Court File No.: CV-22-00689857-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TRICHOME FINANCIAL CORP., 1000491916 ONTARIO INC., 1000492008 ONTARIO INC., 1000491929 ONTARIO INC., 1000492005 ONTARIO INC. AND 1000492023 ONTARIO INC.

Applicants

MOTION RECORD
(Returnable September 14, 2023)

September 5, 2023

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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

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TAB 1

Court File No.: CV-22-00689857-00CL

ONTARIO
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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

NOTICE OF MOTION
(Returnable September 14, 2023)

Trichome Financial Corp. ("**Trichome**"), 1000491916 Ontario Inc. ("**TJAC Residual Co.**"), 1000492008 Ontario Inc. ("**TRC Residual Co.**"), 1000491929 Ontario Inc. ("**MYM Residual Co.**"), 1000492005 Ontario Inc. ("**MYMB Residual Co.**") and 1000492023 Ontario Inc. ("**Highland Residual Co.**", and collectively with Trichome, TJAC Residual Co., MYM Residual Co., TRC Residual Co. and MYMB Residual Co., the "**Applicants**") will make a motion before the Honourable Justice Osborne of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on September 14, 2023 at 12:00 p.m. or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard:

[ ] In writing under subrule 37.12.1(1).
[ ] In writing as an opposed motion under subrule 37.12.1(4).
[ ] In person.
[ ] By telephone conference.
[X] By video conference.

At a Zoom link to be provided by the Court in advance of the motion.

THE MOTION IS FOR:

1. An order (the "**CCAA Termination Order**") substantially in the form of the draft order attached at Tab 3 of the Applicants' Motion Record pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), *inter alia*:

(a) abridging the time for and validating the service of this Notice of Motion and the Motion Record and dispensing with further service thereof;

(b) approving the (i) Fifth Report of KSV Restructuring Inc. ("**KSV**"), in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**"), dated April 3, 2023 (the "**Fifth Report**"), the Sixth Report of the Monitor, to be filed (the "**Sixth Report**"), and the activities of the Monitor referred to therein, and (ii) the fees and disbursements of the Monitor and its counsel referred to in the Sixth Report, including the Fee Accrual (as defined in the Sixth Report);

(c) authorizing Trichome to make an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), naming Goldhar & Associates Ltd. as its licensed insolvency trustee (in such capacity, the "**Trustee**");

(d) authorizing and directing (i) Trichome to transfer $12,000, plus HST (the "**Bankruptcy Reserve**") to the Trustee for the fees and disbursements of the Trustee and its counsel to be incurred in connection with Trichome's intended assignment in bankruptcy, and (ii) the Trustee to transfer any available remainder

from the Bankruptcy Reserve following the administration of Trichome's bankruptcy under the BIA to Cortland Credit Lending Corporation ("**Cortland**");

(e) authorizing and directing the Applicants to transfer the remainder of all of their cash on hand to Cortland (the "**Cash Distribution**") upon the completion of all matters to be attended to in connection with these CCAA proceedings;

(f) terminating these CCAA proceedings upon the Monitor's service on the service list established in these CCAA proceedings of an executed certificate in substantially the form attached as Schedule "A" to the proposed CCAA Termination Order (the "**CCAA Termination Time**");

(g) releasing and discharging the Charges (as defined below) effective as of the CCAA Termination Time;

(h) discharging and releasing KSV as Monitor of the Applicants in these CCAA proceedings as at the CCAA Termination Time; and

(i) granting certain releases (the "**Releases**") in favour of the Released Parties (as defined below).

2. Such further and other relief as counsel may request and the Court deems just.

THE GROUNDS FOR THE MOTION ARE:

Background to and Initial Stages in these CCAA Proceedings

3. On November 7, 2022, Trichome, Trichome JWC Acquisition Corp. ("**TJAC**"), Trichome Retail Corp. ("**TRC**"), MYM Nutraceuticals Inc. ("**MYM**"), MYM International

Brands Inc. ("**MYMB**") and Highland Grow Inc. ("**Highland**", and collectively with, Trichome, TJAC, TRC, MYM, and MYMB, the "**Initial Applicants**") sought and obtained an initial order (the "**Initial Order**") under the CCAA.

