacement of the foregoing, or the Agent or any of the Lenders voting in favour of any proposal, arrangement or compromise in connection with any of the foregoing;
- (f) the loss of or failure by the Agent or any Lender to obtain, register, perfect or maintain any security given by the Borrower or by other persons in respect of the Obligations, whether intentionally or through failure or neglect or otherwise;
- (g) the failure or neglect of the Agent or any of the Lenders to demand payment of the Obligations from the Borrower, the Guarantor of the Obligations or any other person; or the failure or neglect of the Agent or any of the Lenders to enforce any security held in respect of the Borrower or in respect of the Guarantor of the Obligations;
- (h) the valuation by the Agent or any of the Lenders of any security held in respect of the Obligations, which shall not be considered as a purchase of such security or as payment on account of the Obligations;
- (i) any right or alleged right of set-off, counterclaim, appropriation or application or any claim or demand that the Borrower or the Guarantor may have or may allege to have against the Agent or any of the Lenders; or

- (j) any other circumstances which might otherwise constitute a legal or equitable defence available to, or complete or partial discharge of, the Borrower in respect of the Obligations or of the Guarantor in respect of this Agreement.

6. **Liability Unaffected by Actions of Agent and Lenders.** The liability of the Guarantor hereunder shall be absolute and unconditional (until the full and final payment of all Obligations and release in accordance with Section 23 of this Agreement) irrespective of, and shall not be released, discharged, limited or otherwise affected by anything done, suffered or permitted by the Agent or the Lenders in connection with the Borrower, the Obligations or any security held by or granted to the Agent or the Lenders to secure payment or performance of the Obligations (other than the full and final payment and performance of the Obligations). For greater certainty and without limiting the generality of the foregoing, without releasing, discharging, limiting or otherwise affecting in whole or in part the liability of the Guarantor under this Agreement, and without notice to or the consent of the Guarantor, the Agent and the Lenders may from time to time:

- (a) extend, renew, settle, compromise, waive, release or terminate the Obligations in whole or in part from time to time;
- (b) amend, renew, waive, release or terminate any Credit Document or any terms and conditions contained therein in whole or in part from time to time (specifically including, without limitation, any terms and conditions relating to interest rates, fees and principal payments);
- (c) make advances and extend credit to the Borrower and receive repayments in respect of the Obligations, and increase or decrease the amount of credit available to the Borrower from time to time;
- (d) grant time, renewals, extensions, indulgences, releases and discharges to the Borrower;
- (e) take, refrain from taking or release guarantees from other persons in respect of the Obligations;
- (f) take, refrain from taking, refrain from registering or perfecting or release any security from the Borrower, the Guarantor of the Obligations or any other person, and release, discharge, compromise, realize, enforce or otherwise deal with or do any act or thing in respect of any such security;
- (g) accept compromises or arrangements from the Borrower, the Guarantor of the Obligations or any other person;
- (h) refrain from demanding payment from or exercising any rights or remedies in respect of the Borrower, the Guarantor of the Obligations or any security held in respect of the Obligations; and for greater certainty the Agent and the Lenders shall not be bound to exhaust their recourse against the Borrower, guarantors of the Borrower or other persons or enforce any security held in respect of the Obligations or take any other action or legal proceeding before being entitled to payment from the Guarantor under this Agreement, and the Guarantor hereby waives all benefits of discussion and division;
- (i) apply all monies received from the Borrower, the Guarantor of the Borrower or any other person or from the proceeds of any security upon such part of the Obligations as the Agent and the Lenders may see fit, or change any such application in whole or in part from time to time, notwithstanding any direction which may be given regarding application of such monies by the Borrower, the Guarantor of the Borrower or any other person; and

- (j) otherwise deal with the Borrower, the Guarantor of the Obligations or any other person and any security held by the Agent or the Lenders in respect of the Obligations, as the Agent and the Lenders may see fit in their absolute discretion.

Without limiting the generality of the foregoing, the Guarantor shall not be discharged nor shall their liability hereunder be affected by any act, thing, omission or means whatsoever which would not have resulted in the discharge or release of the liability of the Guarantor under this Agreement if they had been liable for payment of the Obligations as principal debtor.

7. **Accounts Settled.** The records of the Agent as to the unpaid balance of the Obligations due to it at any time shall constitute prima facie evidence that the said amount is so due, in the absence of manifest error.

8. **Waivers.** No delay on the part of the Agent or any Lender in exercising any of its options, powers, rights or remedies, or any partial or single exercise thereof, shall constitute a waiver thereof. No waiver or modification or amendment of this Agreement or any of the said options, powers, rights or remedies shall be binding upon the Agent or any Lender unless made in writing and signed by an authorized officer of the Agent, and any such waiver shall apply only with respect to the specific instance involved, and shall in no way impair the rights of the Agent and the Lenders or the liability of the Guarantor hereunder in any other respect or at any other time.

9. **Foreign Currency Obligations.** If any portion of the Obligations is payable by the Borrower in a currency other than Canadian dollars (the “**Required Currency**”), the liability of the Guarantor in respect of such portion of the Obligations shall be to pay such amount in the Required Currency. If the Guarantor makes payment in respect of such portion of the Obligations in any other currency (the “**Payment Currency**”), such payment shall constitute satisfaction of the said liability of the Guarantor only to the extent that the Agent is able to purchase such portion of the Obligations in the Required Currency using the amount of the Payment Currency received from the Guarantor on the date of receipt, in accordance with the Agent’s normal practice, and the Guarantor shall remain liable to the Agent for any deficiency.

10. **Withholding Taxes.** Except as otherwise required by law, each payment by the Guarantor hereunder shall be made without withholding for or on account of any present or future taxes imposed by or within the jurisdiction in which the Guarantor is domiciled, any jurisdiction from which the Guarantor makes any payment or any other jurisdiction, or (in each case) any political subdivision or taxing authority thereof or therein (other than taxes in respect of the gross or net income, capital gains, assets or capital of any Lender). If any such withholding is required by law, the Guarantor shall make the withholding, pay the amount withheld to the appropriate Governmental Authority before penalties attach thereto or interest accrues thereon and promptly pay to the Agent such additional amount as may be necessary to ensure that the net amount actually received by the Agent (after payment of such taxes including any taxes on such additional amount paid) is equal to the amount which the Agent would have received if no amounts had been withheld.

11. **Revival of Indebtedness and Liability.** If at any time all or any part of any payment previously applied by any Lender to any portion of the Obligations is rescinded or returned by such Lender for any reason whatsoever, whether voluntarily or involuntarily (including, without limitation, as a result of or in connection with the insolvency, bankruptcy or reorganization of the Borrower or the Guarantor, or any allegation that such Lender received a payment in the nature of a preference), then to the extent that such payment is rescinded or returned such portion of the Obligations shall be deemed to have continued in existence notwithstanding such initial application, and this Agreement shall continue to be effective or be

reinstated, as the case may be, as to such portion of the Obligations as though such payment had not been made.

12. **Postponement of Indebtedness.** Payment of all present and future obligations of the Borrower to the Guarantor (collectively, the “**Postponed Indebtedness**”) shall be postponed to payment of the Obligations. For greater certainty, except as permitted in the Credit Agreement or otherwise consented to by the Agent, the Guarantor agrees that it shall not receive any payments of principal, interest or any other amounts in respect of the Postponed Indebtedness owing to it until the Obligations have been paid and satisfied in full. If any portion of the Postponed Indebtedness owing to the Guarantor is paid in contravention of this Agreement, the Guarantor agrees to hold such amount in trust for the Agent and immediately pay such amount to the Agent. If the Guarantor now or in the future holds any security for any Postponed Indebtedness (collectively, the “**Postponed Security**”), the security interests constituted thereby shall be subordinated to all present and future security interests held by the Agent in respect of the Obligations, notwithstanding the order of execution, delivery, registration or perfection of the said security interests, the order of advancement of funds, the order of crystallization of security, or any other matter which may affect the relative priorities of such security interests; and the Guarantor may not initiate or take any action to enforce the Postponed Security without the prior written consent of the Agent.

13. **Restrictions on Right of Subrogation.** The Guarantor agrees not to exercise or enforce any right of subrogation or any similar right against the Borrower or any other guarantor of the Obligations, or as to any security therefor, unless and until the Obligations have been paid and satisfied in full and the Lenders have no further obligation to extend credit to the Borrower under the Credit Agreement or otherwise. The Guarantor has no right to be subrogated hereunder unless: (i) the Guarantor has paid to the Agent an amount equal to the Obligations together with all interest, expenses and other amounts due hereunder; and (ii) the Agent has received from the Borrower a release of all claims and demands which the Borrower may have against the Agent and the Lenders, including any obligation to grant additional credit to the Borrower. Any such assignment of loans and security by the Agent to the Guarantor shall be on an “as is, where is” basis without representations, warranties or conditions, and without recourse to the Agent or the Lenders. All documents listed above shall be in form and substance satisfactory to the Agent, acting reasonably.

14. **Expenses.** The Guarantor agrees to pay to the Agent, promptly upon demand, all reasonable and documented expenses (including reasonable and documented legal fees) incurred by the Agent and the Lenders in connection with the preservation or enforcement of any of their rights and remedies hereunder, together with interest thereon as provided in Section 3 of this Agreement.

15. **Additional Security.** This Agreement is in addition to and not in substitution for any guarantees or agreements which may have previously been given to the Agent or the Lenders by the Guarantor in connection with the Borrower or the Obligations, and is in addition to and without prejudice to any security (including guarantees provided by other persons) now or hereafter held by the Agent or the Lenders in respect of the Obligations, and any other rights or remedies which they might have.

16. **Paramourcy.** In the event of any conflict or discrepancy between the provisions of this Agreement and the provisions of the Credit Agreement, the provisions of the Credit Agreement shall govern and be paramount, but only to the extent of such conflict or discrepancy.

17. **Set-Off.** From and after the occurrence of any Acceleration Event, the Agent and each Lender may from time to time set-off and apply any liabilities it may have to the Guarantor (including liabilities in respect of any monies deposited with it by the Guarantor) against any and all of the obligations of the Guarantor to such Lender now or hereafter existing under this Agreement, whether or not any of such obligations may be unliquidated, contingent or unmatured.

18. **Notice.** All notices and other communications provided for herein shall be given in the manner and subject to the terms of the Credit Agreement.

19. **Severability.** If any provision of this Agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect and all changes rendered necessary by the context shall be deemed to have been made.

20. **Interpretation.** This Agreement is to be read as if all changes in grammar, number and gender rendered necessary by the context had been made. As used herein, “person” includes an individual, corporation, partnership, joint venture, trust, unincorporated association or any government, crown corporation or governmental agency or authority or any combination of the above; and any reference to “Lenders” means the Lenders or any one or more of them, as the context requires. A written declaration by the Agent as to those persons which constitute “Lenders” at any time shall constitute conclusive evidence that such persons are Lenders at such time and are entitled to the benefit of this Agreement.

21. **Further Assurances.** The Guarantor agrees, at its own expense, to promptly execute and deliver or cause to be executed and delivered to the Agent upon request from time to time all such other and further documents, agreements, opinions, certificates and instruments as are required under this Agreement or as may be reasonably requested by the Agent if necessary or desirable to more fully record or evidence the obligations intended to be entered into herein.

22. **Entire Agreement; Conclusive Delivery.** This Agreement constitutes the entire agreement and understanding between the Guarantor and the Agent and the Lenders relating to the subject-matter hereof, and no amendment shall be effective unless made in writing and executed by the Guarantor and the Agent. Possession by the Agent of an original executed copy of this Agreement shall constitute conclusive evidence that: (i) this Agreement was executed and delivered by the Guarantor to the Agent free of all conditions; (ii) there is no agreement or understanding between the Agent and the Guarantor or between any of the Lenders and the Guarantor that this Agreement was delivered in escrow or is not intended to be effective until the occurrence of any event or the satisfaction of any condition; (iii) neither the Agent nor any of the Lenders has made any representations, statements or promises to the Guarantor regarding the Borrower, the Agent’s intention to obtain any security in respect of the Obligations or guarantees from other persons in respect of the Obligations, the circumstances under which the Agent may enforce this Agreement, the manner in which the Agent might enforce this Agreement or any other matter which might conflict with the provisions expressly set out herein; and (iv) there are no representations, statements, promises, understandings, warranties, conditions or collateral agreements between the Agent and the Guarantor or between any of the Lenders and the Guarantor relating to the subject-matter of this Agreement, other than as expressly set out herein.

23. **Release of Agreement.** Upon the full and final payment and performance of the Obligations, the Agent agrees to execute and deliver all such documents and instruments as may be reasonably required to evidence the termination and release of this Agreement.

24. **Governing Law; Submission to Jurisdiction.** This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario, without regard to any principles of conflicts of laws that would apply the law of another jurisdiction. Without prejudice to the right of the Agent to commence any proceedings with respect to this Agreement in any other proper jurisdiction, the Guarantor hereby irrevocably attorns and submits to the jurisdiction of the courts of the Province of Ontario.

25. **Successors and Assigns.** This Agreement shall enure to the benefit of the Agent and the Lenders and their respective permitted successors and assigns, and shall be binding upon the Guarantor and its successors; as used herein, “successors” includes any corporation resulting from the amalgamation of a

corporation with any other corporation. Without limiting the generality of the foregoing, if any Lender assigns or transfers all or any portion of the Obligations or any interest therein to any other person in accordance with the terms and conditions of the Credit Agreement, such person shall thereafter be considered a “Lender” for all purposes under this Agreement, and the Obligations or portion thereof or interest therein so transferred or assigned shall be and shall remain part of the “Obligations” hereunder.

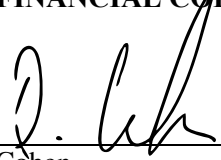
26. **Execution by Fax or PDF; Execution in Counterparts.** This Agreement may be executed in one or more counterparts, each of which when so executed will constitute an original and all of which together will constitute one and the same agreement. The words “delivery”, “execution,” “signed,” “signature,” and words of like import in any Transaction Document or any other document to be signed in connection with this Agreement and the transactions contemplated hereby will be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which will be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law; provided, that notwithstanding anything contained herein to the contrary the Agent is under no obligation to agree to accept electronic signature in any form or in any format unless expressly agreed to by the Agent pursuant to procedures approved by it.

27. **Copy of Agreement.** The Guarantor hereby acknowledges receipt of a copy of this Agreement.

(signature page follows)

IN WITNESS WHEREOF this Agreement has been executed and delivered by the Guarantor under the hands of its duly authorized officer(s).

TRICHOME FINANCIAL CORP.

By:  _____
Name: Daniel Cohen
Title: Vice President and General Counsel

By: _____
Name:
Title:

I/we have the authority to bind the Guarantor.

TAB K

THIS IS **EXHIBIT "K"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

SUPPLEMENT TO GUARANTEE

THIS SUPPLEMENT TO GUARANTEE, dated as of August 27, 2021 (this “**Supplement**”), is made by Highland Grow Inc., a corporation organized under the laws of the Province of Nova Scotia, MYM International Brands Inc., a corporation organized under the laws of the Province of British Columbia, MYM Nutraceuticals Inc., a corporation organized under the laws of the Province of British Columbia, SublimeCulture Inc., a corporation organized under the federal laws of Canada and Trichome Retail Corp., a corporation organized under the laws of the Province of Ontario (collectively, the “**New Guarantors**”, and each, individually, a “**New Guarantor**”), in favour of Cortland Credit Lending Corporation, as agent (in such capacity, the “**Agent**”) for the Lenders (as defined in the Guarantee referred to below). All capitalized terms not defined herein shall have the meanings assigned to them in the Guarantee.

WHEREAS Trichome JWC Acquisition Corp. (the “**Borrower**”) and Trichome Financial Corp. (the “**Guarantor**”) have entered into a credit agreement with Cortland Credit Lending Corporation in its capacity as agent for the Lenders (in such capacity, the “**Agent**”) dated as of May 14, 2021 (as may be amended, replaced, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”);

WHEREAS, in connection with the Credit Agreement, the Borrower and the Guarantor have entered into the Guarantee dated as of May 14, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “**Guarantee**”), in favour of the Agent for the benefit of the Lenders; and

WHEREAS, it is a condition precedent to the continued extension of the Revolving Facility under the Credit Agreement that each New Guarantor guarantee the Obligations.

NOW, THEREFORE, in consideration of the premises and in order to ensure compliance with the Credit Agreement, each New Guarantor hereby agrees as follows:

1. Capitalized terms used but not otherwise defined in this Supplement have the respective meanings given to such terms in the Guarantee, including the definitions of terms incorporated in the Guarantee by reference to other agreements, including the Credit Agreement.
2. Each New Guarantor has received a copy of, and has reviewed, the Guarantee.
3. Effective from and after the date this Supplement is executed and delivered to Agent by any New Guarantor, such New Guarantor shall be, and shall be deemed for all purposes to be, a Guarantor under the Guarantee with the same force and effect, and subject to the same agreements, representations, indemnities, liabilities and obligations, as if such New Guarantor had been, as of the date of this Supplement, an original signatory to the Guarantee as a Guarantor. In furtherance of the foregoing, each New Guarantor hereby unconditionally and irrevocably guarantees the prompt payment and performance to Agent of all Obligations when due in accordance with their terms. The terms and provisions of the Guarantee are incorporated by reference in this Supplement.
4. Each New Guarantor represents and warrants to Agent that each of the representations and warranties made or deemed to have been made by it under the Guarantee as a Guarantor are true and correct on the date of this Supplement.
5. This Supplement shall become effective when it shall have been executed by each New Guarantor and thereafter shall be binding upon such New Guarantor and shall inure to the benefit of the Agent and the Lenders. Upon the effectiveness of this Supplement, this Supplement shall be deemed to be a part of

and shall be subject to all of the terms and conditions of the Guarantee. No New Guarantor shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

6. This Supplement and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Supplement and the transactions contemplated hereby shall be construed in accordance with and be governed by the laws of the province of Ontario.

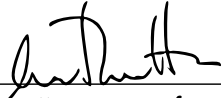
7. This Supplement may be executed in one or more counterparts, each of which when so executed will constitute an original and all of which together will constitute one and the same agreement. The words “delivery”, “execution,” “signed,” “signature,” and words of like import in any Transaction Document or any other document to be signed in connection with this Supplement and the transactions contemplated hereby will be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which will be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law; provided, that notwithstanding anything contained herein to the contrary the Agent is under no obligation to agree to accept electronic signature in any form or in any format unless expressly agreed to by the Agent pursuant to procedures approved by it.

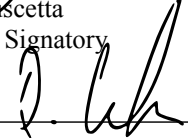
[signature page follows]

IN WITNESS WHEREOF, the New Guarantors have caused this Supplement to be duly executed and delivered as of the date first above written.

NEW GUARANTORS:

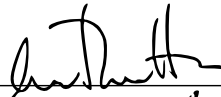
HIGHLAND GROW INC.

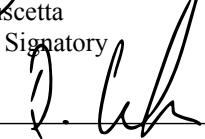
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the New Guarantor

MYM INTERNATIONAL BRANDS INC.

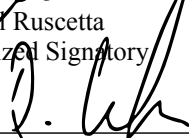
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the New Guarantor

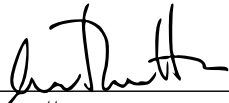
MYM NUTRACEUTICALS INC.

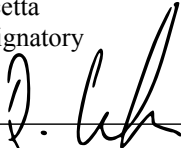
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the New Guarantor

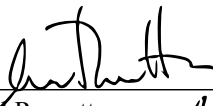
SUBLIMECULTURE INC.

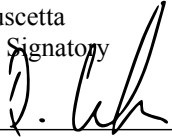
Per: 
Name: Michael Ruschetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the New Guarantor

TRICHOME RETAIL CORP.

Per: 
Name: Michael Ruschetta
Title: Authorized Signatory

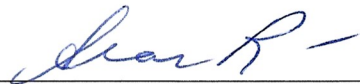
Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the New Guarantor

Acknowledged and agreed to as of the date hereof:

AGENT:

CORTLAND CREDIT LENDING CORPORATION, as Agent

Per: 
Name: Sean Rogister
Title: CEO

I have the authority to bind the Agent

GUARANTOR:

TRICHOME FINANCIAL CORP., as Guarantor

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I have the authority to bind the Guarantor

Acknowledged and agreed to as of the date hereof:

AGENT:

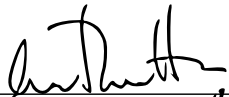
CORTLAND CREDIT LENDING CORPORATION, as Agent

Per: _____
Name:
Title:

I have the authority to bind the Agent

GUARANTOR:

TRICHOME FINANCIAL CORP., as Guarantor

Per:  _____
Name: Michael Ruscetta
Title: Authorized Signatory

Per:  _____
Name: Dan Cohen
Title: Authorized Signatory

I have the authority to bind the Guarantor

T A B L E

THIS IS **EXHIBIT "L"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

CANADIAN PATENT SECURITY AGREEMENT

THIS CANADIAN PATENT SECURITY AGREEMENT, dated as of May 14, 2021 (this “**Security Agreement**”), is made by **TRICHOME JWC ACQUISITION CORP.**, a corporation organized under the laws of the Province of Ontario (the “**Grantor**”), in favor of **CORTLAND CREDIT LENDING CORPORATION**, as agent for the lenders described in the Credit Agreement (as defined below) (the “**Agent**”).

WHEREAS, the Grantor, the Agent and others entered into Credit Agreement dated as of May 14, 2021 (as amended, replaced, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”);

WHEREAS, in connection with the Credit Agreement, the Grantor and others entered into a General Security Agreement, dated as of May 14, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “**General Security Agreement**”), in favour of the Agent; and

WHEREAS, the Credit Agreement and the General Security Agreement require the Grantor to execute and deliver this Security Agreement.

NOW, THEREFORE, in consideration of the premises and in order to ensure compliance with the Credit Agreement, the Grantor hereby agrees as follows:

SECTION 1. Defined Terms. Capitalized terms used herein without definition are used as defined in the Credit Agreement and the General Security Agreement, as applicable.

SECTION 2. Grant of Security Interest in Patent Collateral. The Grantor, as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of its Secured Obligations, hereby mortgages, pledges and hypothecates to the Agent, and grants to the Agent a lien on and security interest in, all of its right, title and interest in, to and under the following Collateral (the “**Patent Collateral**”):

- (i) all of its Canadian patents, including those referred to on Schedule I hereto;
- (ii) all renewals and extensions of the foregoing;
- (iii) all income, royalties, proceeds and liabilities at any time due or payable or asserted under and with respect to any of the foregoing, including all rights to sue and recover at law or in equity for any past, present and future infringement, misappropriation, dilution, violation or other impairment thereof.

SECTION 3. General Security Agreement. The security interest granted pursuant to this Security Agreement is granted in conjunction with the security interests granted to the Agent pursuant to the General Security Agreement, and the Grantor hereby acknowledges and agrees that the rights and remedies of the Agent with respect to the security interest in the Patent Collateral made and granted hereby are more fully set forth in the General Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

SECTION 4. Grantor Remains Liable. The Grantor hereby agrees that, anything herein to the contrary notwithstanding, it shall assume full and complete responsibility for the prosecution, defense, enforcement or any other necessary or desirable actions in connection with its patents subject to a security interest hereunder.

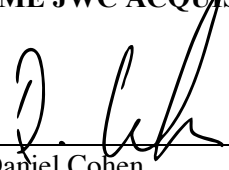
SECTION 5. Counterparts. This Security Agreement may be executed by one or more of the parties to this Security Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart to this Security Agreement by facsimile transmission or by electronic mail in pdf format shall be as effective as delivery of a manually executed counterpart hereof.

SECTION 6. Governing Law. This Security Agreement and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Security Agreement and the transactions contemplated hereby shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the Province of Ontario.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has caused this Security Agreement to be duly executed and delivered as of the date first above written.

TRICHOME JWC ACQUISITION CORP.

By: 
Name: Daniel Cohen
Title: Treasurer and Secretary

By: _____
Name:
Title:

I/we have that authority to bind the Grantor

Acknowledged and agreed to as of the date hereof:

Agent:

**CORTLAND CREDIT LENDING
CORPORATION, as Agent**

By: _____
Name:
Title:

IN WITNESS WHEREOF, each of the undersigned has caused this Security Agreement to be duly executed and delivered as of the date first above written.

TRICHOME JWC ACQUISITION CORP.

By: _____
Name:
Title:

By: _____
Name:
Title:

I/we have that authority to bind the Grantor

Acknowledged and agreed to as of the date hereof:

Agent:

**CORTLAND CREDIT LENDING
CORPORATION, as Agent**

By:  _____
Name: Sean Rogister
Title: CEO

SCHEDULE I**Patents**

Patent	Ownership	Country	App./Reg. No.	Date of Application/ Registration	Status
Aeroponic Systems And Methods For Growing Plants	Trichome JWC Acquisition Corp.	Canada	2,996,234	February 23, 2018	To be abandoned.
Apparatus And Method For Trimming Plants	Trichome JWC Acquisition Corp.	Canada	2,997,989	March 12, 2018	Abandoned.
Dual Droplet Aeroponic Systems And Methods For Growing Plants	Trichome JWC Acquisition Corp.	Canada	3,025,110	November 23, 2018	Abandoned.

TAB M

THIS IS **EXHIBIT "M"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

CANADIAN TRADEMARK SECURITY AGREEMENT

THIS CANADIAN TRADEMARK SECURITY AGREEMENT, dated as of May 14, 2021 (this “**Security Agreement**”), is made by **TRICHOME JWC ACQUISITION CORP.**, a corporation organized under the laws of the Province of Ontario (the “**Grantor**”), in favor of **CORTLAND CREDIT LENDING CORPORATION**, as agent for the lenders described in the Credit Agreement (as defined below) (the “**Agent**”).

WHEREAS, the Grantor, the Agent and others entered into Credit Agreement dated as of May 14, 2021 (as amended, replaced, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”);

WHEREAS, in connection with the Credit Agreement, the Grantor and others entered into a General Security Agreement, dated as of May 14, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “**General Security Agreement**”), in favour of the Agent; and

WHEREAS, the Credit Agreement and the General Security Agreement require the Grantor to execute and deliver this Security Agreement.

NOW, THEREFORE, in consideration of the premises and in order to ensure compliance with the Credit Agreement, the Grantor hereby agrees as follows:

SECTION 1. Defined Terms. Capitalized terms used herein without definition are used as defined in the Credit Agreement and the General Security Agreement, as applicable.

SECTION 2. Grant of Security Interest in Trademark Collateral. The Grantor, as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of its Secured Obligations, hereby mortgages, pledges and hypothecates to the Agent, and grants to the Agent a lien on and security interest in, all of its right, title and interest in, to and under the following Collateral (the “**Trademark Collateral**”):

- (i) all of its Canadian trademarks, including those referred to on Schedule I hereto;
- (ii) all renewals and extensions of the foregoing;
- (iii) all goodwill of the business connected with the use of, and symbolized by, each such trademark; and
- (iv) all income, royalties, proceeds and liabilities at any time due or payable or asserted under and with respect to any of the foregoing, including all rights to sue and recover at law or in equity for any past, present and future infringement, misappropriation, dilution, violation or other impairment thereof.