4. Among other things, the Initial Order:

(a) appointed KSV as the Monitor;

(b) stayed, until November 17, 2022, all proceedings and remedies taken or that might be taken in respect of the Initial Applicants, the Monitor or the Initial Applicants' directors and officers, or affecting the Business or the Property (each as defined in the Initial Order), except with the written consent of the Initial Applicants and the Monitor, or with leave of the Court (the "**Stay of Proceedings**");

(c) approved the Initial Applicants' ability to borrow under a debtor-in-possession ("**DIP**") credit facility (the "**DIP Facility**") pursuant to a DIP facility agreement dated November 6, 2022 (as amended, the "**DIP Agreement**"), among TJAC, as borrower, Trichome, TRC, MYM, MYMB and Highland, as guarantors, and Cortland, as agent for and on behalf of the lenders party thereto (the "**DIP Lender**"); and

(d) granted the Administration Charge, the Directors' Charge and the DIP Lender's Charge (each as defined in the Initial Order) over the Property (collectively, the "**Charges**").

5. On November 17, 2022, the Initial Applicants sought and obtained an amended and restated Initial Order pursuant to the CCAA, *inter alia*, extending the Stay of Proceedings to and including February 3, 2023 and increasing the Directors' Charge and the DIP Lender's Charge up to the maximum amounts of $2,922,000 and $4,875,000, respectively.

The Initial Applicants' Value Maximizing Efforts

6. In an effort to identify a value-maximizing transaction, the Initial Applicants sought and, on January 9, 2023, obtained an order under the CCAA, among other things:

(a) approving a sale and investment solicitation process, including corresponding bidding and auction procedures (the "**SISP**");

(b) approving the letter agreement dated November 7, 2022 (the "**SISP Advisor Engagement Agreement**"), among the Initial Applicants and Stoic Advisory Inc. (the "**SISP Advisor**"), and authorizing the Initial Applicants, *nunc pro tunc*, to pay all amounts due pursuant to the SISP Advisor Engagement Agreement in accordance with its terms;

(c) authorizing the SISP Advisor and the Initial Applicants to implement the SISP, with the oversight of the Monitor;

(d) authorizing and approving the Initial Applicants' execution of the stalking horse share purchase agreement dated December 12, 2022 (the "**Stalking Horse SPA**"), among the Initial Applicants and L5 Capital Inc. (the "**Stalking Horse Bidder**"), *nunc pro tunc*, and approving the Stalking Horse SPA, solely for the purposes of acting as the stalking horse bid in the SISP (the "**Stalking Horse Bid**"); and

(e) granting an extension of the Stay of Proceedings to and including March 10, 2023.

7. Notwithstanding the SISP Advisor's and the Initial Applicants' efforts to canvass the market for potential buyers of the Initial Applicants' assets or investors in the Business, no Qualified Bids were submitted by the Bid Deadline (each as defined in the SISP), other than the Stalking Horse Bid. As such, the Stalking Horse Bid was deemed to be the Successful Bid (as defined in the SISP), and the SISP did not proceed to an auction.

8. Despite being deemed to be the Successful Bid in the SISP, on February 13, 2023, the Stalking Horse Bidder formally and irrevocably advised that it did not intend to close the transactions contemplated by the Stalking Horse SPA. The Stalking Horse SPA was subsequently terminated with the Monitor's consent.

9. After consideration of the results of the SISP, the termination of the Stalking Horse SPA, the Initial Applicants' limited liquidity and obligations under the DIP Agreement, and the then impending maturity of the DIP Facility, the Initial Applicants, in consultation with the Monitor, sought and, on March 9, 2023, obtained an order (the "**Stay Extension Order**") under the CCAA, *inter alia*, extending the Stay of Proceedings to and including April 21, 2023.

10. The Stay Extension Order was intended to provide the time and stability necessary to address the Initial Applicants' liquidity challenges and conduct an orderly wind-down of the Business (the "**Wind-Down**"). With a view to improving the recoveries anticipated from the Wind-Down, and after consultation with the DIP Lender and the Monitor, the Initial Applicants engaged Hyde Advisory & Investments Inc. ("**Hyde**") to lead an informal marketing process for the Business or the Initial Applicants' assets during the Wind-Down.

11. The Initial Applicants', the Monitors' and Hyde's continued efforts to market the Business and the Initial Applicants' assets culminated in the Initial Applicants entering into a share purchase agreement (the "**Sale Agreement**"), among, Trichome (the "**Vendor**"), 1000370759 Ontario Inc. (the "**Purchaser**"), TJAC, TRC, MYM, MYMB and Highland (collectively, the "**Purchased Entities**") dated March 28, 2023.

12. To effectuate the Sale Agreement, the Initial Applicants sought and, on April 6, 2023, obtained a reverse approval and vesting order (the "**Approval and Vesting Order**"), among other things:

(a) approving the Sale Agreement and the transactions contemplated therein (collectively, the "**Transactions**");

(b) adding TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co. (collectively, the "**Residual Cos.**"), as Applicants in these CCAA proceedings;

(c) vesting in the Purchaser all of the Vendor's right, title and interest in and to all of the issued and outstanding shares in the capital of TJAC and MYM, free and clear of any Encumbrances (as defined in the Approval and Vesting Order);

(d) vesting in and to TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co. absolutely and exclusively, all of the right, title and interest of TJAC, TRC, MYM, MYMB and Highland, respectively, in and to the Excluded Assets, Excluded Contracts and Excluded Liabilities (each as defined in the Sale Agreement), and discharging all

Encumbrances against the Purchased Entities and the Retained Assets other than the Permitted Encumbrances (each as defined in the Sale Agreement);

(e) removing the Purchased Entities as Applicants in these CCAA proceedings; and

(f) granting an extension of the Stay of Proceedings to and including October 31, 2023 (the "**Stay Period**").

13. The Transactions contemplated by the Sale Agreement and approved pursuant to the Approval and Vesting Order closed on April 6, 2023 (the "**Closing Date**") as anticipated.

Terminating these CCAA Proceedings

14. Having closed the Transactions and conveyed the Business to the Purchaser, the Applicants now seek the proposed CCAA Termination Order to effect the orderly and efficient completion of these CCAA proceedings and a wind-up of the Applicants.

15. Pursuant to the proposed CCAA Termination Order these CCAA proceedings and the Stay Period will be terminated upon service of the Monitor's Certificate certifying that the Cash Distribution has been made and all matters to be attended to in connection with these CCAA proceedings have been completed to the satisfaction of the Monitor. At such time, KSV will be released and discharged as Monitor and each of the Charges will be terminated, released and discharged.

Authorizing Trichome's Assignment in Bankruptcy and the Bankruptcy Reserve

16. To facilitate the orderly and efficient wind-up of Trichome's estate and allow its former employees to assert claims under the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.

1, the proposed CCAA Termination Order authorizes Trichome to make an assignment in bankruptcy pursuant to the BIA prior to the CCAA Termination Time. Under the proposed CCAA Termination Order, Goldhar & Associates Ltd. will be named as the Trustee.

17. The proposed CCAA Termination Order authorizes and directs Trichome to transfer the Bankruptcy Reserve to Goldhar & Associates Ltd. for the fees and disbursements of the Trustee and its counsel. Any available remainder from the Bankruptcy Reserve following the administration of Trichome's bankruptcy under the BIA will be paid by the Trustee to Cortland in accordance with the proposed CCAA Termination Order.

18. The Monitor is supportive of Trichome's proposed assignment in bankruptcy pursuant to the BIA and the transfer of any available remainder from the Bankruptcy Reserve to Cortland. The DIP Lender does not oppose Trichome's proposed assignment in bankruptcy under the BIA or the funding thereof (provided that the Bankruptcy Reserve does not exceed $12,000, plus HST).

Authorizing the Cash Distribution to Cortland

19. As at February 28, 2023, approximately $6.6 million was owing to Cortland in its capacity as the DIP Lender and as agent for and on behalf of the Applicants' senior secured lenders. Approximately $2.5 million of such amount was owing under the DIP Facility.

20. Since the Closing Date, the Applicants have repaid approximately $1.8 million under the DIP Facility in accordance with the DIP Agreement. Despite such repayments, approximately $0.9 million remains owing under the DIP Facility as of July 31, 2023, which amount exceeds the Applicants' cash on hand.