SECTION 3. General Security Agreement. The security interest granted pursuant to this Security Agreement is granted in conjunction with the security interests granted to the Agent pursuant to the General Security Agreement, and the Grantor hereby acknowledges and agrees that the rights and remedies of the Agent with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the General Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

SECTION 4. Grantor Remains Liable. The Grantor hereby agrees that, anything herein to the contrary

notwithstanding, it shall assume full and complete responsibility for the prosecution, defense, enforcement or any other necessary or desirable actions in connection with its trademarks subject to a security interest hereunder.


SECTION 5. Counterparts. This Security Agreement may be executed by one or more of the parties to this Security Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart to this Security Agreement by facsimile transmission or by electronic mail in pdf format shall be as effective as delivery of a manually executed counterpart hereof.

SECTION 6. Governing Law. This Security Agreement and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Security Agreement and the transactions contemplated hereby shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the Province of Ontario.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has caused this Security Agreement to be duly executed and delivered as of the date first above written.

TRICHOME JWC ACQUISITION CORP.

By:  _____
Name: Daniel Cohen
Title: Treasurer and Secretary

By: _____
Name:
Title:

I/we have that authority to bind the Grantor

Acknowledged and agreed to as of the date hereof:

Agent:

**CORTLAND CREDIT LENDING
CORPORATION, as Agent**

By: _____
Name:
Title:

IN WITNESS WHEREOF, each of the undersigned has caused this Security Agreement to be duly executed and delivered as of the date first above written.

TRICHOME JWC ACQUISITION CORP.

By: _____
Name:
Title:

By: _____
Name:
Title:

I/we have that authority to bind the Grantor

Acknowledged and agreed to as of the date hereof:

Agent:

**CORTLAND CREDIT LENDING
CORPORATION, as Agent**

By:  _____
Name: Sean Register
Title: CEO

SCHEDULE I

Trademarks

Owner	Trademark	Country	Application/Registration No.	Filing/Registration Date	Status
Trichome JWC Acquisition Corp.	GROWTHSTORM	Canada	1,867,310	November 10, 2017	To be abandoned.
Trichome JWC Acquisition Corp.	JWC & LEAF DESIGN	Canada	1,867,688	November 14, 2017	To be abandoned.
Trichome JWC Acquisition Corp.	JAMES E. WAGNER CULTIVATION & DESIGN	Canada	1,867,687	November 14, 2017	To be abandoned.
Trichome JWC Acquisition Corp.	TEMPEST TRIMMER	Canada	1,909,674	July 16, 2018	Abandoned.
Trichome JWC Acquisition Corp.	GROWTHSTORM DUAL DROPLET	Canada	1,943,261	January 29, 2019	To be abandoned.
Trichome JWC Acquisition Corp.	DUAL DROPLET SYSTEM & DESIGN	Canada	1,950,111	March 7, 2019	To be abandoned.
Trichome JWC Acquisition Corp.	DUAL DROPLET SYSTEM GROWTHSTORM & DESIGN	Canada	1,950,112	March 7, 2019	To be abandoned.
Trichome JWC Acquisition Corp.	WAGNERS	Canada	2,066,121	November 25, 2020	Pending.

Owner	Trademark	Country	Application/Registration No.	Filing/Registration Date	Status
Trichome JWC Acquisition Corp.	WELL MADE WEED	Canada	N/A	N/A	Will be filed imminently.

TAB N

THIS IS **EXHIBIT "N"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

CANADIAN TRADEMARK SECURITY AGREEMENT

THIS CANADIAN TRADEMARK SECURITY AGREEMENT, dated as of August 27, 2021 (this “**Security Agreement**”), is made by **MYM NUTRACEUTICALS INC.**, a corporation organized under the laws of the Province of British Columbia (the “**Grantor**”), in favor of **CORTLAND CREDIT LENDING CORPORATION**, as agent for the lenders described in the Credit Agreement (as defined below) (the “**Agent**”).

WHEREAS, Trichome JWC Acquisition Corp. (the “**Borrower**”), the Agent and others entered into Credit Agreement dated as of May 14, 2021 (as amended, replaced, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”);

WHEREAS, pursuant to an instrument of assumption and joinder dated as of August 27, 2021 the Grantor agreed to be bound by the terms of the Credit Agreement;

WHEREAS, in connection with the Credit Agreement, the Borrower and others entered into a General Security Agreement, dated as of May 14, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “**General Security Agreement**”), in favour of the Agent;

WHEREAS, pursuant to a supplement to the General Security Agreement dated as of August 27, 2021 the Grantor agreed to be bound by the terms of the General Security Agreement; and

WHEREAS, the Credit Agreement and the General Security Agreement require the Grantor to execute and deliver this Security Agreement.

NOW, THEREFORE, in consideration of the premises and in order to ensure compliance with the Credit Agreement, the Grantor hereby agrees as follows:

SECTION 1. Defined Terms. Capitalized terms used herein without definition are used as defined in the Credit Agreement and the General Security Agreement, as applicable.

SECTION 2. Grant of Security Interest in Trademark Collateral. The Grantor, as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of its Secured Obligations, hereby mortgages, pledges and hypothecates to the Agent, and grants to the Agent a lien on and security interest in, all of its right, title and interest in, to and under the following Collateral (the “**Trademark Collateral**”):

- (i) all of its Canadian trademarks, including those referred to on Schedule I hereto;
- (ii) all renewals and extensions of the foregoing;
- (iii) all goodwill of the business connected with the use of, and symbolized by, each such trademark; and
- (iv) all income, royalties, proceeds and liabilities at any time due or payable or asserted under and with respect to any of the foregoing, including all rights to sue and recover at law or in equity for any past, present and future infringement, misappropriation, dilution, violation or other impairment thereof.

SECTION 3. General Security Agreement. The security interest granted pursuant to this Security Agreement is granted in conjunction with the security interests granted to the Agent

pursuant to the General Security Agreement, and the Grantor hereby acknowledges and agrees that the rights and remedies of the Agent with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the General Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

SECTION 4. Grantor Remains Liable. The Grantor hereby agrees that, anything herein to the contrary notwithstanding, it shall assume full and complete responsibility for the prosecution, defense, enforcement or any other necessary or desirable actions in connection with its trademarks subject to a security interest hereunder.

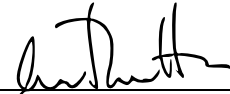
SECTION 5. Counterparts. This Security Agreement may be executed by one or more of the parties to this Security Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart to this Security Agreement by facsimile transmission or by electronic mail in pdf format shall be as effective as delivery of a manually executed counterpart hereof.

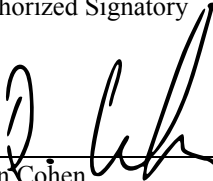
SECTION 6. Governing Law. This Security Agreement and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Security Agreement and the transactions contemplated hereby shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the Province of Ontario.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has caused this Security Agreement to be duly executed and delivered as of the date first above written.

MYM NUTRACEUTICALS INC.

By: 
Name: Michael Ruscetta
Title: Authorized Signatory

By: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have that authority to bind the Grantor

Acknowledged and agreed to as of the date hereof:

Agent:

**CORTLAND CREDIT LENDING
CORPORATION, as Agent**

By: _____
Name:
Title:

IN WITNESS WHEREOF, each of the undersigned has caused this Security Agreement to be duly executed and delivered as of the date first above written.

MYM NUTRACEUTICALS INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

I/we have that authority to bind the Grantor

Acknowledged and agreed to as of the date hereof:

Agent:

**CORTLAND CREDIT LENDING
CORPORATION, as Agent**

By:  _____
Name: Sean Register
Title: CEO

SCHEDULE I**Trademarks**

Trademark	Ownership	Country	App./Reg. No.	Date of Application/Registration	CIPO Status	TM5 Status
DR. FURBABY	MYM Nutraceuticals Inc.	Canada	1945273	February 8, 2019	Formalized	Awaiting Examination
HEMPMED	MYM Nutraceuticals Inc.	Canada	1841471	June 7, 2017	Abandoned	Abandoned
JOSHUA TREE	MYM Nutraceuticals Inc.	Canada	1821996	February 8, 2017	Registered	Issued and Active
BUDLY	MYM Nutraceuticals Inc.	Canada	1906907	June 28, 2018	Searched	Under Examination
MYMARIJUANA	MYM Nutraceuticals Inc.	Canada	1676300	May 9, 2014	Registered	Issued and Active

TAB O

THIS IS **EXHIBIT "O"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

TRANSFER AND ASSIGNMENT OF INSURANCE

To: Cortland Credit Lending Corporation, as Agent (the “Assignee”)

Date: as of May 14, 2021

Trichome JWC Acquisition Corp., as borrower, (the “**Borrower**”) and Trichome Financial Corp., as guarantor, (collectively with the Borrower, the “**Assignors**”) have entered into a credit agreement with the Assignee in its capacity as agent for the Lenders dated as of May 14, 2021 (as may be amended, replaced, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”). It is in the interests of the Assignors that the Lenders extend credit pursuant to the Credit Agreement, and therefore, the Assignors are prepared to issue this Assignment of Insurance (this “**Agreement**”) to the Assignee for an on behalf of the Lenders.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the undersigned, the Assignors hereby transfers and assigns to the Assignee, as the Assignee’s interest may appear, all sums of money which may now or hereafter become payable to such Assignor by virtue of any and all insurance policies now or hereafter maintained by or for such Assignor, including without limitation the policy or policies referred to in Schedule “A” attached hereto, and each Assignor hereby authorizes the Assignee to receive such amounts and give effectual receipts and discharges therefor.

This Agreement may be executed by facsimile or pdf, and any signature contained hereon by facsimile or pdf shall be deemed to be equivalent to an original signature for all purposes. Terms used herein as defined terms shall have the meanings ascribed thereto in the Credit Agreement, unless otherwise defined.


This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Each Assignor hereby notifies each applicable insurer of the foregoing transfer, assignment and authorization. This Assignment will automatically terminate upon the payment in full (other than contingent obligations not yet due and owing) of the Obligations (as such term is defined in the Credit Agreement).

[Signature Page Follows]

Dated as of the date first written above.


TRICHOME FINANCIAL CORP.

Per: 
Name: Daniel Cohen
Title: Vice President and General Counsel

Per: _____
Name:
Title:

I/we have the authority to bind the Assignor.

TRICHOME JWC ACQUISITION CORP.

Per: 
Name: Daniel Cohen
Title: Treasurer and Secretary

Per: _____
Name:
Title:

I/we have the authority to bind the Assignor.

SCHEDULE "A"

INSURANCE POLICIES ASSIGNED

Insured	Policy Number	Insurer	Type
Trichome JWC Acquisition Corp.	NWIC1002207	Next Wave Insurance Canada	General liability
Trichome JWC Acquisition Corp.	NWIC1002207	Next Wave Insurance Canada	Product recall
Trichome JWC Acquisition Corp.	CC-106923	Coast Underwriters	Cargo
Trichome JWC Acquisition Corp.	40206329	Economical Insurance through Strategic Underwriting Managers	Property and related coverage

TAB P

THIS IS **EXHIBIT "P"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

TRANSFER AND ASSIGNMENT OF INSURANCE

To: Cortland Credit Lending Corporation, as Agent (the “Assignee”)

Date: as of August 27, 2021

Trichome JWC Acquisition Corp., as borrower, (the “**Borrower**”) and Trichome Financial Corp., as guarantor, have entered into a credit agreement with the Assignee in its capacity as agent for the Lenders dated as of May 14, 2021 (as may be amended, replaced, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”).

Each of Highland Grow Inc., a corporation organized under the laws of the Province of Nova Scotia, MYM International Brands Inc., a corporation organized under the laws of the Province of British Columbia, MYM Nutraceuticals Inc., a corporation organized under the laws of the Province of British Columbia, SublimeCulture Inc., a corporation organized under the federal laws of Canada and Trichome Retail Corp., a corporation organized under the laws of the Province of Ontario (collectively, the “**Assignors**”, and each, individually, an “**Assignor**”) has executed an instrument of assumption and joinder relating to the Credit Agreement.

It is in the interests of the Assignors that the Lenders extend credit pursuant to the Credit Agreement, and therefore, the Assignors are prepared to issue this Assignment of Insurance (this “**Agreement**”) to the Assignee for an on behalf of the Lenders.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each Assignor, each Assignor hereby transfers and assigns to the Assignee, as the Assignee’s interest may appear, all sums of money which may now or hereafter become payable to such Assignor by virtue of any and all insurance policies now or hereafter maintained by or for such Assignor, including without limitation the policy or policies referred to in Schedule “A” attached hereto, and each Assignor hereby authorizes the Assignee to receive such amounts and give effectual receipts and discharges therefor.

This Agreement may be executed by facsimile or pdf, and any signature contained hereon by facsimile or pdf shall be deemed to be equivalent to an original signature for all purposes. Terms used herein as defined terms shall have the meanings ascribed thereto in the Credit Agreement, unless otherwise defined.

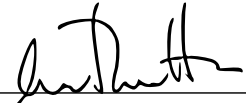
This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.


Each Assignor hereby notifies each applicable insurer of the foregoing transfer, assignment and authorization. This Assignment will automatically terminate upon the payment in full (other than contingent obligations not yet due and owing) of the Obligations (as such term is defined in the Credit Agreement).

[Signature Page Follows]

Dated as of the date first written above.

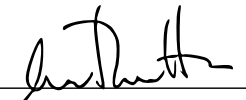
HIGHLAND GROW INC.

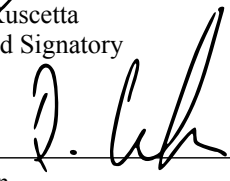
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Assignor.

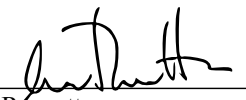
MYM INTERNATIONAL BRANDS INC.

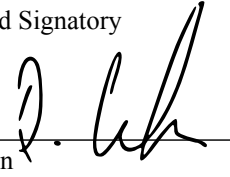
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Assignor.

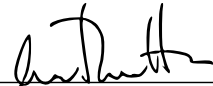
MYM NUTRACEUTICALS INC.

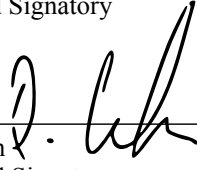
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Assignor.

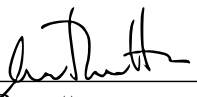
SUBLIMECULTURE INC.

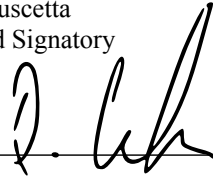
Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Assignor.

TRICHOME RETAIL CORP.

Per: 
Name: Michael Ruscetta
Title: Authorized Signatory

Per: 
Name: Dan Cohen
Title: Authorized Signatory

I/we have the authority to bind the Assignor.

SCHEDULE "A"

INSURANCE POLICIES ASSIGNED

Insured	Policy Number	Insurer	Type
Highland Grow Inc., Sublimeculture Inc., MYM Nutraceuticals Inc., and MYM International Brands Inc.	NWIC1001146	Next Wave Insurance Canada	Product Recall
Highland Grow Inc., Sublimeculture Inc., MYM Nutraceuticals Inc., and MYM International Brands Inc.	NWIC1001190	Next Wave Insurance Canada	Property and related coverage
MYM Nutraceuticals Inc.	UB20PG682V2X CC005112000 DOX562414	FIRST Insurance Funding of Canada	D&O Run Off

TAB Q

THIS IS **EXHIBIT "Q"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

POSTPONEMENT AGREEMENT

TO: CORTLAND CREDIT LENDING CORPORATION, as agent (the “Agent”)

FROM: IM CANNABIS CORP. (the “Creditor”)

RE: TRICHOME JWC ACQUISITION CORP. (together with its successors, the “Borrower”), TRICHOME FINANCIAL CORP., HIGHLAND GROW INC., MYM INTERNATIONAL BRANDS INC., MYM NUTRACEUTICALS INC., SUBLIMECULTURE INC., TRICHOME RETAIL CORP. and each other Person that may from time to time become a party to the Credit Agreement (as defined below) as a Guarantor and Obligor (as such terms are defined in the Credit Agreement) (each, together with its successors, a “Guarantor” and collectively, the “Guarantors”, and together with the Borrower, collectively, the “Obligors”)

DATE: August 27, 2021

WHEREAS:

- A. Pursuant to a credit agreement dated as of May 14, 2021 among the Borrower, as borrower, the Company, as guarantor, the Agent and others, as amended on the date hereof (as may be further amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Credit Agreement**”), the Lenders agreed to provide certain credit facilities in favour of the Company.
- B. The Obligors may from time to time become indebted to the Creditor.
- C. It is a condition of the Credit Agreement that repayment of all present and future indebtedness and other obligations of the Obligors to the Creditor, including without limitation the Existing Debt (collectively, the “**IMC Debt**”) be postponed to the payment of all present and future indebtedness and other obligations of the Obligors to the Agent and the Lenders under the Credit Agreement and the other Credit Documents (collectively, the “**Cortland Debt**”).

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Creditor hereby represents, warrants and agrees with the Agent as follows:

1. Terms used herein which are defined in the Credit Agreement shall have the same meanings herein as are ascribed to such terms in the Credit Agreement, unless such terms are otherwise defined.
2. Except as may be permitted under the provisions of the Credit Agreement relating to Permitted Payments, or as may otherwise be permitted by the Agent in its discretion, payment of any part of the IMC Debt is hereby deferred and postponed by the Creditor to all of the Cortland Debt and no payment shall be made or received on account of the IMC Debt without the prior written consent of the Agent. Any payment which might be received notwithstanding the foregoing shall be received in trust for the Agent and shall be paid to the Agent forthwith on receipt (which when received by the Agent shall be held by it as security for the Cortland Debt or applied by it to reduce the Cortland Debt at the Agent’s discretion).
3. By way of security for the Cortland Debt, the Creditor hereby assigns and transfers to the Agent the IMC Debt. Notwithstanding the foregoing assignment and transfer, if an Obligor defaults on the IMC Debt, the Creditor may take any of the following actions:
 - (a) the provision by the Creditor of a notice of default to such Obligor;

- (b) the making of a demand with respect to any payment which is due and payable on a non-accelerated basis in accordance with the terms of the IMC Debt as in effect on the date hereof, or any reimbursement or indemnification obligation (without any acceleration of the time for payment of any of the IMC Debt);
- (c) the filing of a proof of claim or similar instrument with respect to the IMC Debt in any insolvency proceeding;
- (d) the voting of a claim with respect to the IMC Debt in any insolvency proceeding in accordance with the terms of this Agreement; or
- (e) the institution of a default rate of interest.

4. The Creditor shall promptly notify the Agent when a default exists in respect of the IMC Debt (provided that any failure to deliver any such notice shall not constitute a breach of this Agreement or otherwise affect the postponement and subordination provisions or other rights or obligations of the Creditor hereunder). Except as described above in paragraph 3, the Creditor shall not commence any collection, enforcement or other legal proceedings against the applicable Obligor in connection with the IMC Debt, except with the consent of the Agent.

5. The Creditor represents that the IMC Debt is not represented by any negotiable instrument and that in the event that it should be, any such negotiable instrument shall be forthwith delivered to the Agent to be held pursuant to the terms hereof.

6. The Creditor represents that the IMC Debt is unsecured and agrees that it will not require any of the Obligors to grant any Lien over their assets or property in respect of the IMC Debt, except with the consent of the Agent.

7. The Agent may grant time, renewals, extensions, amendments, modifications and releases to, and otherwise deal with, the Obligors and others, at the Agent's discretion, without notice to the Creditor and without prejudice to or in any way limiting or affecting the obligations of the Creditor hereunder. Notwithstanding the foregoing, the Agent shall promptly notify the Creditor when a default exists in respect of the Cortland Debt (provided that any failure to deliver any such notice shall not constitute a breach of this Agreement or otherwise affect the postponement and subordination provisions or other rights or obligations of the Creditor hereunder).

8. The Creditor agrees that the Agent shall not incur any responsibility to the Creditor, the Obligors or any of their Affiliates for any loss whatsoever which they or either of them may suffer arising out of or in any way connected with the IMC Debt or this Agreement.

9. This Agreement shall extend to and be binding upon the Creditor and its successors and assigns, including any assignee of the IMC Debt or any portion thereof, and shall enure to the benefit of the Agent and its successors and assigns.

10. This Agreement may be executed and delivered by electronic means (including PDF or DocuSign) and in any number of counterparts, each of which is deemed an original, and all of which together constitute one and the same document.


11. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Creditor hereby irrevocably and

unconditionally attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario, provided that nothing herein shall prevent the Agent from proceeding at its election against the Creditor in the courts of any other province, country or jurisdiction.

[signature page follows]

IN WITNESS WHEREOF the Creditor has executed this Agreement.

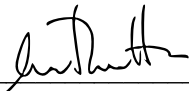
IM CANNABIS CORP.


By: 
Name: Oren Shuster
Title: CEO

ACKNOWLEDGMENT

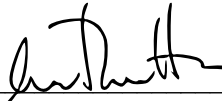
Each of the undersigned hereby acknowledges that it has taken notice of the foregoing postponement of claim and expressly consents thereto and undertakes not to make payment of any of the IMC Debt otherwise than in accordance with the terms thereof without the prior written approval of the Agent.


HIGHLAND GROW INC.

By: 
Name: Michael Ruscetta
Title: Authorized Signatory

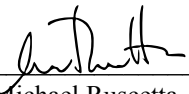
By: 
Name: Dan Cohen
Title: Authorized Signatory


MYM INTERNATIONAL BRANDS INC.

By: 
Name: Michael Ruscetta
Title: Authorized Signatory

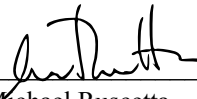
By: 
Name: Dan Cohen
Title: Authorized Signatory

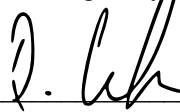
MYM NUTRACEUTICALS INC.

By: 
Name: Michael Ruscetta
Title: Authorized Signatory

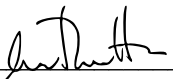
By: 
Name: Dan Cohen
Title: Authorized Signatory

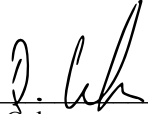
SUBLIMECULTURE INC.

By: 
Name: Michael Ruscetta
Title: Authorized Signatory

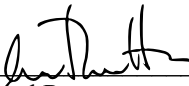
By: 
Name: Dan Cohen
Title: Authorized Signatory


TRICHOME FINANCIAL CORP.

By: 
Name: Michael Ruscetta
Title: Authorized Signatory

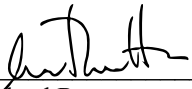
By: 
Name: Dan Cohen
Title: Authorized Signatory

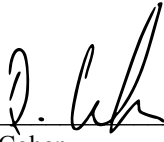
TRICHOME JWC ACQUISITION CORP.

By: 
Name: Michael Ruscetta
Title: Authorized Signatory

By: 
Name: Dan Cohen
Title: Authorized Signatory

TRICHOME RETAIL CORP.

By: 
Name: Michael Ruscetta
Title: Authorized Signatory

By: 
Name: Dan Cohen
Title: Authorized Signatory

TAB R

THIS IS **EXHIBIT "R"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

LIMITED WAIVER AGREEMENT

This Limited Waiver Agreement (this “**Agreement**”), dated as of August 3, 2022, is made by and among **Cortland Credit Lending Corporation** (“**Cortland**”), in its capacity as administrative agent (in such capacity, the “**Agent**”) for the lenders referenced in the Credit Agreement (as defined below) (collectively, the “**Lenders**”), **Trichome JWC Acquisition Corp.**, **Trichome Financial Corp.**, **Highland Grow Inc.**, **MYM International Brands Inc.**, **MYM Nutraceuticals Inc.** (“**MYMN**”), **SublimeCulture Inc.** (“**Sublime**”) and **Trichome Retail Corp.** (collectively, the “**Obligors**” and each, an “**Obligor**”)

WHEREAS the Obligors and the Agent are party to a credit agreement dated as of May 14, 2021, as amended by amending agreement no.1 on August 27, 2021, as further amended by amending agreement no. 2 on March 31, 2022 (as amended, the “**Credit Agreement**”).

AND WHEREAS Section 11(b) of the Credit Agreement requires that the Borrower will at all times maintain a Debt Service Coverage Ratio of not less than 2:1 commencing at the end of the calendar month ending December 31, 2021 (the “**Debt Service Covenant**”).

AND WHEREAS the Borrower has breached the Debt Service Covenant for the period ending June 30, 2022 and anticipates such breach to continue until September 30, 2022 (the “**Debt Service Covenant Breach**”).

AND WHEREAS Section 9(v) of the Credit Agreement requires that the Borrower do all such things as may reasonably be required to maintain the perfection of the Agent’s Liens in the Collateral (the “**Continuous Perfection Covenant**”);

AND WHEREAS the Borrower has breached the Continuous Perfection Covenant by failing to provide the Agent with original share certificates and stock transfer powers after the shares of Sublime were transferred by MYMN to the Borrower (the “**Continuous Perfection Covenant Breach**”, and, together with the Debt Service Covenant Breach, the “**Breaches**”).

AND WHEREAS the Borrower has requested that the Agent, on behalf of the Lenders, waive the Breaches.

NOW THEREFORE In consideration of the sum of \$1.00 in lawful currency of Canada and other good and valuable consideration, including the terms and conditions herein, the Obligors and the Agent hereby agree as follows.

1. Capitalized terms used herein but not otherwise defined have the meaning given to such terms in the Credit Agreement.
2. As of the Effective Date and subject to the terms of this Agreement, the Agent, on its own behalf and on behalf of the Lenders, agrees to waive each Breach and any Event of Default resulting from such Breach.
3. The waiver set forth in Section 2 shall be limited precisely as written and shall not be deemed: (i) to be an amendment, extension, forbearance, modification or waiver of any other term or condition of the Credit Agreement, any Transaction Document or of any other

instrument or agreement referred to therein; (ii) to impair, limit or prejudice any right or remedy which the Agent or any Lender may now have or may have in the future under or in connection with the Credit Agreement, any Transaction Document or any instrument or agreement referred to therein; (iii) to be a consent to any future amendment, extension, forbearance, modification or waiver of any other term or condition of the Credit Agreement, any Transaction Document or of any other instrument or agreement referred to therein; or (iv) to impair, limit or prejudice the right of the Agent or any Lender to demand strict performance of all terms and covenants contained in the Credit Agreement, any Transaction Document or any instrument or agreement referred to therein as of any date.

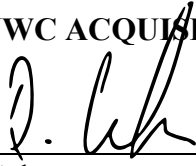
4. The Agent, on its own behalf and on behalf of the Lenders, reserve all of its and their rights and remedies with respect to any other Default or Event of Default now or at any time hereafter existing, including any additional breach of the Debt Service Covenant or the Continuous Perfection Covenant.
5. This Agreement shall become effective on the date upon which the Agent shall have received this Agreement, duly executed and delivered by the Obligors (the “**Effective Date**”), in form and substance satisfactory to the Agent.
6. In order to induce the Agent, on its own behalf and on behalf of the Lenders, to enter into this Agreement, each Obligor hereby represents and warrants to the Agent, on its own behalf and on behalf of the Lenders, as follows, which representations and warranties shall survive the execution and delivery hereof, after giving effect to this Agreement:
 - (a) the representations and warranties in the Credit Agreement continue to be true and correct;
 - (b) it has taken all necessary action, corporate or otherwise, to authorize the execution, delivery and performance of this Agreement;
 - (c) it has duly executed and delivered this Agreement;
 - (d) this Agreement constitutes legal, valid and binding obligations of such Obligor, enforceable against it in accordance with its terms; and
 - (e) no Default or Event of Default (other than the Breaches) has occurred and is continuing.
7. The provisions hereof shall enure to the benefit of the parties hereto and their respective successors and assigns and be binding upon the parties hereto and their respective successors and assigns.
8. The provisions hereof shall be governed by and construed in accordance with the laws of the Ontario and the federal laws of Canada applicable therein.
9. This Agreement is a Transaction Document.