21. In its capacity as the DIP Lender, Cortland has a Court-ordered super priority interest in the Applicants' remaining cash on hand, subordinate only to the Administration Charge and the Directors' Charge. Accordingly, the proposed CCAA Termination Order authorizes and directs the Applicants to make the Cash Distribution to Cortland upon the Monitor's confirmation that all matters to be attended to in connection with these CCAA proceedings have been completed to its satisfaction, including the payment of all fees and disbursements secured by the Administration Charge and the establishment of the Bankruptcy Reserve.

22. The Monitor is supportive of the proposed Cash Distribution to Cortland.

Granting Releases in Favour of the Released Parties

23. The proposed CCAA Termination Order releases the following parties (collectively, the "**Released Parties**", and each a "**Released Party**") from the Released Claims (as defined in the CCAA Termination Order):

(a) the Purchased Entities' directors, officers, and advisors immediately prior to the Closing Time (as defined in the Sale Agreement);

(b) the current and former directors, officers, and advisors of the Applicants; and

(c) the Monitor, the Monitor's counsel, the DIP Lender, counsel to the DIP Lender, the Purchased Entities' legal counsel immediately prior to the Closing Time, counsel to the Applicants and each of their respective present and former affiliates and officers, directors, partners, employees, agents and advisors.

24. The Releases provided under the proposed CCAA Termination Order do not waive, discharge, release, cancel or bar, among other things, any claim against a Released Party that is

not permitted to be released pursuant to subsection 5.1(2) of the CCAA or with respect to any act or omission that is finally determined by a court of competent jurisdiction to have constituted actual fraud, wilful misconduct or gross negligence.

25. The proposed Releases are intended to limit any indemnification claims the Released Parties may have against the Applicants, allow for the release of the Charges, and recognize the significant time and effort expended by the Released Parties in connection with these CCAA proceedings.

26. The proposed Releases are appropriate in the circumstances, sufficiently narrow in scope and necessary for the timely completion of these CCAA proceedings. The Monitor is supportive of the proposed Releases.

Approving the Monitor's Reports, Activities and Fees

27. The proposed CCAA Termination Order approves the Fifth Report and the Sixth Report, as well as the activities of the Monitor described therein.

28. The proposed CCAA Termination Order also approves the fees and disbursements of the Monitor and its counsel referred to in the Sixth Report, including the Fee Accrual. The Fee Accrual reflects the fees and disbursements of the Monitor and its counsel that have been and are anticipated to be incurred in connection with the completion of the Monitor's remaining duties in these CCAA proceedings.

Other Grounds

29. The provisions of the CCAA and the inherent and equitable jurisdiction of the Court.

30. Rules 1.04, 1.05, 2.01, 2.03, 3.02, 16, 37 and 39 of the *Rules of Civil Procedure* R.R.O. 1990, Reg. 194, as amended.

31. Such further and other grounds as counsel may advise and the Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

32. The Fifth Report, and the appendices attached thereto.

33. The Sixth Report, and the appendices attached thereto.

34. The Affidavit of Michael Ruscetta sworn September 5, 2023, and the exhibits attached thereto.

35. Such further and other material as counsel may advise and the Court may permit.

September 5, 2023

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Lawyers for the Applicants

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TAB 2

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Applicants

AFFIDAVIT OF MICHAEL RUSCETTA
(Sworn September 5, 2023)

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Applicants

AFFIDAVIT OF MICHAEL RUSCETTA
(Sworn September 5, 2023)

I, Michael Ruscetta, of the city of Toronto, in the Province of Ontario, **MAKE OATH AND SAY**:

1. I am the former Chief Executive Officer of Trichome Financial Corp. ("**Trichome**"), having resigned on February 19, 2023. I am also the former director of Trichome JWC Acquisition Corp. ("**TJAC**"), MYM Nutraceuticals Inc. ("**MYM**"), Trichome Retail Corp. ("**TRC**"), MYM International Brands Inc. ("**MYMB**") and Highland Grow Inc. ("**Highland**", and collectively with Trichome, TJAC, MYM, TRC and MYMB, the "**Initial Applicants**"), having resigned from such positions as of April 6, 2023.