10. Time is of the essence of this Agreement.
11. This Agreement may be signed in counterpart and delivered via electronic means.

[signature page follows]

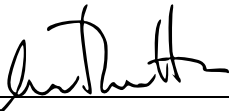
IN WITNESS WHEREOF, the parties hereto have caused this Limited Waiver Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

TRICHOME JWC ACQUISITION CORP.

Per: 
Name: Daniel Cohen
Title: Director

I have the authority to bind the Borrower

TRICHOME FINANCIAL CORP.

Per: 
Name: Michael Ruscetta
Title: Chief Executive Officer

I have the authority to bind the Guarantor


HIGHLAND GROW INC.

Per: 
Name: Daniel Cohen
Title: Director

I have the authority to bind the Guarantor

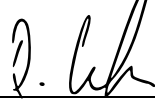
IN WITNESS WHEREOF, the parties hereto have caused this Limited Waiver Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

MYM INTERNATIONAL BRANDS INC.

Per: 
Name: Daniel Cohen
Title: Director

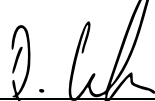
I have the authority to bind the Guarantor

MYM NUTRACEUTICALS INC.

Per: 
Name: Daniel Cohen
Title: Director

I have the authority to bind the Guarantor

SUBLIMECULTURE INC.

Per: 
Name: Daniel Cohen
Title: Director

I have the authority to bind the Guarantor

IN WITNESS WHEREOF, the parties hereto have caused this Limited Waiver Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

**CORTLAND CREDIT LENDING
CORPORATION, as Agent**

DocuSigned by:

Per: _____
Name: Sean Rogister
Title: CEO

I have the authority to bind the Agent

LIMITED WAIVER AGREEMENT

This Limited Waiver Agreement (this “**Agreement**”), dated as of September 26, 2022, is made by and among **Cortland Credit Lending Corporation** (“**Cortland**”), in its capacity as administrative agent (in such capacity, the “**Agent**”) for the lenders referenced in the Credit Agreement (as defined below) (collectively, the “**Lenders**”), **Trichome JWC Acquisition Corp.**, **Trichome Financial Corp.**, **Highland Grow Inc.**, **MYM International Brands Inc.**, **MYM Nutraceuticals Inc.** and **Trichome Retail Corp.** (collectively, the “**Obligors**” and each, an “**Obligor**”).

WHEREAS the Obligors and the Agent are party to a credit agreement dated as of May 14, 2021, as amended by amending agreement no.1 on August 27, 2021, as further amended by amending agreement no. 2 on March 31, 2022 (as amended, the “**Credit Agreement**”);

AND WHEREAS for the week ending September 16, 2022 there was a Borrowing Base Shortfall in the amount of \$670,898.63 and as of the date hereof there is a Borrowing Base Shortfall in the amount of \$447,265.75 (collectively, the “**Current Borrowing Base Shortfall**”);

AND WHEREAS Section 3(b) of the Credit Agreement requires that the Borrower will promptly, and in any event within three (3) Business Days, following receipt of notice of any Borrowing Base Shortfall repay the outstanding principal of the Loan Advances in cash by an amount required to reduce the Total Exposure to an amount less than or equal to the Borrowing Limit (the “**Paydown Covenant**”);

AND WHEREAS the Borrower has breached the Paydown Covenant (the “**Specified Breach**”);

AND WHEREAS the Borrower has requested that the Agent, on behalf of the Lenders, waive the Specified Breach;

AND WHEREAS the Borrower provided the Agent with an Advance Request Certificate dated September 21, 2022 (the “**9/21 Advance Request Certificate**”), which indicated that additional breaches of representations, warranties and covenants in the Credit Agreement had occurred (collectively, the “**Additional Breaches**”);

NOW THEREFORE In consideration of the sum of \$1.00 in lawful currency of Canada and other good and valuable consideration, including the terms and conditions herein, the Obligors and the Agent hereby agree as follows.

1. Capitalized terms used herein but not otherwise defined have the meaning given to such terms in the Credit Agreement.
2. The Borrower hereby acknowledges that the Current Borrowing Base Shortfall has occurred and waives any requirement for the Agent to provide a Repayment Notice in respect of same.
3. As of the Effective Date and subject to the terms of this Agreement, the Agent, on its own behalf and on behalf of the Lenders, agrees to waive the Specified Breach and any Event of Default resulting from such Specified Breach; provided that:

- (a) for the seven day period commencing on September 17, 2022, the Borrowing Base Shortfall, based on the Borrowing Base Certificate provided to the Agent on September 19, 2022, shall not exceed \$447,265.75; and
- (b) for the seven day period commencing on September 24, 2022, the Borrowing Base Shortfall, based on the Borrowing Base Certificate to be provided to the Agent on September 26, 2022, shall not exceed \$223,632.88;

provided further that:

- (i) Section 3(b) of the Credit Agreement shall not apply to any Borrowing Base Shortfall within the amounts, and during the periods, described above in paragraphs (a) and (b);
 - (ii) if the Borrowing Base Shortfall for the periods described above in paragraphs (a) or (b) exceeds the amounts indicated in such paragraphs, then the Borrower shall promptly, and in any event within three (3) Business Days, repay outstanding Loan Advances as may be required to reduce such Borrowing Base Shortfall to an amount equal to or less than such amounts; and
 - (iii) for the seven day period commencing on October 1, 2022 and thereafter, Section 3(b) of the Credit Agreement shall apply to any Borrowing Base Shortfall.
4. The waiver set forth in Section 3 shall be limited precisely as written and shall not be deemed: (a) to be an amendment, extension, forbearance, modification or waiver of any other term or condition of the Credit Agreement, any Transaction Document or of any other instrument or agreement referred to therein, including a forbearance or waiver of any Additional Breach; (b) to impair, limit or prejudice any right or remedy which the Agent or any Lender may now have or may have in the future under or in connection with the Credit Agreement, any Transaction Document or any instrument or agreement referred to therein, including in connection with any Additional Breach; (c) to be a consent to any future amendment, extension, forbearance, modification or waiver of any other term or condition of the Credit Agreement, any Transaction Document or of any other instrument or agreement referred to therein, including any Additional Breach; or (d) to impair, limit or prejudice the right of the Agent or any Lender to demand strict performance of all terms and covenants contained in the Credit Agreement, any Transaction Document or any instrument or agreement referred to therein, including any Additional Breach, as of any date.
5. The Agent, on its own behalf and on behalf of the Lenders, reserve all of its and their rights and remedies with respect to any other Default or Event of Default now or at any time hereafter existing, including any additional breach of the Paydown Covenant or any Additional Breach.
6. This Agreement shall become effective on the date upon which the Agent shall have received this Agreement, duly executed and delivered by the Obligors (the “**Effective**

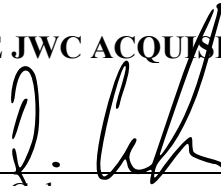
Date”), in form and substance satisfactory to the Agent.

7. In order to induce the Agent, on its own behalf and on behalf of the Lenders, to enter into this Agreement, each Obligor hereby represents and warrants to the Agent, on its own behalf and on behalf of the Lenders, as follows, which representations and warranties shall survive the execution and delivery hereof, after giving effect to this Agreement:
 - (a) except to the extent disclosed in the 9/21 Advance Request Certificate, the representations and warranties in the Credit Agreement continue to be true and correct;
 - (b) it has taken all necessary action, corporate or otherwise, to authorize the execution, delivery and performance of this Agreement;
 - (c) it has duly executed and delivered this Agreement;
 - (d) this Agreement constitutes legal, valid and binding obligations of such Obligor, enforceable against it in accordance with its terms; and
 - (e) except to the extent disclosed in the 9/21 Advance Request Certificate, no Default or Event of Default (other than the Specified Breach) has occurred and is continuing.
8. The provisions hereof shall enure to the benefit of the parties hereto and their respective successors and assigns and be binding upon the parties hereto and their respective successors and assigns.
9. The provisions hereof shall be governed by and construed in accordance with the laws of the Ontario and the federal laws of Canada applicable therein.
10. This Agreement is a Transaction Document.
11. Time is of the essence of this Agreement.
12. This Agreement may be signed in counterpart and delivered via electronic means.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Limited Waiver Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

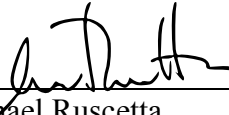
TRICHOME JWC ACQUISITION CORP.

Per: 
Name: Daniel Cohen
Title: Director

Per: _____
Name:
Title:

I/we have the authority to bind the Borrower

TRICHOME FINANCIAL CORP.

Per: 
Name: Michael Ruscetta
Title: Chief Executive Officer

Per: _____
Name:
Title:

I/we have the authority to bind the Guarantor

HIGHLAND GROW INC.

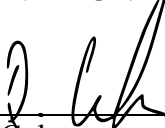
Per: 
Name: Daniel Cohen
Title: Director

Per: _____
Name:
Title:

I/we have the authority to bind the Guarantor

IN WITNESS WHEREOF, the parties hereto have caused this Limited Waiver Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.


MYM INTERNATIONAL BRANDS INC.

Per: 
Name: Daniel Cohen
Title: Director

Per: _____
Name:
Title:

I/we have the authority to bind the Guarantor

MYM NUTRACEUTICALS INC.

Per: 
Name: Daniel Cohen
Title: Director

Per: _____
Name:
Title:

I/we have the authority to bind the Guarantor

IN WITNESS WHEREOF, the parties hereto have caused this Limited Waiver Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

**CORTLAND CREDIT LENDING
CORPORATION, as Agent**

DocuSigned by:

Per: _____
Name: Sean Rogister
Title: CEO

I have the authority to bind the Agent

TAB S

THIS IS **EXHIBIT "S"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

SECURED GRID PROMISSORY NOTE

August 28, 2020

FOR VALUE RECEIVED, Trichome JWC Acquisition Corp. (the "**Borrower**") hereby unconditionally promises to pay to or to the order of Trichome Financial Corp. (the "**Lender**"), on demand at any time with 90 days notice or in any event no later than August 28, 2022 (the "**Maturity Date**"), in immediately available funds in lawful money of Canada, the principal amount of all advances made by the Lender to the Borrower from time to time hereunder (as the same may be recorded on the grid schedule attached as Schedule A hereto and forming part of this promissory note), together with interest thereon as hereinafter provided.

The following are the terms and conditions of this promissory note:

1. **Principal Amount:** The Lender shall from time to time record on the grid schedule attached as Schedule A hereto all advances made by the Lender to the Borrower from time to time and all payments made by the Borrower on account of the principal amount outstanding under this promissory note from time to time. The unpaid principal amount outstanding under this promissory note from time to time is hereinafter referred to as the "**Principal Amount**".
2. **Grid Schedule:** The Borrower acknowledges that the actual recording of amounts advanced and amounts paid on the attached grid schedule shall, in the absence of manifest error, be *prima facie* evidence of the same; provided that the failure of the Lender to record the same on the grid schedule shall not affect the obligation of the Borrower to pay to the Lender the Principal Amount and interest thereon in accordance with this promissory note.
3. **Interest:** The Principal Amount shall bear interest at a rate of 1.0% per annum, payable in quarterly within ten Business Days of the first day of January, March, June and September of each year in cash. For the purposes of this promissory note, "**Business Day**" means any day other than a Saturday, a Sunday or a statutory holiday in the Province of Ontario.
4. **Security.** As continuing security for the payment of all amounts owing under this promissory note, the Borrower hereby grants to the Lender a security interest (the "**Security Interest**") in all present and future undertaking of the Borrower, all personal property (including without limitation all Accounts, Chattel Paper, Documents of Title, Equipment, Goods, Instruments, Intangibles, Inventory, Money, Certificated Securities, Uncertificated Securities, Security Entitlements, Securities Accounts, Futures Contracts and Futures Accounts, as each such term is defined in the *Personal Property Security Act* (Ontario) (the "**PPSA**") in which the Borrower at any time has any right, title or interest, but excluding any Consumer Goods (as such term is defined in the PPSA). The Borrower shall ensure that all of the documents necessary to secure the obligations under the Security Interest are executed and delivered and the liens created thereby are perfected in all jurisdictions and at all times reasonably required by the Lender. The Security Interest shall rank *pari passu* with the security interest created by the Convertible Note between the Borrower and the Lender dated the date hereof and in priority to all other indebtedness of the Borrower.

5. **Payment and Pre-Payment:** Payment of the Principal Amount must be made by the Borrower to the Lender on or before the Maturity Date. Any payments hereunder received by the Lender after 2:00 p.m. on any day shall be deemed to have been received on the next following Business Day.
6. **Prepayment:** The Borrower may, at its option at any time, repay the whole or any part of the Principal Amount together with all accrued and unpaid interest thereon without notice, bonus or penalty.
7. **Presentment:** The Borrower irrevocably waives presentment for payment, notice of non-payment, protest and notice of protest, demand, and all other notices of any kind in connection with the delivery, acceptance, performance or enforcement of this promissory note, and waives diligence in collection or bringing suit with respect to this promissory note.
8. **Events of Default.** The happening of any one or more of the following events shall be considered an event of default (each, an “**Event of Default**”):
 - (i) the Borrower defaults in the payment of the Principal Amount hereunder when the same becomes due and payable under any provision hereof (whether on demand (with proper notice) or the Maturity Date or by acceleration or otherwise);
 - (ii) the Borrower defaults in the payment of any interest, liquidated damages or other monies or amounts due hereunder when the same becomes due and payable under any provision hereof (whether on demand (with proper notice) or the Maturity Date or by acceleration or otherwise);
 - (iii) the Borrower (i) is generally not paying, or admits in writing its inability to pay its debts as they become due, or (ii) is adjudicated as insolvent or bankrupt;
 - (iv) the Borrower (i) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (ii) makes an assignment for the benefit of its creditors, or (iii) consents to the appointment of a custodian, receiver, trustee, liquidator, sequestrator or other officer with similar powers with respect to it or with respect to any part of its property;
 - (v) a court or governmental authority of competent jurisdiction enters an order appointing, with or without consent by the Borrower, a custodian, receiver, trustee, liquidator, sequestrator or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or

ordering the dissolution, winding-up or liquidation of the Borrower or any such petition shall be filed against the Borrower; or

- (vi) if any proceedings are commenced against the Borrower under the *Bankruptcy and Insolvency Act* (Canada) or under the *Winding-Up Act* (Canada) or any other similar legislation and such proceeding is not being actively contested in good faith by appropriate proceedings, or, if so contested, remains outstanding, undismissed and unstayed more than 30 days from the institution of such first mentioned proceeding, or if the Borrower makes a proposal under insolvency or restructuring statutes.

The rights of the Lender (whether arising hereunder, any other agreement or at law or in equity) will not be capable of being waived or varied otherwise than by an express waiver or variation in writing, and in particular any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or variation of that or any other such right; any defective or partial exercise of any of such rights will not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on the part of the Lender or on its behalf will in any way preclude the Lender from exercising any such right or constitute a suspension or any variation of any such right.

The rights, remedies and powers conferred by this Section 8 are in addition to, and not in substitution for, any other rights, remedies or powers that the Lender may have hereunder, at law, in equity, or by any other statute or agreement. The Lender may proceed by way of any action, suit or other proceeding at law or in equity that the Lender is entitled to and no right, remedy or power of the Lender will be exclusive of or dependent on any other. The Lender may exercise any of its rights, remedies or powers separately or in combination and at any time.

If any Event of Default occurs which is continuing, then the outstanding Principal Amount hereunder, plus accrued but unpaid interest and other amounts owing in respect thereof through the date of acceleration, shall become immediately due and payable in cash. Upon the payment in full of all such obligations, the Lender shall promptly surrender this promissory note to or as directed by the Borrower. In connection with such acceleration described herein, the Lender need not provide, and the Borrower hereby waives, any presentment, demand, protest or other notice of any kind and the Lender may, after the expiration of any grace period, enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by the Lender at any time prior to payment hereunder and the Lender shall have all rights as a Lender hereunder until such time, if any, as the Lender receives full payment pursuant to this Section 8. No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

- 9. **No Set-off:** The Borrower hereby irrevocably waives any right to set-off amounts now or hereafter owing to it or any claims which may be asserted by it now or hereafter against the Lender or any amounts payable to the Lender under this promissory note.
- 10. **Assignment:** This promissory note may be assigned by the Lender without the consent of the Borrower, and any assignee of the Lender will be entitled to all of the rights and remedies of the Lender as set forth in this promissory note.

11. **Enurement.** This promissory note shall be binding upon and enure to the benefit of the Borrower and the Lender, and their respective heirs, executors, administrators, successors and permitted assigns.
12. **Governing Law:** This promissory note shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Borrower attorns to the non-exclusive jurisdiction of the courts of Ontario in respect of all proceedings arising under this promissory note.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF the Borrower and the Lender have duly executed this promissory note as of the date first above written.

Borrower:

TRICHOME JWC ACQUISITION CORP.

By:



Name: Michael Ruscetta
Title: CEO

Lender:

TRICHOME FINANCIAL CORP.

By:



Name: Michael Ruscetta
Title: CEO

GRID SCHEDULE

Date	Advance (repayment)	Unpaid principal	Notation made by
2020-08-28	\$ 2,573,793.00	\$ 2,573,793.00	DC
2020-09-15	\$ 500,000.00	\$ 3,073,793.00	DC
2020-09-28	\$ 500,000.00	\$ 3,573,793.00	DC
2020-10-01	\$ 500,000.00	\$ 4,073,793.00	DC
2020-10-28	\$ 500,000.00	\$ 4,573,793.00	DC
2020-11-10	\$ 500,000.00	\$ 5,073,793.00	DC
2020-11-20	\$ 500,000.00	\$ 5,573,793.00	DC
2020-11-26	\$ 500,000.00	\$ 6,073,793.00	DC
2020-12-04	\$ 500,000.00	\$ 6,573,793.00	DC
2020-12-18	\$ 500,000.00	\$ 7,073,793.00	DC
2021-01-05	\$ 500,000.00	\$ 7,573,793.00	DC
2021-01-14	\$ 250,000.00	\$ 7,823,793.00	DC
2021-01-19	\$ 250,000.00	\$ 8,073,793.00	DC
2021-01-26	\$ 500,000.00	\$ 8,573,793.00	DC
2021-02-01	\$ 500,000.00	\$ 9,073,793.00	DC
2021-02-02	\$ 150,000.00	\$ 9,223,793.00	DC
2021-02-22	\$ 130,000.00	\$ 9,353,793.00	DC
2021-03-01	\$ 350,000.00	\$ 9,703,793.00	DC
2021-03-10	\$ 135,000.00	\$ 9,838,793.00	DC
2021-03-16	\$ 550,000.00	\$ 10,388,793.00	DC
2021-03-17	\$ 50,000.00	\$ 10,438,793.00	DC
2021-03-25	\$ 65,000.00	\$ 10,503,793.00	DC
2021-04-02	\$ 1,000,000.00	\$ 11,503,793.00	DC
2021-04-07	\$ 150,000.00	\$ 11,653,793.00	DC
2021-04-12	\$ 750,000.00	\$ 12,403,793.00	DC
2021-04-28	\$ 150,000.00	\$ 12,553,793.00	DC
2021-05-17	\$ 60,000.00	\$ 12,613,793.00	DC
2021-05-17	\$ 250,000.00	\$ 12,863,793.00	DC
2021-05-26	\$ 650,000.00	\$ 13,513,793.00	DC
2021-06-14	\$ 150,000.00	\$ 13,663,793.00	DC
2021-06-16	\$ 35,000.00	\$ 13,698,793.00	DC
2021-07-01	\$ 150,000.00	\$ 13,848,793.00	DC
2021-07-09	\$ 1,300,000.00	\$ 15,148,793.00	DC
2021-07-16	\$ 400,000.00	\$ 15,548,793.00	DC
2021-07-26	\$ 600,000.00	\$ 16,148,793.00	DC
2021-08-02	\$ 850,000.00	\$ 16,998,793.00	DC
2021-08-13	\$ 100,000.00	\$ 17,098,793.00	DC
2021-08-24	\$ 350,000.00	\$ 17,448,793.00	DC
2021-09-17	\$ 200,000.00	\$ 17,648,793.00	DC
2021-12-07	\$ 600,000.00	\$ 18,248,793.00	DC
2022-01-18	\$ 300,000.00	\$ 18,548,793.00	DC
2022-02-24	\$ 100,000.00	\$ 18,648,793.00	DC
2022-03-03	\$ 100,000.00	\$ 18,748,793.00	DC

2022-04-22	\$	250,000.00	\$	18,998,793.00	DC
2022-06-08	\$	130,000.00	\$	19,128,793.00	DC
2022-07-21	\$	50,000.00	\$	19,178,793.00	DC
2022-08-04	\$	100,000.00	\$	19,278,793.00	DC
2022-08-10	\$	50,000.00	\$	19,328,793.00	DC
2022-08-25	\$	20,000.00	\$	19,348,793.00	DC
2022-08-26	\$	838,630.00	\$	20,187,423.00	DC
2022-09-15	\$	20,000.00	\$	20,207,423.00	DC
2022-09-16	\$	60,000.00	\$	20,267,423.00	DC

TAB T

THIS IS **EXHIBIT "T"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

PRINCIPAL AMOUNT: \$7,000,000

TRICHOME JWC ACQUISITION CORP.

SECURED CONVERTIBLE DEBENTURE

Trichome JWC Acquisition Corp. (hereinafter referred to as the "**Debtor**"), for value received hereby acknowledges itself indebted and promises to pay to Trichome Financial Corp. (the "**Holder**"), on August 28, 2022, or such earlier date as the Principal Amount then outstanding may become due and payable (subject to and in accordance with the terms, conditions and provisions of Schedule "A" attached hereto and forming a part hereof) (the "**Maturity Date**"), the Principal Amount in lawful money of Canada at the foregoing address of the Holder, or at such other place or places as may be designated by the Holder from time to time by notice in writing to the Debtor (together with all costs and expenses that may become payable to the Holder in accordance with Schedule "A"). The Debtor will pay interest on the Principal Amount outstanding on the Maturity Date at a rate of 1.0% per annum, calculated on the basis of a 365-day or 366-day year, as the case may be, quarterly within ten business day of the last day of March, June, September and December each year (collectively, the "**Obligations**"). Accrued but unpaid interest will be payable by the Debtor together with the outstanding Principal Amount on the Maturity Date or such earlier date as the Principal Amount may become due and payable in accordance with Schedule "A" attached hereto.

IN WITNESS WHEREOF, the Debtor has executed this Debenture as of August 28, 2020.

TRICHOME JWC ACQUISITION CORP.

By:



Name:

Michael Ruscetta

Title:

CEO

SCHEDULE "A"

The following terms and conditions are applicable to the Debenture of Trichome JWC Acquisition Corp. made in favour of the Holder.

ARTICLE 1 INTERPRETATION

1.1 Definitions

Whenever used in this Debenture, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the indicated meanings, respectively:

"this Debenture", **"the Debenture"**, **"Debenture"**, **"hereto"**, **"herein"**, **"hereby"**, **"hereunder"**, **"hereof"** and similar expressions refer to the convertible debenture represented hereby and not to any particular Article, Section, Subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto and every debenture issued in replacement hereof, and **"Debentures"** means all of the debentures that may be issued by the Debtor pursuant to the Private Placement.

"Affiliate" has the meaning given thereto in National Instrument 45-106.

"business day" means a day that is not (i) a Saturday or Sunday, (ii) a civic or statutory holiday in the Province of Ontario, Canada or (iii) any other day on which the principal chartered banks located in the Province of Ontario, Canada are not open for business.

"Common Share" or **"Common Shares"** means the common shares in the capital of the Debtor, as constituted on the date hereof.

"Constating Documents" means (i) with respect to a corporation, its articles of incorporation, amalgamation or continuance, or constitution, or other similar documents by which it is established under its governing corporate legislation as a corporation, and its by-laws, if any, and (ii) with respect to any other Person which is an artificial body other than a corporation, the organization and governance documents of such Person, in each case as amended and supplemented from time to time;

"Control" of any Person means:

- (a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (i) cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of such Person; or
 - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of such Person; or
 - (iii) give directions with respect to the operating and financial policies of such Person with which the directors or other equivalent officers of such Person are obliged to comply; and/or
- (b) the holding beneficially of more than 50% of the issued share capital of such Person.

"Conversion Price" means \$1.00, unless such amount is adjusted in accordance with the provisions of Section 2.3, in which case it shall mean the adjusted amount in effect at the applicable time.

"Date of Conversion" shall have the meaning ascribed therein in subsection 2.2(b).

"Debtor" means Trichome JWC Acquisition Corp., a corporation under the laws of the Province of Ontario, and includes any successor corporation to or of the Debtor within the meaning of Section 7.6.

"Director" means a director of the Debtor for the time being and "directors" or "board of directors" means the board of directors of the Debtor or, if duly constituted and whenever duly empowered, the executive committee of the board of directors of the Debtor for the time being, and reference to action by the directors means action by the directors of the Debtor as a board or action by the said executive committee as such committee.

"Distribution" includes with respect to the Debtor (i) any dividend or other distribution on any of its issued shares or other Equity Interest or (ii) any purchase, redemption or retirement of any of its issued shares, warrants or other Equity Interest or any other option or right to acquire any share or other Equity Interest.

"Equity Interests" means, with respect to any Person, shares in the capital of (or other ownership or profit interests in) such Person, warrants, options or other rights for the purchase or acquisition from such Person of shares in the capital of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares in the capital of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or non-voting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"Event of Default" means any event specified in Section 5.1, which has not been waived by the Requisite Holders.

"Governmental Authority" means each national, state, provincial, county, municipal or other such governmental or public authority, including their authorized administrative bodies, courts, tribunals, commissions and agents, which have legal jurisdiction over a Person or a matter relevant to any Transaction Document.

"Holder" shall have the meaning ascribed to such term on the face page of this Debenture, and **"Holders"** means the Holder and the holders of other Debentures that may be issued under the Private Placement, or their permitted transferees or assignees.

"IFRS" means international financial reporting standards, approved by the International Accounting Standards Board or any successor thereto (**"IASB"**), as at the date on which any calculation or determination is required to be made, provided that, in accordance with such international financial reporting standards, where the IASB includes a recommendation concerning the treatment of any accounting matter, such recommendation shall be regarded as the only international financing reporting standard.

"Maturity Date" shall have the meaning ascribed to such term on the face page hereof.

"Officer's Certificate" means a certificate signed by a senior officer and/or a director of the Debtor.

"Person" includes individuals, partnerships, corporations, companies or other business or legal entities or any Governmental Authority.

"Principal Amount" means the principal amount outstanding of this Debenture from time to time.

“**Requisite Holders**” means the Holders of the majority of the aggregate principal of the outstanding Debentures.

“**Taxes**” means all taxes, assessments, rates, levies, royalties, imposts, deductions, withholdings, dues, duties, fees and other charges of any nature, including any interest, fines, penalties or other liabilities with respect thereto, imposed, levied, collected, withheld or assessed by any Governmental Authority (of any jurisdiction), and whether disputed or not.

“**Time of Expiry**” shall have the meaning ascribed thereto in subsection 2.1(a).

“**Written direction of the Debtor**” means an instrument in writing signed by a senior officer and/or director of the Debtor.

1.2 Interpretation

Whenever used in this Debenture, words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the neuter or the feminine gender and vice versa.

1.3 Headings, Etc.

The division of this Debenture into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Debenture.

1.4 Day Not a Business Day

In the event that any day on or before which any action is required to be taken hereunder is not a business day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a business day.

1.5 Calculation of interest

For purposes of the *Interest Act* (Canada), (i) whenever any interest or fee under this Debenture is calculated using a rate based on a year of 365 days or 366 days, as the case may be, the rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year of 365 days or 366 days, as the case may be, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by 365 or 366, as the case may be, (ii) the principle of deemed reinvestment of interest does not apply to any interest or fee calculation under this Debenture, and (iii) the rates of interest stipulated in this Debenture are intended to be nominal rates and not effective rates or yields.

1.6 Currency

All references to currency herein shall be to lawful money of Canada.

ARTICLE 2 CONVERSION OF DEBENTURE

2.1 Conversion and Conversion Price

- (a) Upon and subject to the terms and conditions set out in this Article 2, the Holder shall have the right, at its option at any time, and from time to time, prior to 5:00 p.m. (Eastern Time)

on the Maturity Date (the "**Time of Expiry**") to convert, in whole or in part, the Principal Amount into Common Shares at the Conversion Price in effect on the Date of Conversion.

- (b) The Conversion Price shall be subject to adjustment as provided in Section 2.3.
- (c) The right of conversion set forth in subsection 2.1(a) shall extend only to the maximum number of whole Common Shares into which the Principal Amount may be converted in accordance with the provisions of this Article 2.
- (d) Fractional interests in Common Shares that would otherwise be issuable upon any conversion of the Principal Amount shall be adjusted in the manner provided in Section 2.4.

2.2 Manner of Exercise of Right to Convert

- (a) If the Holder wishes to convert the Principal Amount into Common Shares, the Holder shall, prior to the Time of Expiry, deliver written notice, substantially in the form of Appendix 1 hereto, duly executed by the Holder or its legal representative or attorney duly appointed by an instrument in writing in form and executed in a manner reasonably satisfactory to the Debtor, exercising its right to convert the Principal Amount into Common Shares. Thereupon, the Holder or, subject to the payment of all applicable security transfer taxes or other governmental charges by the Holder, its nominee(s) or assignee(s), shall be entitled to be entered in the books of the Debtor (as of the Date of Conversion) as the holder of the number of Common Shares into which the Principal Amount is converted and, as soon as practicable thereafter, but no later than three (3) trading days after the Date of Conversion, the Debtor shall deliver to the Holder or, subject as aforesaid, its nominee(s), or assignee(s), a certificate or certificates for such Common Shares. All certificates required to be delivered by the Debtor under this subsection 2.2(a) shall be delivered electronically to the Holder in accordance with the delivery instructions provided by the Holder. For the avoidance of doubt, to effect conversions hereunder, the Holder shall not be required to surrender this Debenture to the Debtor unless the entire Principal Amount has been so converted. The Holder, and any assignee by acceptance of this Debenture, acknowledge and agree that, by reason of the provisions of this subsection 2.2(a), following conversion of a portion of this Debenture, the unpaid and unconverted Principal Amount will be less than the amount stated on the face hereof.
- (b) For the purposes of this Article 2, this Debenture shall be deemed to be converted by the Holder on the date (herein called the "**Date of Conversion**") on which the notice contemplated by subsection 2.2(a) above is actually received by the Debtor.
- (c) On the Date of Conversion, the Holder shall be entitled to receive accrued and unpaid interest in respect thereof up to the Date of Conversion. Common Shares issued upon conversion of the Principal Amount by the Holder shall only be entitled to receive dividends declared in favour of shareholders of record on or after the Date of Conversion, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

2.3 Adjustment of Conversion Price

- (a) If, and whenever at any time and from time to time the Debtor shall (i) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine, consolidate or change its then outstanding Common Shares into a lesser number of Common Shares, or (iii) issue Common Shares (or securities

exchangeable or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of stock dividend or other distribution (other than a dividend in the ordinary course paid in Common Shares or securities exchangeable or convertible into Common Shares) (any of such events being herein called a "**Share Reorganization**"), the Conversion Price shall be adjusted effective immediately after the effective date or record date for the Share Reorganization, by multiplying the Conversion Price in effect immediately prior to such effective date or record date by the quotient obtained when:

- (i) the number of Common Shares outstanding on such effective date or record date before giving effect to the Share Reorganization,

is divided by

- (ii) the number of Common Shares outstanding immediately after the completion of such Share Reorganization (but before giving effect to the issue of any Common Shares issued after such effective date or record date otherwise than as part of such Share Reorganization) including, in the case where securities exchangeable or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such effective date or record date.

- (b) If, and whenever there (i) is a capital reorganization of the Debtor not otherwise provided for in subsection 2.3(a), (ii) any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions or (iii) a consolidation, merger, arrangement or amalgamation (statutory or otherwise) of the Debtor with or into another body corporate (any such event being called a "**Capital Reorganization**"), and the Holder has not exercised its right of conversion prior to the effective date or record date for such Capital Reorganization, then the Holder shall be entitled to receive and shall accept, upon any conversion of the Purchase Price after the effective date or record date for such Capital Reorganization, in lieu of the number of Common Shares to which it was theretofore entitled upon conversion, the aggregate number of securities of the Debtor or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization that the Holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date thereof, it had been the registered holder of the number of Common Shares to which it was theretofore entitled upon the conversion of the Purchase Price; provided that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken so that the Holder shall thereafter be entitled to receive such number of Common Shares or other securities of the Debtor or of the corporation or body corporate resulting, surviving or continuing from the Capital Reorganization. The foregoing provisions of this subsection 2.3(b) shall apply *mutatis mutandis* in respect of any interest proposed to be paid through the issuance of Common Shares by the Debtor.

2.4 No Requirement to Issue Fractional Common Shares

The Debtor shall not be required to issue fractional Common Shares upon the conversion of the Principal Amount pursuant to this Article 2. If any fractional interest in a Common Share would, except for the provisions of this Section 2.4, be deliverable upon the conversion of the Principal Amount, the Debtor shall round the number of Common Shares to be issued down to the nearest whole Common Share, and shall pay no cash or other consideration in respect of any fractional interest in a Common Share.

2.5 Cancellation of Converted Debenture

Upon conversion of the entire Principal Amount, if applicable, pursuant to this Article 2 and payment of (i) the balance of the Principal Amount not converted, and (ii) all accrued and unpaid interest, this Debenture shall be cancelled and shall be of no further force or effect.

2.6 Certificate as to Adjustment

The Debtor shall from time to time, immediately after the occurrence of any event that requires an adjustment or readjustment as provided in Section 2.3, deliver an Officer's Certificate to the Holder (the "**Officer's Certificate**") specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based; provided, however, that in the event the Holder does not agree with the adjustment as set forth in the Officer's Certificate, the Debtor shall obtain the certificate or opinion as to the appropriate adjustment from the auditors of the Debtor, which certificate or opinion shall be conclusive and binding on the Debtor and the Holder.

2.7 Notice of Special Matters

The Debtor covenants with the Holder that, so long as this Debenture remains outstanding, it will give notice to the Holder, in the manner provided in Section 7.5, of its intention to fix a record date or an effective date for any event referred to in Section 2.3 that may give rise to an adjustment in the Conversion Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; and, if prepared or available as at the date that such notice is required to be given pursuant to this Section 2.7, such notice shall be accompanied by the material (i.e. proxy circulars, information booklets, etc.) sent to the holders of Common Shares in respect of the event in question, provided that the Debtor shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than fourteen (14) days in each case prior to such applicable record date or effective date.

ARTICLE 3 SECURITY

3.1 Security

As continuing security for the payment of all amounts owing under this promissory note, the Debtor hereby grants to the Lender a security interest (the "**Security Interest**") in all present and future undertaking of the Debtor, all personal property (including without limitation all Accounts, Chattel Paper, Documents of Title, Equipment, Goods, Instruments, Intangibles, Inventory, Money, Certificated Securities, Uncertificated Securities, Security Entitlements, Securities Accounts, Futures Contracts and Futures Accounts, as each such term is defined in the *Personal Property Security Act* (Ontario) (the "**PPSA**")) in which the Debtor at any time has any right, title or interest, but excluding any Consumer Goods (as such term is defined in the PPSA). The Debtor shall ensure that all of the documents necessary to secure the obligations under the Security Interest are executed and delivered and the liens created thereby are perfected in all jurisdictions and at all times reasonably required by the Holder. The Security Interest shall rank *pari passu* with the security interest created by the Grid Promissory Note between the Debtor and the Holder dated the date hereof and in priority to all other indebtedness of the Debtor.

ARTICLE 4 COVENANTS

The Debtor hereby covenants and agrees with the Holder as long as any part of the Principal Amount is outstanding as follows.

4.1 To Pay Principal Amount and Interest

The Debtor will duly and punctually pay or cause to be paid to the Holder the Principal Amount of and interest accrued on this Debenture on the dates, at the places and in the manner described in this Debenture, net of any withholdings required under any applicable law.

4.2 To Carry on Business

Subject to the express provisions hereof, the Debtor will carry on and conduct its business in a proper and efficient manner consistent with past practice and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and rights.

4.3 To Maintain Accurate Books and Records

The Debtor will keep and maintain proper books of account and records accurately covering all material aspects of the business affairs of the Debtor.

4.4 Notice of Event of Default

The Debtor will give notice in writing forthwith to the Holder of the occurrence of any Event of Default or other event that, with lapse of time and/or giving of notice or otherwise, would be an Event of Default, forthwith upon becoming aware thereof and specifying the nature of such default and/or Event of Default and the steps taken to remedy the same.

4.5 Common Share Reserve

The Debtor shall at all times keep available, and reserve if necessary, out of its authorized Common Shares, solely for the purpose of issue upon the conversion of the Debentures, such number of Common Shares as shall then be issuable upon the conversion of the Debentures. The Debtor covenants and agrees that all Common Shares which shall be so issuable will, upon issuance, be duly authorized and issued and fully paid and non-assessable. The Debtor shall take all such actions as may be necessary to ensure that all such Common Shares may be so issued without violation of any applicable requirements of any exchange upon which the Common Shares may be listed or in respect of which the Common Shares are qualified for unlisted trading privileges. The Debtor will take all such actions as are within its power to ensure that all such Common Shares may be so issued without violation of any applicable law.

ARTICLE 5 DEFAULT

5.1 Events of Default

The happening of any one or more of the following events shall be considered an event of default (each, an “**Event of Default**”):

- (a) the Debtor defaults in the payment of the Principal Amount under this Debenture when the same becomes due and payable under any provision hereof (whether on the Date of Conversion or the Maturity Date or by acceleration or otherwise);
- (b) the Debtor defaults in the payment of any interest, liquidated damages or other monies or amounts due pursuant to this Debenture when the same becomes due and payable under any provision hereof (whether on the Date of Conversion or the Maturity Date or by acceleration or otherwise);

- (c) the Debtor (i) is generally not paying, or admits in writing its inability to pay its debts as they become due, or (ii) is adjudicated as insolvent or bankrupt;
- (d) the Debtor (i) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (ii) makes an assignment for the benefit of its creditors, or (iii) consents to the appointment of a custodian, receiver, trustee, liquidator, sequestrator or other officer with similar powers with respect to it or with respect to any part of its property;
- (e) a court or governmental authority of competent jurisdiction enters an order appointing, with or without consent by the Debtor, a custodian, receiver, trustee, liquidator, sequestrator or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Debtor or any such petition shall be filed against the Debtor; or
- (f) if any proceedings are commenced against the Debtor under the *Bankruptcy and Insolvency Act* (Canada) or under the *Winding-Up Act* (Canada) or any other similar legislation and such proceeding is not being actively contested in good faith by appropriate proceedings, or, if so contested, remains outstanding, undismissed and unstayed more than 30 days from the institution of such first mentioned proceeding, or if the Debtor makes a proposal under insolvency or restructuring statutes.

5.2 No Implied Waiver

The rights of the Holder (whether arising under this Debenture, any other agreement or at law or in equity) will not be capable of being waived or varied otherwise than by an express waiver or variation in writing, and in particular any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or variation of that or any other such right; any defective or partial exercise of any of such rights will not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on the part of the Holder or on its behalf will in any way preclude the Holder from exercising any such right or constitute a suspension or any variation of any such right.

5.3 Rights Cumulative

The rights, remedies and powers conferred by this Article 5 are in addition to, and not in substitution for, any other rights, remedies or powers that the Holder may have under this Debenture, at law, in equity, or by any other statute or agreement. The Holder may proceed by way of any action, suit or other proceeding at law or in equity that the Holder is entitled to and no right, remedy or power of the Holder will be exclusive of or dependent on any other. The Holder may exercise any of its rights, remedies or powers separately or in combination and at any time.

5.4 Acceleration on Default

If any Event of Default occurs which is continuing, then the outstanding Principal Amount of this Debenture, plus accrued but unpaid interest and other amounts owing in respect thereof through the date of acceleration, shall become immediately due and payable in cash. Upon the payment in full of all such obligations, the Holder shall promptly surrender this Debenture to or as directed by the Debtor. In connection with such acceleration described herein, the Holder need not provide, and the Debtor hereby

waives, any presentment, demand, protest or other notice of any kind, and the Holder may, after the expiration of any grace period, enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by the Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Debenture until such time, if any, as the Holder receives full payment pursuant to this Section 5.4. No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

ARTICLE 6 PREPAYMENT

6.1 Prepayment

The Debtor shall be entitled to prepay the Principal Amount, in whole or in part, together with any accrued and unpaid interest, prior to the Maturity Date without penalty.

ARTICLE 7 MISCELLANEOUS

7.1 Waiver of Presentment

The Debtor hereby expressly waives demand for payment, presentment, protest and notice of dishonour of this Debenture. Any failure or omission by the Holder to present this Debenture for payment, protest or provide notice of dishonour will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture.

7.2 Costs and Expenses

Except as otherwise set forth herein or as expressly agreed between the Debtor and the Holder in writing, all costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Debenture and the transactions contemplated herein shall be paid and borne by the party incurring such costs and expenses.

7.3 Severability

If any covenant or provision herein is determined to be illegal, unenforceable or prohibited by applicable law such illegality, unenforceability or prohibition shall not affect or impair the validity of any other covenant or provision herein.

7.4 Governing Law

This Debenture shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any action brought by either party against the other concerning the transactions contemplated by this Debenture shall be subject to the non-exclusive jurisdiction of the courts of the Province of Ontario. The parties to this Debenture hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens.

7.5 Notices

All notices, reports, directions or other instruments or communications required or permitted to be given to any party hereto by this Debenture shall be in writing and shall be sufficiently given if delivered personally by hand, by registered mail or if transmitted by facsimile or portable document format (PDF)

tested prior to transmission to such party, and is effective on actual receipt unless sent (i) by registered mail in which case it shall be deemed to have been received and be effective on the date that is three (3) business days following the date of mailing, or (ii) by electronic means in which case it is effective on the business day, next following the date of transmission, addressed to the relevant party, as follows:

If to the Debtor:	Trichome JWC Acquisition Corp. 150 King St .W., Suite 201 Toronto, ON M5H 1J9 Attention: Michael Ruscetta Email: mruscetta@trichomefinancial.com
And a copy to:	Torys LLP 79 Wellington St. W., 30th Floor Box 270, TD South Tower Toronto, Ontario M5K 1N2 Attention: Cheryl Reicin and Frazer House Email: creicin@torys.com and fhouse@torys.com
If to the Holder:	Trichome Financial Corp. 150 King St .W., Suite 201 Toronto, ON M5H 1J9 Attention: Michael Ruscetta Email: mruscetta@trichomefinancial.com
And a copy to:	Torys LLP 79 Wellington St. W., 30th Floor Box 270, TD South Tower Toronto, Ontario M5K 1N2 Attention: Cheryl Reicin and Frazer House Email: creicin@torys.com and fhouse@torys.com

or the last address, facsimile number or email address of the addressee, notice of which was given in accordance with this Section 7.5.

7.6 Enurement

This Debenture and all its provisions shall enure to the benefit of the Holder, its heirs, executors, successors, administrators and assigns and shall be binding upon the Debtor and its successors and permitted assigns.

7.7 Time of the Essence

Time shall be of the essence of this Debenture.

7.8 Maximum Rate Permitted by Law

Under no circumstances shall the Holder be entitled to receive nor shall it in fact receive a payment or partial payment of interest, fees or other amounts under or in relation to this Debenture at a rate that is prohibited by applicable law. Accordingly, notwithstanding anything herein or elsewhere contained, if and

to the extent that under any circumstances, the effective annual rate of “interest” (as defined in Section 347 of the *Criminal Code* (Canada)) received or to be received by a Holder (determined in accordance with such section) on any amount of “credit advanced” (as defined in that section) pursuant to these presents or any agreement or arrangement collateral hereto entered into in consequence or implementation hereof would, but for this Section 7.8, be a rate that is prohibited by applicable law, then the effective annual rate of interest, as so determined, received or to be received by the Holder on such amount of credit advanced shall be and be deemed to be adjusted to a rate that is one whole percentage point less than the lowest effective annual rate of interest that is so prohibited (the “adjusted rate”); and, if the Holder has received a payment or partial payment which would, but for this Section 7.8, be so prohibited then any amount or amounts so received by the Holder in excess of the lowest effective annual rate that is so prohibited shall and shall be deemed to have comprised a credit to be applied to subsequent payments on account of interest, fees or other amounts due to the Holder at the adjusted rate.

7.9 Transferability

Subject to applicable securities laws and applicable statutory resale restrictions, this Debenture may be assigned and transferred by the Holder upon providing written notice of such transfer to the Debtor. The Debtor shall not be entitled to assign and/or transfer any of its rights and/or obligations under any of the Transaction Documents except with the prior written consent of the Holder.

7.10 Amendments

This Debenture may not be waived, amended, modified or supplemented except in a written instrument signed by the Debtor and the Requisite Holders. Any waiver, amendment, modification or supplement effected in accordance with this paragraph shall be binding upon all of the holders of Debentures; provided, however, that no waiver, amendment, modification or supplement of any provision of any of the Debentures shall be made unless all Debentures are similarly waived, amended, modified or supplemented.

**APPENDIX 1 TO THE CONVERTIBLE DEBENTURE
OF TRICHOME JWC ACQUISITION CORP.**

To: Trichome JWC Acquisition Corp.

The undersigned registered holder (the “**Holder**”) of the within convertible debenture (the “**Debenture**”) hereby irrevocably elects to convert C\$_____ of the Principal Amount of the Debenture into Common Shares in the capital of Trichome JWC Acquisition Corp. (the “**Debtor**”) in accordance with the terms of the Debenture and directs that the Common Shares issuable and deliverable upon the conversion be issued and delivered to the Holder (or person indicated below)*.

DATED _____.

(Signature of Registered Holder)

Name:

(Address)

(City and State/Province)

(Zip/Postal Code)

FIRST AMENDMENT TO SECURED CONVERTIBLE DEBENTURE

This FIRST AMENDMENT (this “**Amendment**”) to the SECURED CONVERTIBLE DEBENTURE dated August 28, 2020 between Trichome Financial Corp. (the “**Holder**”) and Trichome JWC Acquisition Corp. (the “**Debtor**”) is made as of July 20, 2022 between the Holder and the Debtor (together, the “**Parties**”).

RECITALS:

A. Reference is made to the secured convertible debenture dated as of August 28, 2020 among the Debtor and the Holder (as may be further amended, restated, modified, replaced or superseded from time to time, the “**Debenture**”).

B. Section 7.10 of the Debenture provides that the Debenture may not be waived, amended, modified or supplemented except in a written instrument signed by the Debtor and the Requisite Holders. The Holder holds 100% of the Debentures.

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions. Capitalized terms not defined in this Amendment have the meanings given to them in the Debenture.

Section 1.2 Headings, etc. The inclusion of headings in this Amendment is for convenience of reference only and does not affect the construction or interpretation hereof.

ARTICLE 2 AMENDMENTS TO THE DEBENTURE

Section 2.1 Amendment. Subject to the satisfaction of each of the conditions to effectiveness set forth in this Amendment, the Parties agree that the Debenture is hereby amended as follows:

- 2.1.1 The face page of the Debenture is hereby amended by deleting “August 28, 2022” and replacing it with “August 28, 2024”, thereby extending the Maturity Date, as defined in the Debenture, by two years from August 28, 2022, to August 28, 2024.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations. The Debtor represents and warrants to the Holder that, as of the date hereof (after giving effect to this Amendment):

- (a) this Amendment has been duly authorized, executed and delivered by the Debtor;
- (b) this Amendment constitutes a legal, valid and binding obligation of the Debtor, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other applicable laws affecting creditors’ rights generally and to general principles of equity, regardless of whether considered in a proceeding in equity or at law;

- (c) the representations and warranties set forth in the Debenture are true and correct in all respects on and as of the date hereof as though made on and as of such date, unless stated to be made as of a specified date; and
- (d) no Event of Default has occurred and is continuing.

ARTICLE 4 CONDITIONS

Section 4.1 Condition Precedent. This Amendment shall become effective on the date upon which there has been receipt by the Holder of a counterpart of this Amendment executed by each party hereto (which condition precedent is for the sole and exclusive benefit of the Holder and may be waived by the Holder).

ARTICLE 5 MISCELLANEOUS

Section 5.1 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 5.2 Benefits. This Amendment is binding upon and will inure to the benefit of the Parties and their respective permitted successors and assigns.

Section 5.3 Conflicts. If, after the date of this Amendment, any provision of this Amendment is inconsistent with any provision of the Debenture, the relevant provision of this Amendment shall prevail.

Section 5.4 Counterparts. This Amendment may be executed in any number of counterparts and delivered by facsimile or PDF via email, each of which will be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

- signature page follows -

DEBTOR:

**TRICHOME JWC ACQUISITION
CORP.**



By: _____

Name: Michael Ruscetta

Title: Chief Executive Officer

HOLDER:

TRICHOME FINANCIAL CORP.



By: _____

Name: Michael Ruscetta

Title: Chief Executive Officer

TAB U

THIS IS **EXHIBIT "U"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: TRICHOME FINANCIAL CORP.

FILE CURRENCY: September 19, 2022

RESPONSE CONTAINS: APPROXIMATELY 1 FAMILIES and 3 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS
WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME
IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE
OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT
ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: TRICHOME FINANCIAL CORP.

FILE CURRENCY: September 19, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 3

SEARCH : BD : TRICHOME FINANCIAL CORP.

00 FILE NUMBER : 772381611 EXPIRY DATE : 11MAY 2025 STATUS :
01 CAUTION FILING : PAGE : 001 OF 003 MV SCHEDULE ATTACHED :
REG NUM : 20210511 0938 1862 7711 REG TYP: P PPSA REG PERIOD: 4
02 IND DOB : IND NAME:
03 BUS NAME: TRICHOME FINANCIAL CORP.
OCN :
04 ADDRESS : 150 KING STREET WEST, 2ND FLOOR
CITY : TORONTO PROV: ON POSTAL CODE: M5H 1J9
05 IND DOB : IND NAME:
06 BUS NAME: TRICHOME FINANCIAL CORP.
OCN :
07 ADDRESS : 100 GARMENT STREET SOUTH, UNIT 1307
CITY : KITCHENER PROV: ON POSTAL CODE: N2G 0C3

08 SECURED PARTY/LIEN CLAIMANT :
CORTLAND CREDIT LENDING CORPORATION, AS AGENT
09 ADDRESS : ROYAL BANK PLAZA, SOUTH TOWER, 200 BAY S
CITY : TORONTO PROV: ON POSTAL CODE: M5J 2J2
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT: DENTONS CANADA LLP - JB 552470-TRICHOME
17 ADDRESS : 77 KING STREET WEST, SUITE 400 TD CENTRE
CITY : TORONTO PROV: ON POSTAL CODE: M5K 0A1

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: TRICHOME FINANCIAL CORP.

FILE CURRENCY: September 19, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 2 OF 3

SEARCH : BD : TRICHOME FINANCIAL CORP.

00 FILE NUMBER : 772381611 EXPIRY DATE : 11MAY 2025 STATUS :
01 CAUTION FILING : PAGE : 002 OF 003 MV SCHEDULE ATTACHED :
REG NUM : 20210511 0938 1862 7711 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME: TRICHOME FINANCIAL CORP.
OCN :
04 ADDRESS : 530 MANITOU DRIVE
CITY : KITCHENER PROV: ON POSTAL CODE: N2C 1L3
05 IND DOB : IND NAME:
06 BUS NAME: TRICHOME FINANCIAL CORP.
OCN :
07 ADDRESS : 855 TRILLIUM DRIVE
CITY : KITCHENER PROV: ON POSTAL CODE: N2R 1J9

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS : TREET, SUITE 3230
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
13
14
15
16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: TRICHOME FINANCIAL CORP.

FILE CURRENCY: September 19, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 3 OF 3

SEARCH : BD : TRICHOME FINANCIAL CORP.