2. I am currently a director of Trichome, 1000491916 Ontario Inc. ("**TJAC Residual Co.**"), 1000492008 Ontario Inc. ("**TRC Residual Co.**"), 1000491929 Ontario Inc. ("**MYM Residual Co.**"), 1000492005 Ontario Inc. ("**MYMB Residual Co.**") and 1000492023 Ontario Inc. ("**Highland Residual Co.**", and collectively with Trichome, TJAC Residual Co., TRC Residual

Co., MYM Residual Co., and MYMB Residual Co., the "**Applicants**"). As a result of the foregoing, I have personal knowledge of the Initial Applicants, the Applicants and the matters to which I depose in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

3. I swear this affidavit in support of a motion by the Applicants for an order (the "**CCAA Termination Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), *inter alia*:

(a) approving the (i) Fifth Report of KSV Restructuring Inc. ("**KSV**"), in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**"), dated April 3, 2023 (the "**Fifth Report**"), the Sixth Report of the Monitor, to be filed (the "**Sixth Report**"), and the activities of the Monitor referred to therein, and (ii) the fees and disbursements of the Monitor and its counsel referred to in the Sixth Report, including the Fee Accrual (as defined in the Sixth Report);

(b) authorizing Trichome to make an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), naming Goldhar & Associates Ltd. as its licensed insolvency trustee (in such capacity, the "**Trustee**");

(c) authorizing and directing (i) Trichome to transfer $12,000, plus HST (the "**Bankruptcy Reserve**") to the Trustee for the fees and disbursements of the Trustee and its counsel to be incurred in connection with Trichome's intended assignment in bankruptcy, and (ii) the Trustee to transfer any available remainder

from the Bankruptcy Reserve following the administration of Trichome's bankruptcy under the BIA to Cortland Credit Lending Corporation ("**Cortland**");

(d) authorizing and directing the Applicants to transfer the remainder of all of their cash on hand to Cortland (the "**Cash Distribution**") upon the completion of all matters to be attended to in connection with these CCAA proceedings;

(e) terminating these CCAA proceedings upon the Monitor's service on the service list established in these CCAA proceedings (the "**Service List**") of an executed certificate (the "**Monitor's Certificate**") in substantially the form attached as Schedule "A" to the proposed CCAA Termination Order (the "**CCAA Termination Time**");

(f) releasing and discharging the Charges (as defined below) effective as of the CCAA Termination Time;

(g) discharging and releasing KSV as Monitor of the Applicants in these CCAA proceedings effective as of the CCAA Termination Time; and

(h) granting certain releases (the "**Releases**") in favour of the Released Parties (as defined below).

4. All capitalized terms not otherwise defined herein have the meaning ascribed to them in the affidavit that I previously swore in these CCAA proceedings on March 30, 2023 (the "**March 30 Affidavit**") in support of the Initial Applicants' motion for the Approval and Vesting Order (as defined below). A copy of the March 30 Affidavit (without exhibits) is attached hereto as **Exhibit "A"**.

5. All references to currency in this affidavit are in Canadian dollars unless noted otherwise. The Applicants do not waive or intend to waive any applicable privilege by any statement herein.

I. OVERVIEW

A. Background to and Initial Stages in these CCAA Proceedings

6. Prior to the commencement of these CCAA proceedings, the Initial Applicants, through their licensed operating subsidiaries, TJAC and Highland, cultivated, processed and sold premium and ultra-premium cannabis for the adult-use market in Canada under the "WAGNERS" and "Highland Grow" brands (the "**Canadian Business**"). Following months of liquidity challenges and despite concerted efforts to improve their financial position, conserve costs and restructure the Canadian Business, the Initial Applicants faced a dire liquidity crisis.

7. Having regard to the best interests of the Initial Applicants and their stakeholders, and after extensive review and careful consideration of the strategic options and alternatives available, each of the Initial Applicants' board of directors resolved to seek urgent relief under the CCAA. Accordingly, the Initial Applicants sought, and on November 7, 2022 (the "**Filing Date**"), obtained an initial order pursuant to the CCAA (the "**Initial Order**").