00 FILE NUMBER : 772381611 EXPIRY DATE : 11MAY 2025 STATUS :
01 CAUTION FILING : PAGE : 003 OF 003 MV SCHEDULE ATTACHED :
REG NUM : 20210511 0938 1862 7711 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME: TRICHOME FINANCIAL CORP.
OCN :
04 ADDRESS : 79 WELLINGTON STREET WEST, SUITE 3000
CITY : TORONTO PROV: ON POSTAL CODE: M5K 1N2
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
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14
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16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:
LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Trichome JWC Acquisition Corp

FILE CURRENCY: September 18, 2022

RESPONSE CONTAINS: APPROXIMATELY 4 FAMILIES and 10 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS
WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME
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INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Trichome JWC Acquisition Corp

FILE CURRENCY: September 18, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 4 ENQUIRY PAGE : 1 OF 10

SEARCH : BD : TRICHOME JWC ACQUISITION CORP

00 FILE NUMBER : 765129519 EXPIRY DATE : 26AUG 2027 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20200826 1340 1590 0316 REG TYP: P PPSA REG PERIOD: 7
02 IND DOB : IND NAME:
03 BUS NAME: TRICHOME JWC ACQUISITION CORP.
OCN :
04 ADDRESS : 530 MANITOU DRIVE
CITY : KITCHENER PROV: ON POSTAL CODE: N2C 1L3
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
TRICHOME FINANCIAL CORP.
09 ADDRESS : 150 KING STREET WEST, SUITE 200
CITY : TORONTO PROV: ON POSTAL CODE: M5H 1J9
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

16 AGENT: TORYS LLP
17 ADDRESS : 79 WELLINGTON ST W, 30TH FLOOR PO BOX 27
CITY : TORONTO PROV: ON POSTAL CODE: M5K 1N2

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Trichome JWC Acquisition Corp

FILE CURRENCY: September 18, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 4 ENQUIRY PAGE : 2 OF 10

SEARCH : BD : TRICHOME JWC ACQUISITION CORP

00 FILE NUMBER : 765129537 EXPIRY DATE : 26AUG 2027 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20200826 1341 1590 0317 REG TYP: P PPSA REG PERIOD: 7
02 IND DOB : IND NAME:
03 BUS NAME: TRICHOME JWC ACQUISITION CORP.
OCN :
04 ADDRESS : 530 MANITOU DRIVE
CITY : KITCHENER PROV: ON POSTAL CODE: N2C 1L3
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
TRICHOME FINANCIAL CORP.
09 ADDRESS : 150 KING STREET WEST, SUITE 200
CITY : TORONTO PROV: ON POSTAL CODE: M5H 1J9
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

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14

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16 AGENT: TORYS LLP

17 ADDRESS : 79 WELLINGTON ST W, 30TH FLOOR PO BOX 27

CITY : TORONTO PROV: ON POSTAL CODE: M5K 1N2

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Trichome JWC Acquisition Corp

FILE CURRENCY: September 18, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 3 OF 4 ENQUIRY PAGE : 3 OF 10

SEARCH : BD : TRICHOME JWC ACQUISITION CORP

00 FILE NUMBER : 772381629 EXPIRY DATE : 11MAY 2025 STATUS :
01 CAUTION FILING : PAGE : 001 OF 003 MV SCHEDULE ATTACHED :
REG NUM : 20210511 0938 1862 7712 REG TYP: P PPSA REG PERIOD: 4
02 IND DOB : IND NAME:
03 BUS NAME: TRICHOME JWC ACQUISITION CORP.
OCN :
04 ADDRESS : 150 KING STREET WEST, 2ND FLOOR
CITY : TORONTO PROV: ON POSTAL CODE: M5H 1J9
05 IND DOB : IND NAME:
06 BUS NAME: TRICHOME JWC ACQUISITION CORP.
OCN :
07 ADDRESS : 100 GARMENT STREET SOUTH, UNIT 1307
CITY : KITCHENER PROV: ON POSTAL CODE: N2G 0C3

08 SECURED PARTY/LIEN CLAIMANT :
CORTLAND CREDIT LENDING CORPORATION, AS AGENT
09 ADDRESS : ROYAL BANK PLAZA, SOUTH TOWER, 200 BAY S
CITY : TORONTO PROV: ON POSTAL CODE: M5J 2J2
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

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16 AGENT: DENTONS CANADA LLP - JB 552470-TRICHOME

17 ADDRESS : 77 KING STREET WEST, SUITE 400 TD CENTRE

CITY : TORONTO PROV: ON POSTAL CODE: M5K 0A1

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Trichome JWC Acquisition Corp

FILE CURRENCY: September 18, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 3 OF 4 ENQUIRY PAGE : 4 OF 10

SEARCH : BD : TRICHOME JWC ACQUISITION CORP

00 FILE NUMBER : 772381629 EXPIRY DATE : 11MAY 2025 STATUS :
01 CAUTION FILING : PAGE : 002 OF 003 MV SCHEDULE ATTACHED :
REG NUM : 20210511 0938 1862 7712 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME: TRICHOME JWC ACQUISITION CORP.
OCN :
04 ADDRESS : 530 MANITOU DRIVE
CITY : KITCHENER PROV: ON POSTAL CODE: N2C 1L3
05 IND DOB : IND NAME:
06 BUS NAME: TRICHOME JWC ACQUISITION CORP.
OCN :
07 ADDRESS : 855 TRILLIUM DRIVE
CITY : KITCHENER PROV: ON POSTAL CODE: N2R 1J9

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS : TREET, SUITE 3230
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
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16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Trichome JWC Acquisition Corp

FILE CURRENCY: September 18, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 3 OF 4 ENQUIRY PAGE : 5 OF 10

SEARCH : BD : TRICHOME JWC ACQUISITION CORP

00 FILE NUMBER : 772381629 EXPIRY DATE : 11MAY 2025 STATUS :
01 CAUTION FILING : PAGE : 003 OF 003 MV SCHEDULE ATTACHED :
REG NUM : 20210511 0938 1862 7712 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME: TRICHOME JWC ACQUISITION CORP.
OCN :
04 ADDRESS : 79 WELLINGTON STREET WEST, SUITE 3000
CITY : TORONTO PROV: ON POSTAL CODE: M5K 1N2
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
11
12
GENERAL COLLATERAL DESCRIPTION
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16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

END OF FAMILY

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Trichome JWC Acquisition Corp

FILE CURRENCY: September 18, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 4 OF 4 ENQUIRY PAGE : 6 OF 10

SEARCH : BD : TRICHOME JWC ACQUISITION CORP

00 FILE NUMBER : 781390161 EXPIRY DATE : 24MAR 2026 STATUS :
01 CAUTION FILING : PAGE : 001 OF 5 MV SCHEDULE ATTACHED :
REG NUM : 20220324 1335 1901 1970 REG TYP: P PPSA REG PERIOD: 04
02 IND DOB : IND NAME:
03 BUS NAME: TRICHOME JWC ACQUISITION CORP.
OCN :
04 ADDRESS : 530 MANITOU DR
CITY : KITCHENER PROV: ON POSTAL CODE: N2C 1L3
05 IND DOB : IND NAME:
06 BUS NAME: TRICHOME JWC ACQUISITION CORP.
OCN :
07 ADDRESS : 79 WELLINGTON STREET WEST, 3000,
CITY : TORONTO PROV: ON POSTAL CODE: M5K 1N2

08 SECURED PARTY/LIEN CLAIMANT :
KEMPENFELT, A DIVISION OF BENNINGTON FINANCIAL CORP.
09 ADDRESS : 101-1465 NORTH SERVICE RD E
CITY : OAKVILLE PROV: ON POSTAL CODE: L6H 1A7
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X 23MAR2026
YEAR MAKE MODEL V.I.N.
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GENERAL COLLATERAL DESCRIPTION

13 PURSUANT TO LEASE AGREEMENT 20006383, ALL PRESENT AND FUTURE
14 EQUIPMENT ENCOMPASSED BY LEASE AGREEMENT 20006383 TOGETHER WITH ALL
15 ATTACHMENTS ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS,
16 AGENT: ESC CORPORATE SERVICES LTD.
17 ADDRESS : 445 KING STREET WEST, SUITE 400
CITY : TORONTO PROV: ON POSTAL CODE: M5V 1K4

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Trichome JWC Acquisition Corp

FILE CURRENCY: September 18, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 4 OF 4 ENQUIRY PAGE : 7 OF 10

SEARCH : BD : TRICHOME JWC ACQUISITION CORP

00 FILE NUMBER : 781390161 EXPIRY DATE : 24MAR 2026 STATUS :
01 CAUTION FILING : PAGE : 002 OF 5 MV SCHEDULE ATTACHED :
REG NUM : 20220324 1335 1901 1970 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
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GENERAL COLLATERAL DESCRIPTION

13 ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS OF EVERY TYPE,
14 ITEM OR KIND IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY
15 DEALING WITH COLLATERAL INCLUDING WITHOUT LIMITATION TRADE-INS,
16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Trichome JWC Acquisition Corp

FILE CURRENCY: September 18, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 4 OF 4 ENQUIRY PAGE : 8 OF 10

SEARCH : BD : TRICHOME JWC ACQUISITION CORP

00 FILE NUMBER : 781390161 EXPIRY DATE : 24MAR 2026 STATUS :
01 CAUTION FILING : PAGE : 003 OF 5 MV SCHEDULE ATTACHED :
REG NUM : 20220324 1335 1901 1970 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
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GENERAL COLLATERAL DESCRIPTION

13 EQUIPMENT, INVENTORY, GOODS, NOTES, CHATTEL PAPER, CONTRACT RIGHTS,
14 ACCOUNTS, RENTAL PAYMENTS, SECURITIES, INTANGIBLES, DOCUMENTS OF
15 TITLE AND MONEY AND ALL PROCEEDS OF PROCEEDS AND A RIGHT TO ANY

16 AGENT:

17 ADDRESS :
CITY : PROV: POSTAL CODE:

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Trichome JWC Acquisition Corp

FILE CURRENCY: September 18, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 4 OF 4 ENQUIRY PAGE : 9 OF 10

SEARCH : BD : TRICHOME JWC ACQUISITION CORP

00 FILE NUMBER : 781390161 EXPIRY DATE : 24MAR 2026 STATUS :
01 CAUTION FILING : PAGE : 004 OF 5 MV SCHEDULE ATTACHED :
REG NUM : 20220324 1335 1901 1970 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
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GENERAL COLLATERAL DESCRIPTION

13 INSURANCE PAYMENT AND ANY OTHER PAYMENT THAT INDEMNIFIES OR
14 COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR THE PROCEEDS OF
15 THE COLLATERAL INCLUDING BUT NOT LIMITED TO THE FOLLOWING ONE 1

16 AGENT:

17 ADDRESS :
CITY : PROV: POSTAL CODE:

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Trichome JWC Acquisition Corp

FILE CURRENCY: September 18, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 4 OF 4 ENQUIRY PAGE : 10 OF 10

SEARCH : BD : TRICHOME JWC ACQUISITION CORP

00 FILE NUMBER : 781390161 EXPIRY DATE : 24MAR 2026 STATUS :
01 CAUTION FILING : PAGE : 005 OF 5 MV SCHEDULE ATTACHED :
REG NUM : 20220324 1335 1901 1970 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION
13 2021 HANGCHA CPD25-XD2-C 5000 LB FORKLIFT S/N R5BJ00068

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16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:
LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: TRICHOME RETAIL CORP.

FILE CURRENCY: September 19, 2022

RESPONSE CONTAINS: APPROXIMATELY 1 FAMILIES and 2 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS
WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME
IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE
OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT
ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: TRICHOME RETAIL CORP.

FILE CURRENCY: September 19, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 2

SEARCH : BD : TRICHOME RETAIL CORP.

00 FILE NUMBER : 775668366 EXPIRY DATE : 23AUG 2026 STATUS :
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20210823 1353 1590 1796 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: TRICHOME RETAIL CORP.
OCN :
04 ADDRESS : 150 KING STREET WEST, SUITE 214
CITY : TORONTO PROV: ON POSTAL CODE: M5H 1J9
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
CORTLAND CREDIT LENDING CORPORATION, AS AGENT
09 ADDRESS : ROYAL BANK PLAZA, SOUTH TOWER
CITY : TORONTO PROV: ON POSTAL CODE: M5J 2J2
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

16 AGENT: TORYS LLP
17 ADDRESS : 79 WELLINGTON ST W, 30TH FLOOR PO BOX 27
CITY : TORONTO PROV: ON POSTAL CODE: M5K 1N2

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: TRICHOME RETAIL CORP.

FILE CURRENCY: September 19, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 2 OF 2

SEARCH : BD : TRICHOME RETAIL CORP.

00 FILE NUMBER : 775668366 EXPIRY DATE : 23AUG 2026 STATUS :
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20210823 1353 1590 1796 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS : 200 BAY STREET, SUITE 3230
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.
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12
GENERAL COLLATERAL DESCRIPTION
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14
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16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:
LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: MYM NUTRACEUTICALS INC.

FILE CURRENCY: September 19, 2022

RESPONSE CONTAINS: APPROXIMATELY 1 FAMILIES and 2 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS
WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME
IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE
OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT
ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: MYM NUTRACEUTICALS INC.

FILE CURRENCY: September 19, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 2

SEARCH : BD : MYM NUTRACEUTICALS INC.

00 FILE NUMBER : 775673973 EXPIRY DATE : 23AUG 2026 STATUS :
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20210823 1624 1590 1854 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: MYM NUTRACEUTICALS INC.
OCN :
04 ADDRESS : 150 KING STREET WEST, SUITE 214
CITY : TORONTO PROV: ON POSTAL CODE: M5H 1J9
05 IND DOB : IND NAME:
06 BUS NAME: MYM NUTRACEUTICALS INC.
OCN :
07 ADDRESS : 10TH FLOOR, 595 HOWE STREET
CITY : VANCOUVER PROV: BC POSTAL CODE: V6C 2T5

08 SECURED PARTY/LIEN CLAIMANT :
CORTLAND CREDIT LENDING CORPORATION, AS AGENT
09 ADDRESS : ROYAL BANK PLAZA, SOUTH TOWER
CITY : TORONTO PROV: ON POSTAL CODE: M5J 2J2
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11
12

GENERAL COLLATERAL DESCRIPTION

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16 AGENT: TORYS LLP
17 ADDRESS : 79 WELLINGTON ST W, 30TH FLOOR PO BOX 27
CITY : TORONTO PROV: ON POSTAL CODE: M5K 1N2

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: MYM NUTRACEUTICALS INC.

FILE CURRENCY: September 19, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 2 OF 2

SEARCH : BD : MYM NUTRACEUTICALS INC.

00 FILE NUMBER : 775673973 EXPIRY DATE : 23AUG 2026 STATUS :
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20210823 1624 1590 1854 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS : 200 BAY STREET, SUITE 3230
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

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16 AGENT:

17 ADDRESS :

CITY : PROV: POSTAL CODE:

LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: MYM INTERNATIONAL BRANDS INC.

FILE CURRENCY: September 19, 2022

RESPONSE CONTAINS: APPROXIMATELY 1 FAMILIES and 2 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS
WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME
IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE
OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT
ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: MYM INTERNATIONAL BRANDS INC.

FILE CURRENCY: September 19, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 2

SEARCH : BD : MYM INTERNATIONAL BRANDS INC.

00 FILE NUMBER : 775673937 EXPIRY DATE : 23AUG 2026 STATUS :
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20210823 1623 1590 1853 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: MYM INTERNATIONAL BRANDS INC.
OCN :
04 ADDRESS : 150 KING STREET WEST, SUITE 214
CITY : TORONTO PROV: ON POSTAL CODE: M5H 1J9
05 IND DOB : IND NAME:
06 BUS NAME: MYM INTERNATIONAL BRANDS INC.
OCN :
07 ADDRESS : 10TH FLOOR, 595 HOWE STREET
CITY : VANCOUVER PROV: BC POSTAL CODE: V6C 2T5

08 SECURED PARTY/LIEN CLAIMANT :
CORTLAND CREDIT LENDING CORPORATION, AS AGENT
09 ADDRESS : ROYAL BANK PLAZA, SOUTH TOWER
CITY : TORONTO PROV: ON POSTAL CODE: M5J 2J2
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11
12

GENERAL COLLATERAL DESCRIPTION

13
14
15

16 AGENT: TORYS LLP

17 ADDRESS : 79 WELLINGTON ST W, 30TH FLOOR PO BOX 27
CITY : TORONTO PROV: ON POSTAL CODE: M5K 1N2

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: MYM INTERNATIONAL BRANDS INC.

FILE CURRENCY: September 19, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 2 OF 2

SEARCH : BD : MYM INTERNATIONAL BRANDS INC.

00 FILE NUMBER : 775673937 EXPIRY DATE : 23AUG 2026 STATUS :
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20210823 1623 1590 1853 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS : 200 BAY STREET, SUITE 3230
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

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14

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16 AGENT:

17 ADDRESS :

CITY : PROV: POSTAL CODE:

LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Highland Grow Inc.

FILE CURRENCY: September 19, 2022

RESPONSE CONTAINS: APPROXIMATELY 1 FAMILIES and 2 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS
WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME
IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE
OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT
ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Highland Grow Inc.

FILE CURRENCY: September 19, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 2

SEARCH : BD : HIGHLAND GROW INC.

00 FILE NUMBER : 775673982 EXPIRY DATE : 23AUG 2026 STATUS :
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20210823 1626 1590 1855 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: HIGHLAND GROW INC.
OCN :
04 ADDRESS : 150 KING STREET WEST, SUITE 214
CITY : TORONTO PROV: ON POSTAL CODE: M5H 1J9
05 IND DOB : IND NAME:
06 BUS NAME: HIGHLAND GROW INC.
OCN :
07 ADDRESS : 871 B OHIO EAST ROAD
CITY : ANTIGONISH PROV: NS POSTAL CODE: B2G 2K8

08 SECURED PARTY/LIEN CLAIMANT :
CORTLAND CREDIT LENDING CORPORATION, AS AGENT
09 ADDRESS : ROYAL BANK PLAZA, SOUTH TOWER
CITY : TORONTO PROV: ON POSTAL CODE: M5J 2J2
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

13

14

15

16 AGENT: TORYS LLP

17 ADDRESS : 79 WELLINGTON ST W, 30TH FLOOR PO BOX 27

CITY : TORONTO PROV: ON POSTAL CODE: M5K 1N2

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: Highland Grow Inc.

FILE CURRENCY: September 19, 2022

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 2 OF 2

SEARCH : BD : HIGHLAND GROW INC.

00 FILE NUMBER : 775673982 EXPIRY DATE : 23AUG 2026 STATUS :
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20210823 1626 1590 1855 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS : 200 BAY STREET, SUITE 3230
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION
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14
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16 AGENT:
17 ADDRESS :
CITY : PROV: POSTAL CODE:
LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

TAB V

THIS IS **EXHIBIT "V"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	Nova Scotia
Type of Search:	Debtors (Enterprise)
Search Criteria:	HIGHLAND GROW INC.
Date and Time of Search (YYYY-MM-DD hh:mm):	2022-09-21 11:11 (Atlantic)
Transaction Number:	23597011
Searched By:	S185207

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	35017565	HIGHLAND GROW INC.	TORONTO
*	*	35017565	HIGHLAND GROW INC.	HALIFAX

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 2 registration(s) contained information that **exactly** matched the search criteria you specified.

- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 35017565

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic) (YYYY-MM-DD hh:mm)	Expiry Date (YYYY-MM-DD)	File Number
Original	35017565	2021-08-23 11:42	2026-08-23	SM004579.645

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 HIGHLAND GROW INC.

150 KING STREET WEST, SUITE 214
TORONTO ON M5H 1J9
Canada

Type: Enterprise
HIGHLAND GROW INC.
302-5475 SPRING GARDEN ROAD
HALIFAX NS B3J 3T2
Canada

Secured Parties

Type: Enterprise
CORTLAND CREDIT LENDING CORPORATION, AS AGENT
ROYAL BANK PLAZA, SOUTH TOWER
200 BAY STREET, SUITE 3230
TORONTO ON M5J 2J2
Canada

General Collateral

A SECURITY INTEREST IS TAKEN IN ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY.

END OF REPORT

TAB W

THIS IS **EXHIBIT "W"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

GRID PROMISSORY NOTE

Principal: Per Schedule 'A'

Dated: June 28, 2021

Interest Rate: 5%

1. **FOR VALUE RECEIVED**, Trichome Financial Corp. (the "**Borrower**"), having a principal office located at 150 King Street West, Toronto, Ontario, M5H 1J9, promises to pay to or to the order of IM Cannabis Corp. (the "**Creditor**") at Kibbutz Gllil Yam – Central District, Israel, 4690500 (or at any other place as the Creditor may, from time to time, designate by notice in writing to the Borrower):
 - (a) the aggregate outstanding principal amount of all advances that the Creditor makes from time to time to the Borrower (the "**Principal**"), as recorded by or on behalf of the Creditor from time to time on the grid attached to this Note as Schedule "A" and any further grids attached hereto (collectively, the "**Grid**"), which Grid forms part of this Note; and
 - (b) a fixed rate of interest of 5% per annum, (the "**Interest Rate**"), on the unpaid portion of the Principal until the Principal is repaid in full, calculated on the basis of the actual number of days elapsed in a year, being 365 or 366, as the case may be, accruing on a monthly basis and payable, both before and after maturity, default or judgment.
2. **Repayment**—The Principal, together with any accrued but unpaid interest, will become due and will be paid in full within twelve (12) months from signing this promissory note (the "**Repayment Date**").
3. **Interest on Overdue Interest**—If default occurs in the payment of any interest due under this promissory note, interest on that amount at the Interest Rate, calculated daily and compounded monthly, will be payable on demand.
4. **Application of Payments**—Any amount paid in satisfaction of the indebtedness evidenced by this promissory note will be applied first in satisfaction of any accrued and unpaid interest which is due and payable and any overdue interest thereon, and then the remaining portion of the amount paid will be applied in satisfaction of the Principal owing under this promissory note.
5. **Enforcement**—No legal proceeding to enforce the Borrower's obligations under this promissory note will be commenced until after the first day on which there is a failure to perform those obligations once a demand is made. Upon the happening of any default hereunder, the Creditor may by instrument in writing declare that the indebtedness owing hereunder has become immediately due and payable and the rights enforced by any remedy or in any manner permitted by this promissory note or by law or equity and all or any remedies may from time to time be exercised independently or in any combination.
6. **Prepayment**—The Borrower will be entitled to prepay the Principal, in whole or in part, together with interest at the Interest Rate calculated to the date of prepayment on the Principal being prepaid, at any time prior to the Repayment Date, without any notice being given to the Creditor and without any bonus or penalty being paid to the Creditor, provided that the Borrower is not in default in the payment of any amount due under this promissory note. Any such prepayment will be applied to the Principal owing under this promissory note.
7. **Currency and Payment**—Any money to be paid pursuant to this promissory note must be paid by bank draft, certified cheque or electronic funds transfer of immediately available funds

payable to the Creditor, in lawful Canadian currency. All dollar amounts referenced in this promissory note shall be in Canadian dollars, unless noted otherwise.

8. **Default**—Unless waived by the Creditor, the Borrower shall be in default under this promissory note in any of the following events:
 - (a) the Borrower defaults, or threatens to default, in payment of the indebtedness hereunder when due; or
 - (b) the Borrower declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
 - (c) a receiver, manager, receiver and manager or receiver-manager of all or a part of the undertaking and assets of the Borrower is appointed; or
 - (d) an order is made or a resolution is passed for the winding up of the Borrower; or
 - (e) the Borrower ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of the Borrower's assets; or
 - (f) distress or execution is levied or issued against all or any part of the undertaking and assets of the Borrower; or
 - (g) the holder of any security interest, charge, encumbrance, lien or claim against any of the undertaking and assets of the Borrower does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
 - (h) the lessor under any lease to the Borrower of any real property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Borrower; or
 - (i) any permit, licence, certification, quota or order granted to or held by the Borrower that is material to the business of the Borrower as presently conducted is cancelled, revoked or reduced, as the case may be, or any order against the Borrower is enforced, materially and adversely affecting the Borrower or its business as presently conducted.
9. **Non-Waiver**—The extension of the time for making any payment which is due and payable under this promissory note, or the Creditor's failure or delay in exercising or enforcing any rights or remedies under this promissory note, or under any instrument securing payment of the indebtedness evidenced by this promissory note, will not constitute a continuing waiver of the right of the Creditor to enforce those rights and remedies in the future.
10. **Amendments**—No amendment or waiver of any provision of this promissory note or consent to any departure by the Borrower from any provision of this promissory note is effective unless it is in writing and signed by the Borrower and the Creditor, and then the amendment, waiver or consent is effective only in the specific instance and for the specific purpose for which it is given.
11. **Collection Expenses**—The Borrower will pay all costs and expenses incurred by the Creditor in collecting any amount due, and enforcing its rights, under this promissory note, including,

without limitation, reasonable legal fees and disbursements. Those costs and expenses will be added to the Principal and will bear interest at the Interest Rate.

12. **Governing Law**—This promissory note will be governed by and construed in all respects in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province.
13. **Time of the Essence**—Time will in all respects be of the essence of this promissory note.
14. **Waiver of Benefits**—Presentment for payment, protest and notice of protest, notice of non-payment and notice of dishonour are waived by the Borrower.
15. **Assignment**—The Borrower will not be permitted to assign this promissory note, in whole or in part, without the prior written consent of the Creditor. The Creditor may assign (including by way of security) this promissory note, in whole or in part, without the prior written consent of the Borrower. This promissory note will be binding upon the successors and permitted assigns of the Borrower and will enure for the benefit of the Creditor and its successors and assigns.

(remainder of page intentionally left blank; signature page follows).

The Borrower has executed this promissory note as of the 28th day of June, 2021.

TRICHOME FINANCIAL CORP.

Per: 
Name: Daniel Cohen
Title: Vice President & General Counsel

SCHEDULE "A"**GRID****ADVANCES AND PAYMENTS OF PRINCIPAL**

Date	Amount of Advance	Amount of Principal Paid	Unpaid Principal Balance	Notation Made by
June 28, 2021	\$1,000,000	-	\$1,000,000	Dan Cohen
July 8, 2021	\$2,300,000	-	\$3,300,000	Dan Cohen
July 26, 2021	\$1,500,000	-	\$4,800,000	Dan Cohen
July 30, 2021	\$1,700,000	-	\$6,500,000	Dan Cohen
August 16, 2021	\$1,000,000	-	\$7,500,000	Dan Cohen
September 22, 2021	\$250,000	-	\$7,750,000	Dan Cohen
October 13, 2021	\$500,000	-	\$8,250,000	Dan Cohen
December 2, 2021	\$750,000	-	\$9,000,000	Dan Cohen
December 16, 2021	\$350,000	-	\$9,350,000	Dan Cohen
January 21, 2022	\$250,000	-	\$9,600,000	Dan Cohen
April 14, 2022	\$250,000	-	\$9,850,000	Dan Cohen
July 20, 2022	\$100,000	-	\$9,950,000	Dan Cohen
August 4, 2022	\$150,000	-	\$10,100,000	Dan Cohen
August 9, 2022	\$100,000	-	\$10,200,000	Dan Cohen
August 25, 2022	\$838,630	-	\$11,038,630	Dan Cohen
August 26, 2022	\$516,080	-	\$11,554,710	Dan Cohen
September 2, 2022	\$300,000	-	\$11,854,710	Dan Cohen
September 16, 2022	\$100,000	-	\$11,954,710	Dan Cohen

TAB X

THIS IS **EXHIBIT "X"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

PROMISSORY NOTE

Amount: \$C1,040,000

Date: April 1, 2022

FOR VALUE RECEIVED, THE UNDERSIGNED, Trichome JWC Acquisition Corp. (the “**Borrower**”), hereby acknowledges itself indebted to and unconditionally promises to pay on demand to or to the order of MYM Nutraceuticals Inc. (the “**Holder**”) in lawful money of Canada the principal amount of \$C1,040,000 without interest.

The Borrower may prepay the principal sum of this promissory note (the “**Note**”) in whole or in part at any time or from time to time without notice, penalty or bonus.

The provisions of this Note shall be binding upon the Borrower and its heirs, successors and permitted assigns and shall enure to the benefit of the Holder and its heirs, executors, administrators, successors and assigns. The Borrower may not assign its obligations under this Note without the prior written consent of the Holder. The Holder may assign its rights under this Note in whole or in part without the consent of the Borrower.

This Note shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and, in respect of any proceedings with respect to this Note, each of the Holder and the Borrower hereby irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.

No waiver of any obligation of the Borrower under this Note shall be effective unless it is in writing from the Holder.

This Note may not be amended, restated, supplemented or modified by the Borrower without the prior written consent of the Holder, which consent may be unreasonably withheld.

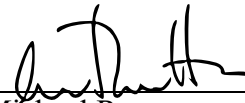
Presentment for payment, notice of non-payment, protest and notice of protest are hereby waived.

No proceeding to enforce collection of this Note can be commenced until the day following demand for payment.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF this Note has been duly executed by the Borrower on the date first written above.