8. Among other things, the Initial Order:

(a) appointed KSV as the Monitor;

(b) stayed, until November 17, 2022, all proceedings and remedies taken or that might be taken in respect of the Initial Applicants, the Monitor or the Initial Applicants' directors and officers, or affecting the Canadian Business or the Property (as

defined in the Initial Order), except with the written consent of the Initial Applicants and the Monitor, or with leave of the Court (the "**Stay of Proceedings**");

(c) approved the Initial Applicants' ability to borrow under a debtor-in-possession ("**DIP**") credit facility (the "**DIP Facility**") pursuant to a DIP facility agreement dated November 6, 2022 (as amended, the "**DIP Agreement**"), among TJAC, as borrower, Trichome, TRC, MYM, MYMB and Highland, as guarantors, and Cortland, as agent for and on behalf of the lenders party thereto (the "**DIP Lender**"); and

(d) granted the following charges over the Property (collectively, the "**Charges**"):

(i) the Administration Charge (as defined in the Initial Order) up to a maximum amount of $750,000;

(ii) the Directors' Charge (as defined in the Initial Order) up to a maximum amount of $967,000; and

(iii) the DIP Lender's Charge (as defined in the Initial Order) up to a maximum amount of $1,825,000.

9. On November 17, 2022, the Initial Applicants sought and obtained an amended and restated Initial Order (the "**Amended and Restated Initial Order**") pursuant to the CCAA, *inter alia*:

(a) granting an extension of the Stay of Proceedings to and including February 3, 2023; and

(b) approving increases to the Directors' Charge and the DIP Lender's Charge up to the maximum amounts of $2,922,000 and $4,875,000, respectively.

10. Copies of the Initial Order, the Amended and Restated Initial Order and the other materials filed in these CCAA proceedings are available on the Monitor's website at: https://www.ksvadvisory.com/experience/case/trichome. Details regarding the Initial Applicants' financial circumstances, liquidity crisis and need for relief under the CCAA are set out in the affidavits that I previously swore in these CCAA proceedings on November 7, 2022 and November 11, 2022 (the "**November Affidavits**") in support of the Initial Applicants' application for the Initial Order and motion for the Amended and Restated Initial Order, respectively. Copies of the November Affidavits (without exhibits) are attached collectively hereto as **Exhibit "B"**.

B. The Initial Applicants' Value Maximizing Efforts

11. The Stay of Proceedings granted under the Initial Order and the Amended and Restated Initial Order was intended to preserve the *status quo* and afford the Initial Applicants the breathing space and stability required to implement a value-maximizing sale or restructuring transaction. In an effort to identify a value-maximizing transaction, the Initial Applicants sought and, on January 9, 2023, obtained an order under the CCAA, among other things:

(a) approving a sale and investment solicitation process, including corresponding bidding and auction procedures (the "**SISP**");

(b) approving the letter agreement dated November 7, 2022 (the "**SISP Advisor Engagement Agreement**"), among the Initial Applicants and Stoic Advisory Inc. (the "**SISP Advisor**"), and authorizing the Initial Applicants, *nunc pro tunc*, to pay

all amounts due pursuant to the SISP Advisor Engagement Agreement in accordance with its terms;

(c) authorizing the SISP Advisor and the Initial Applicants to implement the SISP, with the oversight of the Monitor;

(d) authorizing and approving the Initial Applicants' execution of the stalking horse share purchase agreement dated December 12, 2022 (the "**Stalking Horse SPA**"), among the Initial Applicants and L5 Capital Inc. (the "**Stalking Horse Bidder**"), *nunc pro tunc*, and approving the Stalking Horse SPA, including the Expense Reimbursement set out therein, solely for the purposes of acting as the stalking horse bid in the SISP (the "**Stalking Horse Bid**");

(e) approving the Initial Applicants' execution of the first amending agreement to the DIP Agreement dated December 14, 2022 and the second amending agreement to the DIP Agreement dated January 6, 2023, each among the Initial Applicants and the DIP Lender, *nunc pro tunc*; and

(f) granting an extension of the Stay of Proceedings to and including March 10, 2023.

12. The conduct of the SISP and its results are described in the March 30 Affidavit. Notwithstanding the SISP Advisor's and the Initial Applicants' efforts to canvass the market for potential buyers of the Initial Applicants' assets or investors in the Canadian Business, no Qualified Bids were submitted by the Bid Deadline (each as defined in the SISP), other than the Stalking Horse Bid. As such, the Stalking Horse Bid was deemed to be the Successful Bid (as defined in the SISP), and the SISP did not proceed to an auction.

13. Despite being deemed to be the Successful Bid in the SISP, on February 13, 2023, the Stalking Horse Bidder formally and irrevocably advised that it did not intend to close the transactions contemplated by the Stalking Horse SPA. The Stalking Horse SPA was subsequently terminated with the Monitor's consent.