**TRICHOME JWC ACQUISITION
CORP.**

By: 
Name: Michael Ruschetta
Title: Chief Executive Officer

TAB Y

THIS IS **EXHIBIT "Y"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)



SUPERIOR COURT OF JUSTICE

COUNSEL SLIP

COURT FILE NO.: CV-22-00680580-00CL DATE: 12 September 2022

NO. ON LIST: 3

TITLE OF PROCEEDING: **MYM NUTRACEUTICALS INC. V CULTIVATOR CATALYST
CORP. AND BIOME GROW INC**
BEFORE JUSTICE: **MADAM JUSTICE CONWAY**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
Adam Slavens; Mike Noel; Jon Silver	Counsel for App	aslavens@torys.com ; mnoel@torys.com ; jsilver@torys.com

For Defendant, Respondent, Responding Party, Defence:

Name of Person Appearing	Name of Party	Contact Info
Stewart Thom	Counsel for Resp; Cultivator Catalyst Corp and Biome Grow Inc.	sthom@torkinmanes.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Gavin Finlayson	Counsel for Secured Creditor; Jacob Capital	gfinlayson@millerthomson.com

ENDORSEMENT OF JUSTICE CONWAY:

The parties have reached a settlement. Pending implementation of the settlement, the Receivership Application is adjourned (on consent) to a scheduling appointment to be arranged through the Commercial List office, if required.

A handwritten signature in blue ink, appearing to read "Conway J.", with a stylized flourish at the end.

TAB Z

THIS IS **EXHIBIT "Z"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

Court File No.: _____

**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 TRICHOME FINANCIAL CORP., TRICHOME JWC ACQUISITION CORP., MYM NUTRACEUTICALS INC., TRICHOME RETAIL CORP., MYM INTERNATIONAL BRANDS INC., AND HIGHLAND GROW INC.

Applicants

CONSENT OF THE PROPOSED MONITOR

KSV Restructuring Inc. hereby consents to act as the Court-appointed monitor of Trichome Financial Corp., Trichome JWC Acquisition Corp., MYM Nutraceuticals Inc., Trichome Retail Corp., MYM International Brands Inc., and Highland Grow Inc. (collectively, the "**Applicants**"), pursuant to the terms of the initial order contained in the Applicants' Application Record and the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in respect of these proceedings.

Dated: November 3, 2022

KSV RESTRUCTURING INC.

Per:



Name: Noah Goldstein
Title: Managing Director

TAB AA

THIS IS **EXHIBIT "AA"** REFERRED TO IN THE AFFIDAVIT
OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 7TH
DAY OF NOVEMBER, 2022.

Joshua Foster

JOSHUA FOSTER

A Commissioner for taking Affidavits
(or as may be)

DIP FACILITY AGREEMENT

THIS AGREEMENT is made this 6th day of November, 2022.

A M O N G:

**CORTLAND CREDIT LENDING CORPORATION, as Agent (the "Agent")
for and on behalf of the lenders party hereto from time to time (the "Lenders")**

-and-

TRICHOME JWC ACQUISITION CORP. (the "Borrower")

-and-

TRICHOME FINANCIAL CORP. ("TFC")

-and-

HIGHLAND GROW INC. ("HGI")

-and-

MYM INTERNATIONAL BRANDS INC. ("MYM International")

-and-

MYM NUTRACEUTICALS INC. ("MYM Nutraceuticals")

-and-

**TRICHOME RETAIL CORP. ("Retail" and, together with TFC, HGI, MYM
International and MYM Nutraceuticals, collectively, the "Guarantors" and the
Guarantors, together with the Borrower, collectively, the "Credit Parties")**

RECITALS:

WHEREAS the Agent and the Credit Parties are parties to a Credit Agreement made as of May 14, 2021, as amended by an amending agreement no. 1 made as of August 27, 2021 and an amending agreement no. 2 made as of March 31, 2022 (as so amended, the "**Credit Agreement**");

AND WHEREAS to secure the Obligations of the Credit Parties to the Agent under the Credit Agreement and the other Transaction Documents, the Credit Parties granted the Security Agreements in favour of the Agent;

AND WHEREAS the Credit Parties have advised the Agent that they intend to commence proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") on a date to be set (the "**Filing Date**") by the Ontario Superior Court

of Justice (Commercial List) (the "**Court**") to seek, among other things, the granting of an initial order (the "**Initial Order**") and the appointment of a monitor (the "**Monitor**");

AND WHEREAS commencement of the CCAA Proceedings will constitute an Event of Default (as defined in the Credit Agreement) (the "**CCAA Event of Default**") under the Credit Agreement;

AND WHEREAS the Borrower has requested, and the Agent has agreed, to provide certain debtor-in-possession ("**DIP**") financing to the Borrower pursuant to a DIP facility (the "**DIP Facility**") during the CCAA Proceedings on the terms and conditions contained herein;

AND WHEREAS the Agent and the Credit Parties entered into an Acknowledgement dated November 6, 2022 (as amended, modified, supplemented, extended, renewed, restated, or replaced, the "**Acknowledgement**") whereby, among other things, the Credit Parties acknowledged and agreed that (a) the Obligations (including, without limitation, the outstanding Loan Advances) under the Credit Agreement were limited to the amount set out in the Acknowledgement, plus interest charged in accordance with the terms of the Credit Agreement (collectively, the "**Pre-Filing Obligations**"), (b) no further Loan Advances shall be made by the Agent to the Borrower under the Credit Agreement, and (c) the Pre-Filing Obligations and Post-Filing Obligations (as defined below) shall continue to be secured and guaranteed pursuant to the terms of the Security Documents;

NOW THEREFORE in consideration of the respective covenants of the parties hereto herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, all terms defined in the Credit Agreement and not otherwise defined herein shall have the respective meanings ascribed to them in the Credit Agreement. Any reference to "Events of Default" in the Credit Agreement or in this Agreement, shall be a reference to "Events of Default" as defined in this Agreement.

1.2 Gender and Number

Words importing the singular include the plural and vice versa and importing gender include all genders.

1.3 Severability

Each of the provisions contained in this Agreement is distinct and severable, and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement.

1.4 Headings

The division of this Agreement into sections and the insertion of headings, articles, sections and clauses are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Entire Agreement

Except for the Transaction Documents and the additional documents provided for herein, this Agreement constitutes the entire agreement of the parties and supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, relating to the subject matter hereof. This Agreement may not be amended or modified except by written consent executed by all of the parties hereto. No provision of this Agreement will be deemed waived by any course of conduct unless such waiver is in writing and signed by all of the parties hereto, specifically stating that it is intended to modify this Agreement.

1.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and federal the laws of Canada applicable therein.

1.7 Currency

Unless otherwise stated, all dollar amounts referenced are in Canadian dollars.

1.8 Attornment

The parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario for all matters arising out of or in connection with this Agreement.

1.9 Conflicts

If there is any inconsistency or conflict between the terms of this Agreement and the terms of the Transaction Documents, the provisions of this Agreement shall prevail to the extent of the inconsistency, but the foregoing shall not apply to limit or restrict, in any way, the rights and remedies of the Agent under this Agreement, the Transaction Documents, the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), the PPSA, other applicable law, or otherwise, other than as may be specifically contemplated herein.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

Each of the Credit Parties hereby represents and warrants to the Agent as follows:

- 2.1** The facts set out in the recitals to this Agreement are true and accurate in substance and in fact.
- 2.2** Each Credit Party is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and is duly qualified, licensed or registered to carry on business under the laws applicable to it in all jurisdictions in which the nature of its assets or business makes such qualification necessary.
- 2.3** Each Credit Party has all requisite corporate power and authority to (i) own and operate its properties and assets and to develop, own and operate its business and (ii) enter into and perform its obligations under this Agreement and each other Transaction Document to which it is a party.
- 2.4** The execution and delivery by each Credit Party of this Agreement and each other Transaction Document to which it is a party and the performance by each of them of their respective obligations hereunder and thereunder have been duly authorized by all necessary corporate action and no authorization under any applicable law, and no registration, qualification, designation, declaration or filing with any governmental authority, is or was necessary therefor, other than filings which may be made to register or otherwise record the DIP Charge (as defined below).
- 2.5** This Agreement and each of the other Transaction Documents to which it is a party has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of each Credit Party, enforceable against it in accordance with its terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally and (ii) the discretion that a court may exercise in the granting of equitable remedies.
- 2.6** The Collateral (i) is owned by or licensed to the Credit Parties and is only located at the locations disclosed in writing to the Agent, (ii) has not been sold, leased or otherwise disposed of other than inventory in the ordinary course of business and (iii) is not subject to any rights of any person or entity other than Permitted Encumbrances.
- 2.7** The execution and delivery by each Credit Party of this Agreement and the other Transaction Documents to which it is a party and the performance by each Credit Party of their respective obligations hereunder and thereunder and compliance with the terms, conditions and provisions hereof and thereof, will not conflict with or result in a breach of (i) its constating documents or by-laws; or (ii) any applicable law.
- 2.8** The business operations of each Credit Party has been and will continue to be conducted in compliance with all laws of each jurisdiction in which business has been or is being carried on.

- 2.9** Each Credit Party has obtained all licenses and permits required for the operation of its business, which licenses and permits remain in full force and effect. No proceedings have been commenced or, to the knowledge of the Credit Parties, threatened to revoke or amend any of such licenses or permits.
- 2.10** Except as set out in Schedule "C", the Collateral is not subject to any Lien except for the Permitted Encumbrances and each Credit Party has made all source deductions required by Applicable Law.
- 2.11** Except as set out in Schedule "C", each Credit Party has filed or caused to be filed all tax returns and reports which are required to have been filed and has paid or caused to be paid all taxes required to have been paid by it, except taxes that are being contested in good faith by appropriate proceedings and for which adequate cash reserves are being maintained.
- 2.12** Except as set out in Schedule "C", other than the CCAA Proceedings, there are no actions, suits or proceedings (including any tax-related matter) by or before any arbitrator or governmental authority or by any other person pending against or, to the knowledge of each Credit Party, threatened against or affecting any Credit Party.
- 2.13** (i) Each Credit Party is and has been in compliance with all applicable environmental laws, including obtaining, maintaining and complying with all permits required by any applicable environmental law, (ii) no Credit Party is party to, and no real property currently or previously owned, leased or otherwise occupied by or for any Credit Party is subject to or the subject of, any contractual obligation or any pending or, to the knowledge of the Credit Parties, threatened order, action, investigation, suit, proceeding, audit, claim, demand, dispute or notice of violation or of potential liability or similar notice under or pursuant to any environmental law which could reasonably be expected to result in a remedial obligation having a Material Adverse Change, (iii) no Lien in favour of any Governmental Authority securing, in whole or in part, environmental liabilities has attached to any property of the Credit Parties and no facts, circumstances or conditions exist that could reasonably be expected to result in any such Lien attaching to any such property, (iv) no Credit Party has caused or suffered to occur a release of any hazardous substances or conditions creating any potential for such a release at, to or from any real property other than in compliance with environmental laws and except when failure to do so could not reasonably be expected to result in a Material Adverse Change, (v) no Credit Party has engaged in operations that, and no facts, circumstances or conditions exist that, in the aggregate, would have a reasonable likelihood of resulting in material environmental liabilities, and (vi) each Credit Party has made available to the Agent copies of all existing environmental reports, reviews and audits and all documents pertaining to actual or potential environmental liabilities, in each case to the extent such reports, reviews, audits and documents are in its possession, custody or control.
- 2.14** Each Credit Party maintains insurance policies and coverage which (i) is sufficient for compliance with Applicable Law and all Material Agreements to which a Credit Party is a party and (ii) provide adequate insurance coverage in at least such amounts and against at least such risks as are usually insured against in the same general area by persons engaged in the same or similar business to the assets and operations of the Credit Parties.

- 2.15 All information provided by or on behalf of the Credit Parties to the Agent for the purposes of or in connection with this Agreement, the other Transaction Documents or any transaction contemplated herein is true and accurate in all material respects on the date as of which such information is dated or certified and remains true as of the date provided and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided.

ARTICLE 3 THE DIP FACILITY

In reliance upon the Acknowledgement and the acknowledgements, representations, warranties, confirmations, covenants and agreements of the Credit Parties contained in this Agreement and subject to the terms and conditions of this Agreement and any documents executed in connection herewith, the Agent agrees to make the DIP Facility available to the Borrower during the CCAA Proceedings on the following terms and conditions.

3.1 The DIP Facility

Notwithstanding any other term or condition of the Credit Agreement, and subject to satisfaction of the terms and conditions of this Agreement, the Agent, on behalf of the Lenders, agrees to provide the Borrower with the DIP Facility as set forth in this section:

- (a) the maximum principal amount under the DIP Facility shall not, at any time, exceed the lesser of (i) \$4,875,000 (the “**Facility Limit**”), and (ii) the Borrowing Base Amount, as calculated in accordance with the terms of the Credit Agreement, minus the amount of the Pre-Filing Obligations, plus the Over-Advance Amount (as defined herein). The Borrower shall immediately repay any advances outstanding in excess of the amount calculated pursuant to the immediately preceding sentence;

The “**Over-Advance Amount**” shall be calculated as follows:

Week	Week Ended Date	Margin Surplus from Budget (Row 68 of "BB" Tab)	10%	Total Over Advance Available
<i>Week 1</i>	11-Nov	(1,621,230)	\$ (162,123)	\$ (1,783,353)
<i>Week 2</i>	18-Nov	(1,525,864)	\$ (152,586)	\$ (1,678,451)
<i>Week 3</i>	25-Nov	(2,204,025)	\$ (220,402)	\$ (2,424,427)
<i>Week 4</i>	2-Dec	(2,151,151)	\$ (215,115)	\$ (2,366,267)
<i>Week 5</i>	9-Dec	(1,379,776)	\$ (137,978)	\$ (1,517,754)
<i>Week 6</i>	16-Dec	(916,855)	\$ (91,686)	\$ (1,008,541)
<i>Week 7</i>	23-Dec	(1,230,191)	\$ (123,019)	\$ (1,353,210)
<i>Week 8</i>	30-Dec	(1,254,706)	\$ (125,471)	\$ (1,380,176)
<i>Week 9</i>	6-Jan	(1,825,428)	\$ (182,543)	\$ (2,007,971)
<i>Week 10</i>	13-Jan	(1,281,469)	\$ (128,147)	\$ (1,409,616)
<i>Week 11</i>	20-Jan	(2,022,088)	\$ (202,209)	\$ (2,224,297)
<i>Week 12</i>	27-Jan	(1,739,200)	\$ (173,920)	\$ (1,913,120)
<i>Week 13</i>	3-Feb	(1,675,914)	\$ (167,591)	\$ (1,843,505)

- (b) all amounts advanced by the Agent on behalf of the Lenders following the Filing Date shall be in respect of the DIP Facility and all repayments by the Borrower following the Filing Date will be applied against the Post-Filing Obligations of the Borrower to the Agent, for and on behalf of the Lenders, under the DIP Facility;
- (c) All amounts advanced under the DIP Facility shall be used by the Borrower to fund its working capital needs during the CCAA Proceedings; and
- (d) The Borrower may request advances from time to time under the DIP Facility by delivering an advance request certificate, in the form attached as Schedule "B", not less than one Business Day before the date of the requested advance; provided that the initial advance request certificate need not be required one Business Day before the date of the requested advance.

3.2 Interest Rate and Fees

- (a) The applicable Interest Rate on all amounts advanced under the DIP Facility shall be 14% per annum, and will be due and payable in cash on the first Business Day of each month covering interest accrued over the past calendar month. Unless otherwise provided for herein, interest on any amount due hereunder shall be calculated daily and not in advance on the basis of a 365-day year. For the purposes of the *Interest Act* (Canada) in the case of a leap year, the annual interest rate corresponding to the interest calculated on the basis of a 365-day year is equal to the interest rate thus calculated multiplied by 366 and divided by 365. Any amount of principal, interest commission, discount, or any other nature remaining unpaid at maturity, shall bear interest at the rate provided for herein, being understood that the said interest rate on arrears shall not exceed the maximum rate provided by law. Interest on arrears shall be compounded monthly and payable on demand.

- (b) The Borrower shall pay to the Agent a commitment fee equal to 2.0% of the Facility Limit, which fee shall be payable by the Borrower to the Agent upon issuance of the Initial Order. Such fee will be paid from the initial advance.
- (c) Any unutilized portion of the DIP Facility will bear a utilization fee at a rate of 2.4% per annum (“**Utilization Fee Rate**”), calculated daily using the calculations provided hereunder (“**Utilization Fee**”). The Unutilized Portion (as defined below) shall be calculated as the Facility Limit less the advanced and outstanding amount under the DIP Facility and less any amounts advanced and repaid under the DIP Facility (“**Unutilized Portion**”). The utilization fee shall be calculated daily as (i) the Unutilized Portion at the end of each Business Day, and in the case of a non-Business Day, the Unutilized Portion as of the immediately preceding Business Day, multiplied by (ii) the Utilization Fee Rate divided by 365. The Utilization Fee will be due and payable to the Agent in cash on the last day of each month.
- (d) The Borrower shall provide a \$100,000 deposit (the “**Expense Deposit**”) to the Agent to cover legal and other transaction expenses (field exam, inventory and real estate appraisals, etc.) and upon finalization of all transaction expenses, such deposit will be refunded to the Borrower after subtracting all transaction and other due diligence costs incurred by the Agent from the initial \$100,000 deposit amount. The Expense Deposit will be paid from the initial advance.

3.3 Mandatory Repayments

Subject to the priority of the Administration Charge and the D&O Charge (each as defined below), if a Credit Party, (a) disposes, transfers or sells any Collateral outside the ordinary course of business, or (b) sells the shares/equity interests of any wholly owned or non-wholly owned subsidiary of a Credit Party, the proceeds of sale (net only of usual closing adjustments), up to the total amount of the Borrower's indebtedness to the Lenders under the DIP Facility, shall be paid to the Agent and applied by the Agent against the indebtedness owing to the Lenders under the DIP Facility. Any such repayment by the Borrower shall constitute a permanent reduction of the availability and commitment under the DIP Facility.

3.4 Conditions Precedent

The obligation of the Lenders to make the DIP Facility available to the Borrower (the "**Effective Date**") and to fund each advance under the DIP Facility is subject to and conditional upon satisfaction (or waiver by the Agent) of the following conditions precedent:

- (a) the Agent shall have received a copy of this Agreement executed by each of the Credit Parties;
- (b) the Agent shall have received and be satisfied with the Budget, and all such other information (financial or otherwise) reasonably requested by the Agent;
- (c) no Event of Default (as defined herein) shall exist, and no event or circumstance which could reasonably be expected to result in a Material Adverse Change shall have occurred;

- (d) there shall not be pending any litigation or other proceeding, other than the CCAA Proceedings, the result of which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Change or form the basis for an appeal of the Initial Order;
- (e) all Court materials and documents prepared by the Credit Parties in connection with the CCAA Proceedings, including any service list shall be in form and substance satisfactory to the Agent;
- (f) the Initial Order shall be in form and substance satisfactory to the Agent;
- (g) the Initial Order approving the DIP Facility, the granting of the DIP Charge, and all related transactions shall have been entered and be in full force and effect and shall not have been reversed, vacated, or stayed, subject to appeal or modified or superseded or negatively impacted in any way without the Agent's prior written consent, and all necessary consents and approvals to the transaction contemplated in this Agreement and in the Initial Order shall have been obtained to the satisfaction of the Agent;
- (h) payment by the Borrowers to the Agent of all reasonable and documented expenses incurred by the Agent or the Lenders in connection with the DIP Facility (including the negotiation, ongoing monitoring and any costs of enforcement).
- (i) Receipt by the Agent of the Expense Deposit;
- (j) the Agent shall have received a Borrowing Base Certificate;
- (k) each of the representations and warranties made by the Credit Parties to the Agent in this Agreement shall be true and correct in all material respects; and
- (l) approval by the Agent of the Credit Parties' most recent cash flow forecast, prepared in the form of the Budget.

3.5 Terms of Initial Order

The Initial Order shall be in form and substance satisfactory to the Agent, including provisions addressing (among other things) the following:

- (a) approval of the financing provided for in this Agreement (including the DIP Facility);
- (b) the continuation of the Credit Parties' existing cash management arrangements, excluding the application by the Agent of any Post-Filing Collections to repay the Pre-Filing Obligations;
- (c) authorization and direction for the Borrower to make all payments of principal, interest, fees, and expenses under this Agreement to the Agent for and on behalf of the Lenders;

- (d) the DIP Charge;
- (e) an administration charge in an amount not to exceed \$750,000 which ranks prior to the DIP Charge and the Agent's security pursuant to the Transaction Documents (the "**Administration Charge**");
- (f) a directors' and officers' charge in an amount not to exceed \$967,000 which ranks prior to the DIP Charge and the Agent's security pursuant to the Transaction Documents (the "**D&O Charge**"); and
- (g) that the Agent shall be treated as unaffected in any plan of arrangement or compromise filed by or in respect of the Borrower under the CCAA, or under any proposal filed by or in respect of the Borrower under the BIA, with respect to any Post-Filing Obligations.

3.6 Budget

The Borrower shall provide the Agent with a thirteen (13) week cash flow (the "**Initial Budget**") reviewed by the Monitor. The Initial Budget shall reflect on a line item basis, among other things, a borrowing base calculation reflecting the amount of availability or an over-advance (calculated against receivables and inventory at existing advance rates), anticipated cash flow, cash receipts and disbursements, and sales. The Initial Budget and the proposed use of funds provided for therein shall be in substance satisfactory to the Agent. The Initial Budget and any subsequent Budget (as defined below) may only be amended and modified with the prior written consent of the Agent (the Initial Budget, as so amended and modified from time to time with the prior written consent of the Agent, is referred to herein as the "**Budget**"). The Initial Budget to February 3, 2023 is attached hereto as Schedule "A".

3.7 DIP Charge

- (a) All advances made by the Lenders to the Borrower under the DIP Facility, and all obligations, indebtedness, fees (including professional fees), costs, and expenses of the Borrower under this Agreement and the DIP Facility (collectively, the "**Post-Filing Obligations**") shall constitute Obligations and shall be secured by both:
 - (i) a super-priority DIP charge (the "**DIP Charge**") on all of the existing and after-acquired real and personal property of the Credit Parties (collectively, the "**DIP Collateral**") as provided for herein and in the Initial Order; and
 - (ii) the existing security and guarantees in favour of the Agent under the Transaction Documents.
- (b) For certainty, the DIP Charge shall not secure any Pre-Filing Obligations.

3.8 Existing Cash Management System/Cash Receipts to the Agent

The Initial Order shall, among other things, authorize and direct the Credit Parties to continue to use the central cash management system currently in place or replace it with another substantially

similar central cash management system. The Borrower will provide evidence to the Agent that it has directed each financial institution with which it maintains a deposit account into which payments are received from its Account Debtors (collectively, "**Post-Filing Collections**") to transfer on a weekly basis, at the Borrower's cost and expense, all such Post-Filing Collections to an account maintained by the Agent. The Agent shall apply the Post-Filing Collections to repay the outstanding advances under the DIP Facility, and, for greater certainty, the Agent shall not apply any Post-Filing Collections to repay the Pre-Filing Obligations.

3.9 Additional Reporting

In addition to all other existing reporting requirements set out in the Credit Agreement (to the extent not otherwise dealt with in this Agreement), the Borrower shall provide to the Agent:

- (a) on a weekly basis within four (4) Business Days after the end of each week during the CCAA Proceedings an executed Borrowing Base Certificate for the Borrower duly completed in all material respects consistent with past practice, plus all backup information requested by the Agent; and
- (b) on a bi-weekly basis within six (6) Business Days after the end of each bi-weekly period during the CCAA Proceedings:
 - (i) a report comparing the Borrower's actual performance to that projected in the Budget for the given bi-weekly period, specifically identifying any negative variances in excess of ten percent (10%) (provided such variance is more than \$10,000) in respect of each of the actual cumulative net cash flow, cash receipts and disbursements, net sales and net excess availability (noting that net excess availability is not a cumulative calculation) against each of the forecasted cumulative net cash flow, cash receipts and disbursements, net sales and net excess availability (noting that net excess availability is not a cumulative calculation) in the Budget and providing a detailed explanation for same;
 - (ii) updating the Budget to account for actual performance by the Borrower for the previous week and rolling forward by two (2) additional weeks cash flow projections set forth in the last updated Budget; and
 - (iii) such other information as the Agent may reasonably request.

3.10 Status Calls

During the CCAA Proceedings, upon request from the Agent from time to time, the Borrower shall arrange and participate in conference call with the Agent to discuss the Borrower's performance,

any negative variances in the Borrower's actual performance compared to that projected in the Budget, updates for future weeks, and any other matters the Agent may reasonably raise.

3.11 CCAA Proceedings and Other Materials to be Provided to Agent

The Borrower shall deliver to the Agent copies of all Court materials and documents prepared by the Credit Parties in connection with the CCAA Proceedings, and shall provide the Agent with a reasonable opportunity to comment thereon and ensure the same are acceptable to the Agent.

3.12 Compliance with Transaction Documents

Each of the Credit Parties shall strictly adhere to all of the terms, conditions and covenants of this Agreement and the Transaction Documents (to the extent not otherwise dealt with in this Agreement), including, without limitation, terms requiring prompt payment of principal, interest, fees, and other amounts when due.

3.13 Covenants

Each Credit Party covenants and agrees with the Agent that it shall:

- (a) pay all sums of money when due under the terms of this Agreement;
- (b) immediately advise the Agent of any event which constitutes an Event of Default;
- (c) file all tax returns which are or will be required to be filed by it;
- (d) pay or make provision for the payment of all taxes and source deductions (including interest and penalties) which will become due and payable after the commencement of the CCAA Proceedings;
- (e) give the Agent thirty (30) days' prior notice in writing of any Change of Control and, unless otherwise expressly waived by the Agent in writing, the Change of Control will cause a Termination Date (as defined below) to occur;
- (f) comply in all respects with all Applicable Laws, including all environmental laws;
- (g) immediately advise the Agent of any material action requests or material violation notices and hold the Agent harmless from and against any losses, costs or expenses which the Agent may suffer or incur for any environment related liabilities existing now or in the future with respect to it;
- (h) immediately advise the Agent of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
- (i) keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;

- (j) at reasonable times and upon reasonable notice (provided that upon the occurrence of an Event of Default, the Agent is permitted to do the following at any time and without notice, subject to the Initial Order) permit the Agent or its representatives, during normal business hours, subject to any applicable laws governing the Credit Parties' business, (i) to visit and inspect a Credit Party's premises, properties and assets and examine and obtain copies of such Credit Party's records or other information, and (ii) to discuss such Credit Party's affairs with the auditors (if any) of such Credit Party (in the presence of such Credit Party's representatives as it may designate). Each Credit Party hereby authorizes and directs any such third party to provide to the Agent or its representatives all such information, records or documentation reasonably requested by the Agent;
- (k) except for Permitted Encumbrances and the charges granted pursuant to the Initial Order, not, without the prior written consent of the Agent, grant, create, assume or suffer to exist any Lien or other encumbrance affecting any of its properties, assets or other rights;
- (l) not incur any borrowings or other indebtedness, obligations or liabilities, other than Permitted Indebtedness;
- (m) not, without the prior written consent of the Agent, sell, transfer, convey, lease or otherwise dispose of any of its assets, properties or undertakings other than in the ordinary course of business and on arm's-length, commercially reasonable terms;
- (n) not, without the prior written consent of the Agent, sell the shares/equity interests of any wholly owned or non-wholly owned subsidiaries of the Borrower or Guarantor;
- (o) not, without the prior written consent of the Agent, provide any guarantees, financial assistance or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, other than Permitted Indebtedness;
- (p) not, without giving the Agent fifteen (15) days' prior notice in writing and obtaining the Agent's written consent, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person. In the event the Agent gives its consent, it will cause any such resulting Person to become a borrower or guarantor, as applicable, hereunder and to grant such security and enter into such agreements as the Agent may require;
- (q) not pay any dividends, other corporate distributions, interest or principal on any secured or unsecured debt, other than as contemplated by the Budget;
- (r) not make any disbursements or provide any funding to any related entity which is not an applicant in the CCAA Proceedings;
- (s) not acquire or move any Collateral to any jurisdiction outside the Province of Ontario or any other jurisdiction where the Agent has perfected its security over such Collateral without first executing and delivering all such security and other documentation and completing all registrations, recordings and filings to grant in

favour of the Agent a first-ranking security interest in such Collateral and to render effective the security interest granted thereby, all in form and substance satisfactory to the Agent;

- (t) notify the Agent within one (1) Business Day of any Account Debtor notifying such Borrower that they are contesting any invoice;
- (u) fully cooperate with each party conducting any field exam or due diligence on behalf of the Agent and will permit and reimburse the Agent for all reasonable and documented costs associated with any appraisals;
- (v) pay only those expenditures set out in the Budget, or such other expenditures the Agent and Monitor consent to in writing;
- (w) provide to the Agent on a weekly basis all payments, disbursements and transfers of money proposed to be made by the Borrower during the following week and will make only those payments, disbursements and transfers that are set out in the Budget or otherwise consented to by the Agent;
- (x) not create or grant any security (other than the DIP Charge, the Administration Charge, the D&O Charge or pursuant to the Initial Order) over any of the Collateral, whether ranking in priority to, *pari passu* or subordinate to the DIP Charge, without the prior consent of the Agent;
- (y) provide the Agent with any financial or other information reasonably requested by the Agent; and
- (z) within one (1) Business Day of the receipt by any Borrower of the same, deliver to the Agent a copy of any notice of motion, pleading or application to vary, supplement, revoke, terminate or discharge the Initial Order including (without limitation) any application to the Court for the granting of security that will or may have priority over the DIP Charge, or otherwise for the variation of the priority of the DIP Charge.

3.14 Events of Default

In addition to the "Events of Default" provided for in the Credit Agreement (other than any Event of Default which is superseded by this Agreement or the CCAA Proceedings), the following shall constitute Events of Default under the Credit Agreement and this Agreement (collectively, the "**Events of Default**"):

- (a) the Borrower fails to make payment of any amount, whether on account of principal, interest or otherwise, when due pursuant to the terms of this Agreement;
- (b) without the consent of the Agent, the occurrence of any negative variances in excess of \$750,000 in respect of the net excess availability against the forecasted net excess availability in the Budget (noting, in both cases, that net excess availability is not a cumulative calculation);

- (c) entry of an order which stays, modifies (other than extensions of the Initial Order), or reverses the Initial Order or which otherwise materially adversely affects the effectiveness of the Initial Order without the express written consent of the Agent;
- (d) the entry of any order without the prior written consent of the Agent which provides relief from the automatic stay made under the Initial Order or the CCAA which permits any creditor to realize upon, or to exercise any right or remedy with respect to, any asset of the Borrower or to terminate any license, franchise, or similar agreement, where the exercise of such right or remedy or such realization or termination would reasonably be likely to result in a Material Adverse Change as determined by the Agent;
- (e) the filing of any application by the Borrower without the express prior written consent of the Agent for the approval of any super-priority claim or debtor in possession financing in the CCAA Proceedings which is *pari passu* with or senior to the priority of the DIP Charge, or there shall arise any such super-priority claim under the CCAA;
- (f) the payment or other discharge by the Borrower of any pre-petition indebtedness, except as expressly permitted hereunder, or generally permitted within the category and range in the Budget or by order in the CCAA Proceedings, to which payment or discharge the Agent has not provided its written prior consent;
- (g) the failure of the Borrower (i) to comply with each and all of the terms and conditions of the Initial Order, or (ii) to materially comply with any other order entered in the CCAA Proceedings, if such failure would reasonably likely result in a Material Adverse Change as determined by the Agent;
- (h) (i) the filing of any motion by the Borrower or the entry of any order in the CCAA Proceedings: (A) permitting any financing (other than ordinary course trade credit or unsecured debt) for the Borrower from any Person other than the Agent, (B) granting a Lien on, or security interest in any of the Collateral of the Borrower equal or superior status to that of the DIP Charge, other than with respect to this Agreement or as otherwise permitted herein, or (C) dismissing the CCAA Proceedings, or (ii) the filing of any motion by any Person (other than the Borrower) regarding matters specified in the foregoing clause (i) that is not immediately stayed and dismissed or denied within forty-five (45) days of the date of the filing of such motion;
- (i) the breach of any term, covenant or agreement by any Credit Party in this Agreement; and
- (j) any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower, any other Credit Party herein, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made.

3.15 Cooperation

Each of the Credit Parties shall cooperate fully with the Agent and its respective agents and employees by providing all information requested by the Agent, and by providing access to its books, records, property, assets, and personnel as requested by the Agent wherever they may be situated in whatever medium they may be recorded, except for confidential information, at the request of and at times convenient to the Agent, acting reasonably, which right of access shall include the right to inspect and appraise such property and assets.

3.16 Professional Expenses

Each of the Credit Parties hereby covenants and agrees with the Agent to reimburse the Agent for all reasonable expenses incurred in connection with this Agreement and the CCAA Proceedings, including, without limitation, legal fees and other professional expenses that the Agent has incurred or will incur arising out of its dealings with the Borrower in the CCAA Proceedings (collectively, the "**Professional Expenses**"). The Borrower shall ensure that the Professional Expenses are provided for in the Budget. Nothing in this Agreement, shall derogate from the Credit Parties' obligation to pay for all of the Professional Expenses or shall constitute a cap on Professional Expenses. Notwithstanding the foregoing, the Agent shall add all of the Professional Expenses to the Post-Filing Obligations if the same are not paid when due. Each of the Credit Parties hereby acknowledges, confirms and agrees that the Professional Expenses which are added to the Post-Filing Obligations shall be secured and covered by the Transaction Documents and the DIP Charge.

3.17 Remedies Upon Event of Default and on Termination Date

If any Event of Default occurs and is continuing, or upon the Termination Date, the Agent may take any or all of the following actions, subject to the Initial Order:

- (a) declare the DIP Facility to be terminated, whereupon the DIP Facility shall be terminated;
- (b) declare the Post-Filing Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Credit Parties; and
- (c) exercise any or all of its rights and remedies available to it under this Agreement, the other Transaction Documents, the BIA, the PPSA, other applicable law, or otherwise.

3.18 Termination

The term of the DIP Facility will be the earlier of (a) 16 weeks from the date of the Initial Order (the "**Maturity Date**"), and (b) any other Termination Date.

The Agent shall have the right to terminate the DIP Facility upon the occurrence of an Event of Default in accordance with the terms of this Agreement.

The Agent shall have the right to terminate the DIP Facility upon 60 days' notice to the Borrower if adverse market conditions are negatively affecting the liquidity of the Lenders; provided that, the repayment of the outstanding advances under the DIP Facility shall not be due and payable until 60 days after receipt of such notice by the Borrower, unless otherwise agreed to in writing by the Borrower.

The DIP Facility may be terminated with the consent of both the Agent and the Borrower, at which time, all accrued interest, principal, fees and expenses owing shall be paid in cash to the Agent on such Termination Date.

The date on which all outstanding principal and interest under the DIP Facility shall become due and payable will be termed the "Termination Date" and will be the date which is the earliest to occur of the following:

- (a) the Maturity Date;
- (b) The date on which any Event of Default (other than the CCAA Event of Default) occurs or is discovered to have occurred in the past and the Agent has terminated the DIP Facility by notice to the Borrower (as provided herein);
- (c) The date of a sale of all or a portion of the Collateral, provided the CCAA Proceedings are concurrently terminated with the consent of the Agent; and
- (d) Unless waived or otherwise consented to by the Agent, the date on which any Credit Party undertakes a liquidity, reorganization event, or Change of Control.

ARTICLE 4 GENERAL PROVISIONS

4.1 Effect of this Agreement

Except as expressly modified pursuant hereto, no other changes or modifications to the terms of the Transaction Documents are intended or implied.

4.2 Transaction Document

This Agreement is a Transaction Document.

4.3 Further Assurances

The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable by the Agent to give effect to the provisions and purposes of this Agreement and the DIP Charge all at the sole expense of the Borrower.

4.4 Binding Effect

This Agreement shall be binding upon and enure to the benefit of each of the parties hereto and their respective successors, heirs, executors, administrators, permitted assigns and legal representatives.

4.5 Survival of Representations and Warranties

All representations and warranties made in this Agreement or any other document furnished in connection herewith shall survive the execution and delivery of this Agreement and such other document delivered in connection herewith, and no investigation by the Agent or any closing shall affect the representations and warranties or the rights of the Agent to rely upon such representations and warranties.

4.6 No Novation

This Agreement will not discharge or constitute novation of any debt, obligation, covenant or agreement contained in the Transaction Documents but the same shall remain in full force and effect save to the extent amended by this Agreement.

4.7 Assignments

No Credit Party may assign any of its rights or obligations under this Agreement or any Transaction Document to any Person, without the prior written consent of the Agent. The Agent may assign, sell or participate its rights or obligations or any part thereof with respect to this Agreement, any of the Transaction Documents or any related documentation to any Person, (i) with the prior written consent of the Credit Parties or (ii) without the prior written consent of the Credit Parties from and after the occurrence and continuance of an Event of Default other than the CCAA Event of Default.

4.8 Amendments

This Agreement may not be amended nor waived except by an instrument in writing signed by each of the Credit Parties and the Agent.

4.9 Execution in Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and which taken together will be deemed to constitute one and the same instrument. Counterparts may be executed either in original, faxed or portable document format ("**PDF**") form and the parties adopt any signatures received by a receiving fax machine or by emailed PDF as original signatures of the parties; provided, however, that any party providing its signature in such manner will promptly forward to the other party an original of the signed copy of the Agreement which was so faxed or emailed.

[REMINDER OF PAGE DELIBERATELY LEFT BLANK]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above mentioned.

CORTLAND CREDIT LENDING CORPORATION, as Agent for and on behalf of the Lenders

By: _____
Name: Sean Register
Title: CEO

DocuSigned by:
Sean Register
378FEFF2EF6A46C...

TRICHOME JWC ACQUISITION CORP.

By: _____
Name: _____
Title: _____

MYM NUTRACEUTICALS INC.

By: _____
Name: _____
Title: _____

MYM INTERNATIONAL BRANDS INC.

By: _____
Name: _____
Title: _____

TRICHOME FINANCIAL CORP.

By: _____
Name: _____
Title: _____

TRICHOME RETAIL CORP.

By: _____
Name: _____
Title: _____

HIGHLAND GROW INC.


By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above mentioned.


CORTLAND CREDIT LENDING CORPORATION, as Agent for and on behalf of the Lenders

By: _____
Name: _____
Title: _____


TRICHOME JWC ACQUISITION CORP.

By:  _____
Name: Michael Ruscetta
Title: Director

TRICHOME FINANCIAL CORP.

By:  _____
Name: Michael Ruscetta
Title: Director


MYM NUTRACEUTICALS INC.

By:  _____
Name: Michael Ruscetta
Title: Director

TRICHOME RETAIL CORP.

By:  _____
Name: Michael Ruscetta
Title: Director

MYM INTERNATIONAL BRANDS INC.

By:  _____
Name: Michael Ruscetta
Title: Director

HIGHLAND GROW INC.

By:  _____
Name: Michael Ruscetta
Title: Director

SCHEDULE "A"
INITIAL BUDGET

Trichome Financial Corp., Trichome JWC Acquisition Corp., MYM Nutraceuticals Inc., Trichome Retail Corp., MYM International Brands Inc. and Highland Grow Inc. (collectively, the “Companies”)

Projected Statement of Cash Flow

For the Period Ending February 3, 2023

(Unaudited; \$CAD)

		<i>Week 1</i>	<i>Week 2</i>	<i>Week 3</i>	<i>Week 4</i>	<i>Week 5</i>	<i>Week 6</i>	<i>Week 7</i>	<i>Week 8</i>	<i>Week 9</i>	<i>Week 10</i>	<i>Week 11</i>	<i>Week 12</i>	<i>Week 13</i>	
								Week Ending							
Notes		11-Nov	18-Nov	25-Nov	2-Dec	9-Dec	16-Dec	23-Dec	30-Dec	6-Jan	13-Jan	20-Jan	27-Jan	3-Feb	Total
<i>Receipts</i>															
	1														
Cannabis sales	2	69,609	81,408	72,904	1,033,552	963,883	1,065,792	537,854	1,021,435	1,427,833	994,596	415,137	803,836	1,589,655	10,077,495
<i>Disbursements</i>															
<i>Operating Disbursements</i>															
Inventory Purchases	3	238,557	238,557	238,557	357,835	119,278	79,519	79,519	79,519	119,278	39,759	-	-	-	1,590,378
Payroll and benefits	4	533,706	39,856	436,935	43,106	334,706	37,456	338,706	40,000	273,650	15,000	263,000	55,027	293,650	2,704,798
Rent	5	16,000	-	-	16,000	-	-	-	-	16,000	-	-	-	16,000	64,000
Excise taxes	6	-	-	167,689	1,010,896	500,000	382,063	-	-	928,420	-	-	-	593,716	3,582,783
HST	7	-	-	82,033	118,111	-	118,111	-	184,874	-	-	-	-	-	503,130
Other	8	374,945	277,925	258,349	396,665	335,298	247,694	145,577	452,695	221,982	397,453	145,577	442,773	207,639	3,904,572
Contingency		20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	260,000
<i>Total Operating Disbursements</i>		1,183,208	576,337	1,203,562	1,962,613	1,309,282	884,843	583,802	777,089	1,579,330	472,212	428,577	517,800	1,131,004	12,609,662
<i>Net Cash Flow Before the Underrated</i>		(1,113,599)	(494,929)	(1,130,658)	(929,061)	(345,400)	180,949	(45,947)	244,347	(151,498)	522,384	(13,439)	286,036	458,650	(2,532,166)
Restructuring Costs	9	-	-	191,000	191,000	-	-	382,000	-	-	-	382,000	-	-	1,146,000
DIP Interest and Fees	10	200,000	-	-	25,110	-	-	-	53,992	-	-	-	54,001	-	333,103
<i>Net Cash Flow</i>		(1,313,599)	(494,929)	(1,321,658)	(1,145,171)	(345,400)	180,949	(427,947)	190,354	(151,498)	522,384	(395,439)	232,034	458,650	(4,011,270)
<i>Opening Cash Balance</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow		(1,313,599)	(494,929)	(1,321,658)	(1,145,171)	(345,400)	180,949	(427,947)	190,354	(151,498)	522,384	(395,439)	232,034	458,650	(4,011,270)
DIP Draw/(Repayment)	11	1,313,599	494,929	1,321,658	1,145,171	345,400	(180,949)	427,947	(190,354)	151,498	(522,384)	395,439	(232,034)	(458,650)	4,011,270
<i>Closing Cash Balance</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Opening DIP Loan Balance</i>		-	1,313,599	1,808,528	3,130,187	4,275,357	4,620,757	4,439,808	4,867,755	4,677,401	4,828,899	4,306,515	4,701,954	4,469,920	-
Draw/(Repayment)		1,313,599	494,929	1,321,658	1,145,171	345,400	(180,949)	427,947	(190,354)	151,498	(522,384)	395,439	(232,034)	(458,650)	4,011,270
<i>Closing DIP Loan Balance</i>		1,313,599	1,808,528	3,130,187	4,275,357	4,620,757	4,439,808	4,867,755	4,677,401	4,828,899	4,306,515	4,701,954	4,469,920	4,011,270	4,011,270

Trichome Financial Corp., Trichome JWC Acquisition Corp., MYM Nutraceuticals Inc., Trichome Retail Corp., MYM International Brands Inc. and Highland Grow Inc. (collectively, the "Companies")

Notes to Projected Statement of Cash Flow

For the Period Ending February 3, 2023

(Unaudited; \$CAD)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of the Companies for the period November 7, 2022 to February 3, 2023 (the "Period") in respect of their proceedings under the Companies' Creditors Arrangement Act ("CCAA"). The forecast assumes that the Companies file for protection under the CCAA on November 7, 2022.

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

Hypothetical Assumptions

2. Represents collections from retail and wholesale sales of all cannabis related-products.

Probable Assumptions

3. Represents cannabis and cannabis-related product purchases for the purpose of resale.
4. Represents payroll and benefits for the Companies' employees.
5. Represents monthly rent for the Companies premises located on Trillium Drive in Kitchener Ontario. The projection assumes that during the Period, the rent for the Companies' leased premises located on Manitou Drive, Kitchener, Ontario, will be satisfied through a deposit previously paid to the landlord.
6. The amounts up to and including the week ending December 16, 2022 represent payment of pre-filing excise taxes owing by the Companies. The amounts in the weeks ending January 6, 2023 and February 3, 2023 represent payment of post-filing excise taxes in the normal course.
7. The amounts up to and including the week ending December 16, 2022 represent payment of pre-filing HST owing by the Companies. The amount in the week ending December 30, 2022 represents a payment of post-filing HST in the normal course.
8. Represents general operating costs, including sales and marketing, administrative costs, overhead costs and other sundry items.
9. Includes the estimated payments to the Monitor, its counsel, the Companies' counsel and the DIP Lender's counsel.
10. Represents the interest and fees payable on the debtor-in-possession ("DIP") facility.
11. Represents projected DIP funding or repayments, in respect of the DIP facility to be provided by Cortland Credit Lending Corporation pursuant to the terms of the DIP Facility Agreement.

SCHEDULE "B"
FORM OF ADVANCE CERTIFICATE

See attached.

FORM OF
ADVANCE REQUEST CERTIFICATE

Pursuant to the provisions of the DIP facility agreement dated as of November 6, 2022 (as it may be amended, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”) (terms defined therein being used herein as so defined), between, *inter alia*, Trichome JWC Acquisition Corp. (the “**Borrower**”) and Cortland Credit Lending Corporation, as administrative agent (the “**Agent**”), the undersigned, being an officer or director of the Borrower hereby represents, warrants and certifies in such capacity, and not in her or his personal capacity, as follows:

1. Representations and Warranties. The representations and warranties of the Borrower and the other Credit Parties set forth in the Credit Agreement, or which are contained in any certificate, document or financial or other written statement furnished pursuant to or in connection with the Credit Agreement, including the other Transaction Documents are accurate and complete in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except to the extent specified in the Credit Agreement or Transaction Documents to be made as of a specific date.

2. No Material Adverse Change. Since the date of the latest financial statements of the Borrower provided to the Agent in connection with the Transaction Documents, no Material Adverse Change has occurred.

3. No Default. No Event of Default, and no event, act, omission or condition which with the giving of notice or passage of time, or both, would result in an Event of Default, has occurred and is continuing as of the date hereof.

4. Conditions Precedent. The conditions precedent in the Credit Agreement applicable to the loan advance requested hereby have been satisfied.

5. Loan Advance. The Borrower hereby requests, authorizes, and instructs the Agent to drawdown and advance under the DIP Facility the amount of CDN \$ _____ to the Borrower on _____, 20____.

This will be the Agent’s authority:

- a) [•]; and
- b) [•].

[Signature Page Follows]

DATED , 20 ____.

TRICHOME JWC ACQUISITION CORP.

Per:
Name:
Title:

Per: _____
Name:
Title:

I/we have the authority to bind the Agent.

SCHEDULE "C"

As at October 31, 2022, the Credit Parties had approximately \$847,000 in excise tax arrears (net of deposits and a surety bond), approximately \$268,000 in sales tax arrears, and approximately \$5.3 million in withholding tax arrears.

**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
TRICHOME FINANCIAL CORP., TRICHOME JWC ACQUISITION CORP., MYM
NUTRACEUTICALS INC., TRICHOME RETAIL CORP., MYM INTERNATIONAL
BRANDS INC., AND HIGHLAND GROW INC.**

Court File No.: _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT OF MICHAEL RUSCETTA
(Sworn November 7, 2022)

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Sean Zweig (LSO# 57307I)
Tel: (416) 777-6254
Email: zweigs@bennettjones.com

Joshua Foster (LSO# 79447K)
Tel: (416) 777-7906
Email: fosterj@bennettjones.com

Lawyers for the Applicants

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE)	MONDAY, THE 7 TH
)	
JUSTICE CONWAY)	DAY OF NOVEMBER, 2022

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 TRICHOME FINANCIAL CORP., TRICHOME JWC ACQUISITION CORP., MYM NUTRACEUTICALS INC., TRICHOME RETAIL CORP., MYM INTERNATIONAL BRANDS INC., AND HIGHLAND GROW INC. (collectively the "**Applicants**", and each an "**Applicant**")

INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day by judicial videoconference via Zoom.

ON READING the affidavit of Michael Ruscetta sworn November 7, 2022 and the Exhibits thereto (the "**Ruscetta Affidavit**"), and the Pre-Filing Report of KSV Restructuring Inc. ("**KSV**") as the proposed monitor dated November 7, 2022, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, counsel for KSV, counsel for Cortland Credit Lending Corporation, as agent for and on behalf of certain lenders (the "**DIP Lender**"), and such other counsel that were present, and on reading the consent of KSV to act as the monitor (in such capacity, the "**Monitor**"),

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their respective current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Ruscetta Affidavit or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**"), and that any present or future bank providing the Cash Management System shall: (i) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System; (ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System; and (iii) be, in its capacity as

provider of the Cash Management System, an unaffected creditor under any plan of compromise or arrangement with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable prior to, on, or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) with the consent of the Monitor and the DIP Lender, amounts owing for goods and services actually supplied to the Applicants prior to the date of this Order, with the Monitor considering, among other factors, whether (i) the supplier or service provider is essential to the Business and ongoing operations of the Applicants and the payment is required to ensure ongoing supply, (ii) making such payment will preserve, protect or enhance the value of the Property or the Business, (iii) making such payment is required to address regulatory concerns, and (iv) the supplier or service provider is required to continue to provide goods or services to the Applicants after the date of this Order, including pursuant to the terms of this Order;
- (c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below); and
- (d) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein and subject to the Definitive Documents (as defined below), the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance and tail insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants on or following the date of this Order.

7. **THIS COURT ORDERS** that the Applicants shall 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 employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; 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 realty, municipal business 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 and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants 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 to the landlord under the lease) or as otherwise may be negotiated between the applicable Applicant and the landlord from time to time ("**Rent**"),

for the period commencing from and including the date of this Order, monthly on the first day of each month, in advance (but not in arrears) in the amounts set out in the applicable lease or, with the consent of the Monitor and the DIP Lender, at such other time intervals and dates as may be agreed to between the applicable Applicant and landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. **THIS COURT ORDERS** that, except as specifically permitted herein and in the Definitive Documents, the Applicants are hereby directed, until further Order of this Court: (i) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (ii) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (iii) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. **THIS COURT ORDERS** that each of the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$250,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor and the DIP Lender;
- (c) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (d) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THEIR RESPECTIVE PROPERTY

11. **THIS COURT ORDERS** that until and including November 17, 2022, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**", and collectively, "**Proceedings**") shall be commenced or continued against or in respect of any of the Applicants or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Applicants and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

12. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental unit, body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of any of the Applicants or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower any Applicant to carry on any business which such Applicant 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 security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

13. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, authorization or permit in favour of or held by any of the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

14. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with any of the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, accounting services, testing and irradiation services, security services, insurance, transportation services, utility or other services to the Business or any of the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by any of the Applicants or exercising any other remedy provided under the agreements or arrangements, and that each of the Applicants 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 date of this Order are paid by the applicable Applicant in accordance with the normal payment practices of the applicable Applicant or such other practices as may be agreed upon by the supplier or service provider and the applicable Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

15. **THIS COURT ORDERS** that, notwithstanding anything else 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 date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to any of the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

16. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by Subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the Applicants 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 Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

17. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as a director or officer of any of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of such director's or officer's gross negligence or wilful misconduct.

18. **THIS COURT ORDERS** that the directors and officers of the Applicants 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 \$967,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 17 of this Order. The Directors' Charge shall have the priority set out in paragraphs 35 and 37 herein.

19. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary: (i) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and (ii) the Applicants' 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 17 of this Order.

APPOINTMENT OF MONITOR

20. **THIS COURT ORDERS** that KSV is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by any of the Applicants 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.

21. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements, including the management and use of any funds advanced by the DIP Lender to the Applicants under the DIP Agreement (as defined below);
- (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 Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and its counsel on a bi-weekly basis, or as otherwise agreed to by the DIP Lender, of financial and other information as agreed to between the Applicants and the DIP Lender, which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than bi-weekly, or as otherwise agreed to by the DIP Lender;
- (e) monitor all payments, obligations and transfers as between the Applicants;
- (f) 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 Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (g) 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
- (h) perform such other duties as are required by this Order or by this Court from time to time.

22. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or be deemed to take possession of the Property, pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act*, S.C. 2018, c. 16, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the *Criminal Code*, R.S.C. 1985, c. C-46, as amended, the *Excise Act, 2001*, S.C. 2002, c. 22, as amended, the *Cannabis Licence Act, 2018*, S.O. 2018, c. 12, Sched. 2, as amended, the *Cannabis Control Act, 2017*, S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act, 2017*, S.O. 2017, c. 26, Sched. 2, as amended, the *Cannabis Control Act*, S.N.S. 2018, c. 3, as amended, the *Cannabis Control and Licensing Act*, S.B.C. 2018, c. 29, as amended, the *Cannabis Distribution Act*, S.B.C. 2018, c. 28, as amended, the *Gaming, Liquor and Cannabis Act*, R.S.A. 2000, c. G-1, as amended, *The Cannabis Control (Saskatchewan) Act*, S.S. 2018, c. C-2.111, as amended, *The Liquor, Gaming and Cannabis Control Act*, C.C.S.M. c. L153, as amended, *Cannabis Regulation Act*, C.Q.L.R. c. C-5.3, as amended, the *Cannabis Control Act*, S.N.B. 2018, c. 2, as amended, *The Cannabis Retailers Licensing Act*, S.N.B. 2022, c. 5, s. 3, as amended, the *Cannabis Management Corporation Act*, S.N.B. 2018, c. 3, as amended, the *Cannabis Control Act*, R.S.P.E.I. 1988, c. C-1.2, as amended, the *Cannabis Management Corporation Act*, R.S.P.E.I. 1988, c. C-1.3, as amended, the *Cannabis Control Act*, S.N.L. 2018, c. C-4.1, as amended, the *Cannabis Control and Regulation Act*, S.Y. 2018, c. 4, as amended, the *Cannabis Products Act*, S.N.W.T. 2018, c. 6, Sch. A, as amended, the *Cannabis Act*, S.Nu. 2018, c. 7, as amended or other such applicable federal, provincial or other legislation or regulations (collectively, the "**Cannabis Legislation**"), 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, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof within the meaning of any Cannabis Legislation or otherwise. For greater certainty, nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity for any purpose whatsoever.