14. On February 22, 2023, the Monitor filed its Third Report pursuant to subsection 23(1)(d)(i) of the CCAA to advise the Court and the Initial Applicants' stakeholders of certain material adverse changes in the Initial Applicants' financial circumstances including that:

(a) on February 13, 2023, the Stalking Horse Bidder advised that it would not complete the transactions contemplated by the Stalking Horse SPA and acknowledged the forfeiture of the deposit ($250,000) paid thereunder; and

(b) the termination of the Stalking Horse SPA coincided with the Initial Applicants' receipt of lower than expected accounts receivable, resulting in the Initial Applicants having insufficient availability under the DIP Facility to continue operating the Canadian Business in the ordinary course or pay certain post-filing operating expenses.

15. Given the Initial Applicants' lack of availability under the DIP Facility, the unsuccessful SISP and the termination of the Stalking Horse SPA, the DIP Lender advised the Initial Applicants that it would not continue to fund the Canadian Business' ordinary course operations or a further formal marketing process. After careful consideration of the results of the SISP, the termination of the Stalking Horse SPA, the Initial Applicants' limited liquidity and obligations under the DIP Agreement, and the then impending maturity of the DIP Facility, the Initial Applicants, in

consultation with the Monitor, sought and, on March 9, 2023, obtained an order (the "**Stay Extension Order**") under the CCAA, *inter alia*:

(a) granting an extension of the Stay of Proceedings to and including April 21, 2023; and

(b) subject to the requirements set out within the Stay Extension Order, authorizing each of the Initial Applicants to 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 $1,000,000 in any one transaction or $3,000,000 in the aggregate with the consent of the Monitor and the DIP Lender.

16. The Stay Extension Order was intended to provide the time and stability necessary to address the Initial Applicants' liquidity challenges, conduct an orderly wind-down of the Canadian Business (the "**Wind-Down**"), and continue to informally market the Canadian Business and the Initial Applicants' assets. With a view to improving the recoveries anticipated from the Wind-Down, and after consultation with the DIP Lender and the Monitor, the Initial Applicants engaged Hyde Advisory & Investments Inc. ("**Hyde**") to lead an informal marketing process for the Canadian Business or the Initial Applicants' assets during the Wind-Down (the "**Additional Marketing Process**").

17. The Additional Marketing Process was commenced on February 21, 2023, and solicited interest from twelve potential bidders. Each of the twelve potential bidders was provided with a confidential information memorandum concerning the acquisition opportunity. Of the twelve potential bidders contacted, seven expressed an interest in the acquisition opportunity and three (the "**LOI Parties**") provided letters of intent by March 10, 2023. The LOI Parties were

subsequently requested to submit their "best bid". The bid submitted on behalf of 1000370759 Ontario Inc. (the "**Purchaser**") was ultimately selected as the highest and best offer in the Additional Marketing Process (the "**Winning Bid**").

C. The Selection, Approval and Implementation of the Winning Bid

18. Having identified the Winning Bid, the Initial Applicants, in consultation with the Monitor and the DIP Lender, proceeded to negotiate and enter into a share purchase agreement (the "**Sale Agreement**"), among, Trichome (the "**Vendor**"), the Purchaser, TJAC, TRC, MYM, MYMB and Highland (collectively, the "**Purchased Entities**") dated March 28, 2023.

19. The Sale Agreement was described in detail in the March 30 Affidavit. Put simply, it contemplated a going-concern transaction pursuant to which the Purchaser would acquire all of the issued and outstanding shares in the capital of TJAC and MYM owned by Trichome (the "**Purchased Shares**") for a purchase price of $3,375,000 (the "**Purchase Price**"), along with certain deferred consideration (the "**Deferred Consideration**"). Although insufficient to satisfy claims subordinate to the Charges and the Initial Applicants' senior secured creditors, the Purchase Price and the Deferred Consideration were anticipated to provide materially better recovery to the DIP Lender and potentially, the Agent and the Lenders (each as defined below), than that which could be achieved through the Wind-Down or in a bankruptcy.