23. **THIS COURT ORDERS** that nothing herein contained shall require 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 *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, the *Ontario Occupational Health and Safety Act*, the *Nova Scotia Occupational Health and Safety Act*, the *Nova Scotia Water Resources Protection Act*, or the *Nova Scotia Environment Act* and regulations thereunder (collectively, "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. 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.

24. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants including, without limitation, the DIP Lender, with information provided by the Applicants 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 Applicants 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 Applicants may agree.

25. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its employees and representatives acting in such capacities shall incur any liability or obligation as a result of the Monitor's appointment or the carrying out by it of the provisions of this Order including, without limitation, under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

26. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants in these proceedings shall be paid their reasonable fees and disbursements, in each

case at their standard rates and charges, whether incurred prior to, on or subsequent to the date of this Order, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants in these proceedings on a monthly basis or pursuant to such other arrangements agreed to between the Applicants and such parties.

27. **THIS COURT ORDERS** that 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 Commercial List of the Ontario Superior Court of Justice.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicants' counsel 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 \$750,000, unless permitted by further Order of this Court, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order. The Administration Charge shall have the priority set out in paragraphs 35 and 37 hereof.

DIP FINANCING

29. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lender in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that the borrowings under such credit facility shall not exceed \$4,875,000, unless permitted by further Order of this Court.

30. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the DIP Facility Agreement between the Applicants and the DIP Lender dated as of November 6, 2022 (as may be amended from time to time, the "**DIP Agreement**"), filed.

31. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the DIP Agreement or as may be reasonably required by

the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

32. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not exceed the amount of \$1,825,000, unless permitted by further Order of this Court, or secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 35 and 37 hereof.

33. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon seven (7) days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Agreement, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Agreement, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

34. **THIS COURT ORDERS AND DECLARES** that, unless agreed to by the DIP Lender, the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by any of the Applicants under the CCAA, or any proposal filed by any of the Applicants under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

35. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge and the DIP Lender's Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$750,000);

Second – Directors' Charge (to the maximum amount of \$967,000); and

Third – DIP Lender's Charge (to the maximum amount of \$1,825,000).

36. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges 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.

37. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person notwithstanding the order of perfection or attachment; provided that the Charges shall rank behind Encumbrances in favour of any Persons that have not been served with notice of the application for this Order. The Applicants and the beneficiaries of the Charges shall be entitled to seek priority of the Charges ahead of such Encumbrances on a subsequent motion including, without limitation, on the Comeback Date (as defined below), on notice to those Persons likely to be affected thereby.

38. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any

Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

39. **THIS COURT ORDERS** that the Charges and the Definitive Documents 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**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) 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, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds any of the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Agreement or the Definitive Documents shall create or be deemed to constitute a breach by any of the Applicants of any Agreement to which the applicable Applicant(s) 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 Applicants entering into the DIP Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the DIP Agreement or the Definitive Documents, 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.

40. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Applicant's interest in such real property lease.

SERVICE AND NOTICE

41. **THIS COURT ORDERS** that the Monitor shall: (i) without delay, publish in the *Globe and Mail (National Edition)*, a notice containing the information prescribed under the CCAA; and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against any of the Applicants 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 Subsection 23(1)(a) of the CCAA and the regulations made thereunder.

42. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "**Guide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended (the "**Rules of Civil Procedure**"). Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <https://www.ksvadvisory.com/insolvency-cases/case/trichome>.

43. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Applicants, the Monitor, and their respective counsel are at liberty to serve or distribute 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 facsimile or other electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service, distribution or notice shall be deemed to be received:

(i) if sent by courier, on the next business day following the date of forwarding thereof; (ii) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered; and (iii) if sent by ordinary mail, on the third business day after mailing.

44. **THIS COURT ORDERS** that the Applicants, the Monitor and each of their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding true copies thereof by electronic message (including by e-mail) to the Applicants' creditors or other interested parties and their advisors, as applicable. For greater certainty, any such service or distribution shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of Subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

45. **THIS COURT ORDERS** that, except with respect to any motion to be heard on the Comeback Date, and subject to further Order of this Court in respect of urgent motions, any interested party wishing to object to the relief sought in a motion brought by the Applicants or the Monitor in these CCAA proceedings shall, subject to further Order of this Court, provide the service list in these proceedings (the "**Service List**") with responding motion materials or a written notice (including by e-mail) stating its objection to the motion and the grounds for such objection by no later than 5:00 p.m. (Eastern Time) on the date that is two (2) days prior to the date such motion is returnable (the "**Objection Deadline**"). The Monitor shall have the ability to extend the Objection Deadline after consulting with the Applicants.

46. **THIS COURT ORDERS** that following the expiry of the Objection Deadline, counsel to the Monitor or counsel to the Applicants shall inform the Court, including, without limitation, by way of a 9:30 a.m. (Eastern Time) appointment, of the absence or the status of any objections to the applicable motion and the judge having carriage of such motion may determine: (i) whether a hearing in respect of the motion is necessary; (ii) if a hearing is necessary, the date and time of such hearing; (iii) whether such hearing will be in person, by telephone or videoconference, or by written submissions only; and (iv) the parties from whom submissions are required. In the absence of any such determination, a hearing will be held in the ordinary course on the date specified in the applicable Notice of Motion.

GENERAL

47. **THIS COURT ORDERS** that any interested party that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court on November 17, 2022 at 9:30 a.m. (Eastern Time) (the "**Comeback Date**"), and any such interested party shall give not less than two (2) business days' notice to the Service List and any other party or parties likely to be affected by the Order sought in advance of the Comeback Date; provided, however, that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 35 and 37 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

48. **THIS COURT ORDERS** that, notwithstanding paragraph 47 of this Order, each of the Applicants, the Monitor or the DIP Lender may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties hereunder or in the interpretation of this Order.

49. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any of the Applicants, the Business or the Property.

50. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants 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 Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

51. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are 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 that the Monitor 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.

52. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Time) on the date of this Order without the need for entry or filing.

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

Court File No.: _____

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF TRICHOME FINANCIAL CORP., TRICHOME JWC ACQUISITION
CORP., MYM NUTRACEUTICALS INC., TRICHOME RETAIL CORP., MYM
INTERNATIONAL BRANDS INC., AND HIGHLAND GROW INC.**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

INITIAL ORDER

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Sean Zweig (LSO# 57307I)
Tel: (416) 777-6254
Email: zweigs@bennettjones.com

Joshua Foster (LSO# 79447K)
Tel: (416) 777-7906
Email: fosterj@bennettjones.com

Lawyers for the Applicants

TAB 4

Court File No.: _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) ~~WEEKDAY~~MONDAY, THE # 7TH
)
JUSTICE — CONWAY) DAY OF ~~MONTH~~NOVEMBER,
) 20YR2022

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 ~~[APPLICANT'S NAME]~~ (TRICHOME FINANCIAL CORP., TRICHOME JWC ACQUISITION CORP., MYM NUTRACEUTICALS INC., TRICHOME RETAIL CORP., MYM INTERNATIONAL BRANDS INC., AND HIGHLAND GROW INC. (collectively the "Applicants", and each an "Applicant")

INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day ~~at 330 University Avenue, Toronto, Ontario~~ by judicial videoconference via Zoom.

ON READING the affidavit of ~~[NAME]~~ Michael Ruscetta sworn ~~[DATE]~~ November 7, 2022 and the Exhibits thereto (the "Ruscetta Affidavit"), and the Pre-Filing Report of KSV Restructuring Inc. ("KSV") as the proposed monitor dated November 7, 2022, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for ~~[NAMES], no one appearing for [NAME]~~[†] ~~although duly served as appears from the affidavit of service of [NAME] sworn~~

[†] ~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

[DATE]the Applicants, counsel for KSV, counsel for Cortland Credit Lending Corporation, as agent for and on behalf of certain lenders (the "DIP Lender"), and such other counsel that were present, and on reading the consent of [MONITOR'S NAME]KSV to act as the monitor (in such capacity, the "Monitor"),

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated² so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies.

~~PLAN OF ARRANGEMENT~~

~~3. — THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").~~

POSSESSION OF PROPERTY AND OPERATIONS

~~3.~~ **4. THIS COURT ORDERS** that the Applicants shall remain in possession and control of ~~its~~their respective current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of ~~its~~their business (the "**Business**") and Property. The Applicants is are authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other

²~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

persons (collectively, "Assistants") currently retained or employed by ~~it~~them, with liberty to retain such further Assistants as ~~it~~they deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. ~~5.~~ **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system³ currently in place as described in the Ruscetta Affidavit ~~of [NAME] sworn [DATE] or~~ or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**"), and that any present or future bank providing the Cash Management System shall: (i) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, ~~shall;~~ (ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System; ~~and shall~~ (iii) be, in its capacity as provider of the Cash Management System, an unaffected creditor under ~~the Plan~~ any plan of compromise or arrangement with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System. ~~}]~~

5. ~~6.~~ **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable prior to, on, or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

~~³This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross border and inter company transfers of cash.~~

- (b) with the consent of the Monitor and the DIP Lender, amounts owing for goods and services actually supplied to the Applicants prior to the date of this Order, with the Monitor considering, among other factors, whether (i) the supplier or service provider is essential to the Business and ongoing operations of the Applicants and the payment is required to ensure ongoing supply, (ii) making such payment will preserve, protect or enhance the value of the Property or the Business, (iii) making such payment is required to address regulatory concerns, and (iv) the supplier or service provider is required to continue to provide goods or services to the Applicants after the date of this Order, including pursuant to the terms of this Order;
- (c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below); and
- (d) ~~(b)~~ the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

6. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein and subject to the Definitive Documents (as defined below), the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance and tail insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the ~~Applicant~~ Applicants on or following the date of this Order.

7. ~~8.~~ **THIS COURT ORDERS** that the Applicants shall 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 employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) ~~Quebec Pension Plan,~~ ~~and (iv)~~ income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; 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 realty, municipal business 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 and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed ~~for resiliated~~⁴ in accordance with the CCAA, the Applicants 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 to the landlord under the lease) or as otherwise may be negotiated between the applicable Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, ~~twice-monthly in equal payments~~ on the first ~~and fifteenth~~ day of each month, in advance (but

⁴ ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

not in arrears) in the amounts set out in the applicable lease or, with the consent of the Monitor and the DIP Lender, at such other time intervals and dates as may be agreed to between the applicable Applicant and landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein and in the Definitive Documents, the Applicants ~~is~~ are 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 Applicants to any of ~~its~~ their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of ~~its~~ the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. ~~11.~~ **THIS COURT ORDERS** that each of the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents ~~(as hereinafter defined)~~, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, ~~and~~ to dispose of redundant or non-material assets not exceeding \$~~250,000~~ 250,000 in any one transaction or \$~~1,000,000~~ 1,000,000 in the aggregate⁵;
- (b) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor and the DIP Lender;
- (c) ~~(b)~~ terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and

⁵ ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

(d) ~~(e)~~ pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicantss to proceed with an orderly restructuring of the Business ~~(the "Restructuring")~~.

~~12. — THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant'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 Applicant'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, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims **[or resiliates]** 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 such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer **[or resiliation]** of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.~~

~~13. — THIS COURT ORDERS that if a notice of disclaimer **[or resiliation]** is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer **[or resiliation]**, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer **[or resiliation]**, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.~~

NO PROCEEDINGS AGAINST THE APPLICANTS OR ~~THE~~ THEIR RESPECTIVE PROPERTY

11. ~~14.~~ **THIS COURT ORDERS** that until and including ~~{DATE — MAX. 30 DAYS}~~ November 17, 2022, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**", and collectively, "Proceedings") shall be commenced or continued against or in respect of any of the Applicants or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Applicants and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

12. ~~15.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental unit, body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of any of the Applicants or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower ~~the~~ any Applicant to carry on any business which ~~the~~ such Applicant 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 security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

13. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, authorization

or permit in favour of or held by any of the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

14. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with any of the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, accounting services, testing and irradiation services, security services, insurance, transportation services, utility or other services to the Business or any of the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by any of the ~~Applicant~~ Applicants or exercising any other remedy provided under the agreements or arrangements, and that each of the Applicants 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 date of this Order are paid by the applicable Applicant in accordance with the normal payment practices of the applicable Applicant or such other practices as may be agreed upon by the supplier or service provider and ~~each of~~ the applicable Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

15. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else 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 date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to any of the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.⁶

⁶ ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

16. ~~19.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by ~~s~~Subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the Applicants 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 Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

17. ~~20.~~ **THIS COURT ORDERS** that the Applicants shall indemnify ~~its~~their directors and officers against obligations and liabilities that they may incur as ~~directors~~a director or ~~officers~~officer of any of the Applicants after the commencement of the within proceedings,⁷ except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of ~~the~~such director's or officer's gross negligence or wilful misconduct.

18. ~~21.~~ **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**")⁸ on the Property, which charge shall not exceed an aggregate amount of \$~~●~~967,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph ~~{20}~~17 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~{38}~~35 and ~~{40}~~37 herein.

⁷ ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

⁸ ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

19. ~~22.~~ **THIS COURT ORDERS** that, 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 Applicants'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 ~~{20}~~17 of this Order.

APPOINTMENT OF MONITOR

20. ~~23.~~ **THIS COURT ORDERS** that ~~{MONITOR'S NAME}~~KSV is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and ~~its~~their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by any of the Applicants 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.

21. ~~24.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants's receipts and disbursements, including the management and use of any funds advanced by the DIP Lender to the Applicants under the DIP Agreement (as defined below);
- (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 Applicants, to the extent required by the Applicants, in ~~its~~their dissemination, to the DIP Lender and its counsel on a ~~{TIME INTERVAL}~~bi-weekly basis, or as otherwise agreed to by the DIP Lender, of financial and other information as agreed to between the Applicants and the DIP Lender, which may be

used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

- (d) advise the Applicants in ~~its~~ their preparation of the ~~Applicant's~~ Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than ~~[TIME INTERVAL]~~ bi-weekly, or as otherwise agreed to by the DIP Lender;
- (e) ~~advise the Applicant in its development of the Plan and any amendments to the Plan;~~ monitor all payments, obligations and transfers as between the Applicants;
- ~~(f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~
- (f) ~~(g)~~ 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 Applicants, to the extent that is necessary to adequately assess the Applicants's business and financial affairs or to perform its duties arising under this Order;
- (g) ~~(h)~~ 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
- (h) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

22. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or be deemed to take possession of the Property, pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the Cannabis Act, S.C. 2018, c. 16, as amended, the Controlled Drugs and Substances Act, S.C. 1996, c. 19, as amended, the Criminal Code, R.S.C. 1985, c. C-46, as amended, the Excise Act, 2001, S.C. 2002, c. 22, as amended, the Cannabis Licence Act, 2018, S.O. 2018, c. 12, Sched. 2, as amended, the Cannabis Control Act, 2017, S.O. 2017, c. 26, Sched. 1, as

amended, the *Ontario Cannabis Retail Corporation Act, 2017, S.O. 2017, c. 26, Sched. 2, as amended, the *Cannabis Control Act, S.N.S. 2018, c. 3, as amended, the *Cannabis Control and Licensing Act, S.B.C. 2018, c. 29, as amended, the *Cannabis Distribution Act, S.B.C. 2018, c. 28, as amended, the *Gaming, Liquor and Cannabis Act, R.S.A. 2000, c. G-1, as amended, *The Cannabis Control (Saskatchewan) Act, S.S. 2018, c. C-2.111, as amended, *The Liquor, Gaming and Cannabis Control Act, C.C.S.M. c. L153, as amended, *Cannabis Regulation Act, C.Q.L.R. c. C-5.3, as amended, the *Cannabis Control Act, S.N.B. 2018, c. 2, as amended, *The Cannabis Retailers Licensing Act, S.N.B. 2022, c. 5, s. 3, as amended, the *Cannabis Management Corporation Act, S.N.B. 2018, c. 3, as amended, the *Cannabis Control Act, R.S.P.E.I. 1988, c. C-1.2, as amended, the *Cannabis Management Corporation Act, R.S.P.E.I. 1988, c. C-1.3, as amended, the *Cannabis Control Act, S.N.L. 2018, c. C-4.1, as amended, the *Cannabis Control and Regulation Act, S.Y. 2018, c. 4, as amended, the *Cannabis Products Act, S.N.W.T. 2018, c. 6, Sch. A, as amended, the *Cannabis Act, S.Nu. 2018, c. 7, as amended or other such applicable federal, provincial or other legislation or regulations (collectively, the "Cannabis Legislation"),* 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, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof within the meaning of any Cannabis Legislation or otherwise. For greater certainty, nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity for any purpose whatsoever.****************

23. ~~26.~~ **THIS COURT ORDERS** that nothing herein contained shall require 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 *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, ~~or~~ the *Ontario Occupational Health and Safety Act*, the *Nova Scotia Occupational Health and Safety Act*, the *Nova Scotia Water Resources Protection Act*, or the

Nova Scotia Environment Act and regulations thereunder (~~the~~collectively, "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. 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.

24. ~~27.~~ **THIS COURT ORDERS** that ~~that~~ the Monitor shall provide any creditor of the ~~Applicant and~~Applicants including, without limitation, the DIP Lender, with information provided by the Applicants 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 Applicants 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 Applicants may agree.

25. ~~28.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its employees and representatives acting in such capacities shall incur ~~no~~any liability or obligation as a result of ~~its~~the Monitor's appointment or the carrying out by it of the provisions of this Order including, without limitation, under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

26. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the ~~Applicant~~Applicants in these proceedings shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to the date of this Order, by the Applicants as part of the costs of these proceedings. The Applicants ~~is~~ are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the ~~Applicant~~Applicants in these proceedings on a ~~[TIME INTERVAL]~~monthly basis ~~and, in addition, the Applicant is hereby authorized to pay~~ pursuant to such other arrangements agreed to between the ~~Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$●[, respectively,] to be~~

~~held by them as security for payment of their respective fees and disbursements outstanding from time to time~~ Applicants and such parties.

27. ~~30.~~ **THIS COURT ORDERS** that 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 Commercial List of the Ontario Superior Court of Justice.

28. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any,~~ and the ~~Applicant's~~ Applicants' counsel 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 \$~~●~~ 750,000, unless permitted by further Order of this Court, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, 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}~~35 and ~~{40}~~37 hereof.

DIP FINANCING

29. ~~32.~~ **THIS COURT ORDERS** that the Applicants ~~s~~ is are hereby authorized and empowered to obtain and borrow under a credit facility from ~~{DIP LENDER'S NAME}~~ (the "**DIP Lender**") in order to finance the Applicants' ~~s~~ working capital requirements and other general corporate purposes and capital expenditures, provided that the borrowings under such credit facility shall not exceed \$~~●~~ 4,875,000, unless permitted by further Order of this Court.

30. ~~33.~~ **THIS COURT ORDERS** ~~THAT~~ that such credit facility shall be on the terms and subject to the conditions set forth in the ~~commitment letter~~ DIP Facility Agreement between the Applicants ~~s~~ and the DIP Lender dated as of ~~{DATE}~~ (the "**Commitment Letter** November 6, 2022 ~~(as may be amended from time to time, the "DIP Agreement")~~"), filed.

31. ~~34.~~ **THIS COURT ORDERS** that the Applicants ~~s~~ is are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the ~~Commitment Letter~~ DIP Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants ~~s~~ is are

hereby authorized and directed to pay and perform all of ~~its~~their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the ~~Commitment Letter~~DIP Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

32. ~~35.~~ **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, which DIP Lender's Charge shall not exceed the amount of \$1,825,000, unless permitted by further Order of this Court, or secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs ~~38~~35 and ~~40~~37 hereof.

33. ~~36.~~ **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ~~seven~~ seven (7) days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the ~~Commitment Letter~~DIP Agreement, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the ~~Commitment Letter~~DIP Agreement, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

34. ~~37.~~ THIS COURT ORDERS AND DECLARES that, unless agreed to by the DIP Lender, the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by any of the Applicants under the CCAA, or any proposal filed by any of the Applicants under the *Bankruptcy and Insolvency Act* ~~of Canada~~, R.S.C. 1985, c. B-3, as amended (the "BIA"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

35. ~~38.~~ THIS COURT ORDERS that the priorities of the ~~Directors' Charge, the Administration Charge,~~ the Directors' Charge and the DIP Lender's Charge (collectively, the "Charges"), as among them, shall be as follows⁹:

First – Administration Charge (to the maximum amount of \$~~750,000~~);

Second – ~~DIP Lender's~~ Directors' Charge (to the maximum amount of \$967,000); and

Third – ~~Directors'~~ DIP Lender's Charge (to the maximum amount of \$~~1,825,000~~).

36. ~~39.~~ THIS COURT ORDERS that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges")~~ shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent

⁹~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

37. ~~40.~~ **THIS COURT ORDERS** that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge~~ Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person notwithstanding the order of perfection or attachment; provided that the Charges shall rank behind Encumbrances in favour of any Persons that have not been served with notice of the application for this Order. The Applicants and the beneficiaries of the Charges shall be entitled to seek priority of the Charges ahead of such Encumbrances on a subsequent motion including, without limitation, on the Comeback Date (as defined below), on notice to those Persons likely to be affected thereby.

38. ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~ Charges, unless the Applicants also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~ Charges, or further Order of this Court.

39. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, Charges and~~ the Definitive Documents ~~and the DIP Lender's Charge~~ 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**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by: (ai) the pendency of these proceedings and the declarations of insolvency made herein; (bii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (eiii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (div) the provisions of any federal or provincial statutes; or (ey) 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, sublease, offer to lease or other

agreement (collectively, an "Agreement") which binds any of the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the ~~Commitment-Letter~~DIP Agreement or the Definitive Documents shall create or be deemed to constitute a breach by any of the Applicants of any Agreement to which ~~it~~the applicable Applicant(s) 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 Applicants entering into the ~~Commitment-Letter~~DIP Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the ~~Commitment-Letter~~DIP Agreement or the Definitive Documents, 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.

40. ~~43.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Applicant's interest in such real property leases.

SERVICE AND NOTICE

41. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall: (i) without delay, publish in ~~[newspapers specified by the Court]~~the Globe and Mail (National Edition), a notice containing the information prescribed under the CCAA; and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against any of the Applicants of more than ~~\$1000~~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 Subsection 23(1)(a) of the CCAA and the regulations made thereunder.

42. ~~45.~~ **THIS COURT ORDERS** that the E-Service ~~Protocol~~Guide of the Commercial List (the "~~Protocol~~"Guide) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the ~~Protocol~~Guide (which can be found on the Commercial List website at ~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/~~https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended (the "Rules of Civil Procedure"). Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph ~~21~~13 of the ~~Protocol~~Guide, service of documents in accordance with the ~~Protocol~~Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the ~~Protocol~~Guide with the following URL: ~~<@>~~https://www/ksvadvisory.com/insolvency-cases/case/trichome.

43. ~~46.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the ~~Protocol~~Guide is not practicable, the ~~Applicant and~~Applicants, the Monitor, and their respective counsel are at liberty to serve or distribute 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 facsimile or other electronic transmission to the Applicants's creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service ~~or~~, distribution ~~by courier, personal delivery or facsimile transmission~~or notice shall be deemed to be received: (i) if sent by courier, on the next business day following the date of forwarding thereof~~, or~~; (ii) if delivered by personal delivery or facsimile transmission or other electronic transmission, on the day so delivered; and (iii) if sent by ordinary mail, on the third business day after mailing.

44. **THIS COURT ORDERS** that the Applicants, the Monitor and each of their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding true copies thereof by electronic message (including by e-mail) to the Applicants' creditors or other interested parties and their advisors, as

applicable. For greater certainty, any such service or distribution shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of Subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

45. THIS COURT ORDERS that, except with respect to any motion to be heard on the Comeback Date, and subject to further Order of this Court in respect of urgent motions, any interested party wishing to object to the relief sought in a motion brought by the Applicants or the Monitor in these CCAA proceedings shall, subject to further Order of this Court, provide the service list in these proceedings (the "Service List") with responding motion materials or a written notice (including by e-mail) stating its objection to the motion and the grounds for such objection by no later than 5:00 p.m. (Eastern Time) on the date that is two (2) days prior to the date such motion is returnable (the "Objection Deadline"). The Monitor shall have the ability to extend the Objection Deadline after consulting with the Applicants.

46. THIS COURT ORDERS that following the expiry of the Objection Deadline, counsel to the Monitor or counsel to the Applicants shall inform the Court, including, without limitation, by way of a 9:30 a.m. (Eastern Time) appointment, of the absence or the status of any objections to the applicable motion and the judge having carriage of such motion may determine: (i) whether a hearing in respect of the motion is necessary; (ii) if a hearing is necessary, the date and time of such hearing; (iii) whether such hearing will be in person, by telephone or videoconference, or by written submissions only; and (iv) the parties from whom submissions are required. In the absence of any such determination, a hearing will be held in the ordinary course on the date specified in the applicable Notice of Motion.

GENERAL

47. THIS COURT ORDERS that any interested party that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court on November 17, 2022 at 9:30 a.m. (Eastern Time) (the "Comeback Date"), and any such interested party shall give not less than two (2) business days' notice to the Service List and any other party or parties likely to be affected by the Order sought in advance of the Comeback Date;

provided, however, that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 35 and 37 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

48. ~~47.~~ **THIS COURT ORDERS** that, notwithstanding paragraph 47 of this Order, each of the Applicant or Applicants, the Monitor or the DIP Lender may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties hereunder or in the interpretation of this Order.

49. ~~48.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any of the Applicants, the Business or the Property.

50. ~~49.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants 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 Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

51. ~~50.~~ **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and ~~is~~ are 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 that the Monitor 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.

~~51. — THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days~~

~~notice 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.~~

52. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern ~~Standard/Daylight~~ Time) on the date of this Order without the need for entry or filing.

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 TRICHOME FINANCIAL CORP., TRICHOME JWC ACQUISITION
CORP., MYM NUTRACEUTICALS INC., TRICHOME RETAIL CORP., MYM
INTERNATIONAL BRANDS INC., AND HIGHLAND GROW INC.

Court File No.: _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

INITIAL ORDER

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Sean Zweig (LSO# 57307I)
Tel: (416) 777-6254
Email: zweigs@bennettjones.com

Joshua Foster (LSO# 79447K)
Tel: (416) 777-7906
Email: fosterj@bennettjones.com

Lawyers for the Applicants

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<u>Insertion</u>	
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Padding cell	

Statistics:

	Count
Insertions	419
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Moved from	2
Moved to	2
Style changes	0
Format changes	0
Total changes	688

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

Court File No.: _____

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
TRICHOME FINANCIAL CORP., TRICHOME JWC ACQUISITION CORP., MYM
NUTRACEUTICALS INC., TRICHOME RETAIL CORP., MYM INTERNATIONAL
BRANDS INC., AND HIGHLAND GROW INC.**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

APPLICATION RECORD
(Returnable November 7, 2022)
Volume 2 of 2

BENNETT JONES LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Sean Zweig (LSO# 57307I)
Tel: (416) 777-6254
Email: zweigs@bennettjones.com

Joshua Foster (LSO# 79447K)
Tel: (416) 777-7906
Email: fosterj@bennettjones.com

Lawyers for the Applicants