20. To effectuate the Sale Agreement and the transactions contemplated therein (collectively, the "**Transactions**"), the Initial Applicants sought and, on April 6, 2023, obtained a reverse approval and vesting order (the "**Approval and Vesting Order**"), among other things:

(a) approving the Sale Agreement and the Transactions;

(b) authorizing and directing the Initial Applicants to perform their obligations under the Sale Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transactions and for the conveyance of the Purchased Shares to the Purchaser;

(c) adding TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co. (collectively, the "**Residual Cos.**"), as Applicants to these CCAA proceedings;

(d) vesting in the Purchaser all of the Vendor's right, title and interest in and to the Purchased Shares, free and clear of any Encumbrances (as defined in the Approval and Vesting Order);

(e) vesting in and to TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co. absolutely and exclusively, all of the right, title and interest of TJAC, TRC, MYM, MYMB and Highland, respectively, in and to the Excluded Assets, Excluded Contracts and Excluded Liabilities (each as defined in the Sale Agreement), and discharging all Encumbrances against the Purchased Entities and the Retained Assets other than the Permitted Encumbrances (each as defined in the Sale Agreement);

(f) removing the Purchased Entities as Applicants in these CCAA proceedings;

(g) subject to the receipt of the Cash Payment (as defined below), release of the Deposit (as defined below) and completion of the Transactions, authorizing and directing

the Vendor to pay the Success Fee to Hyde in the manner set out in the Approval and Vesting Order; and

(h) granting an extension of the Stay of Proceedings to and including October 31, 2023.

21. Copies of the Approval and Vesting Order and the accompanying Endorsement of the Honourable Madam Justice Conway dated April 6, 2023 are attached hereto as **Exhibits "C"** and **"D"**, respectively.

22. The Transactions closed on April 6, 2023 (the "**Closing Date**") as anticipated. On the Closing Date, the Purchase Price was satisfied in accordance with the Sale Agreement as follows:

(a) the $500,000 (the "**Deposit**") paid on behalf of the Purchaser to the Monitor, was released and credited to the Vendor;

(b) the sum of $500,000 paid by the Purchaser to the Monitor on the Closing Date (the "**Cash Payment**") was released to the Vendor; and

(c) the Purchaser issued a secured interest bearing promissory note in favour of the Vendor in the principal face amount of $2,375,000 (the "**Secured Promissory Note**"), which Secured Promissory Note was guaranteed by 2767888 Ontario Inc. (the "**Guarantor**"), subject to reduction on a dollar-for-dollar basis by the Assumed Liabilities Employee Amount.

23. On the Closing Date, each of TJAC and Highland also issued an interest-free, limited recourse promissory note in the principal face amount of the Deferred Consideration Note Amount (as defined in the Sale Agreement), in favour of TJAC Residual Co. and Highland Residual Co.,

respectively (together, the "**Deferred Consideration Notes**"). Recognizing that the Initial Applicants' cannabis licenses were retained by TJAC and Highland under the Sale Agreement, the Deferred Consideration Notes were intended to provide a mechanism by which TJAC Residual Co. and Highland Residual Co. could receive the value of any pre-closing accounts receivable that were payable strictly to a license holder and therefore, not easily assignable. The Deferred Consideration Notes were secured by certain of TJAC's and Highland's receivables from provincial cannabis purchasing agencies, non-government distributors, and/or direct sale retailers in respect of the period prior to the Closing Date (collectively, the "**Closing Date Purchased Entity Receivables**").

D. The Applicants' Activities Since the Closing Date

24. As a result of the Sale Agreement, the Transactions and the Approval and Vesting Order, the Canadian Business was transferred to the Purchaser and substantially all of the Initial Applicants' assets were retained by the Purchased Entities. While, the Applicants were not expected to and have not had any ongoing business operations since the Closing Date, the Approval and Vesting Order extended the Stay of Proceedings to and including October 31, 2023 to, among other things:

(a) provide time for the Purchaser to repay the Secured Promissory Note and collect and remit the Closing Date Purchased Entity Receivables pursuant to and in accordance with the Deferred Consideration Notes; and

(b) allow the Applicants to seek such further relief as may be required to facilitate their orderly wind-up, one or more distributions to the Applicants' creditors, and the termination of these CCAA proceedings.

25. In the course of the Closing Date Purchased Entity Receivables' collection, certain disputes arose between the Applicants, on the one hand, and the Purchaser and TJAC, on the other hand, concerning the Deferred Consideration Notes and the Closing Date Purchased Entity Receivables payable thereunder. These disputes were ultimately resolved, with the consent of the Monitor and the DIP Lender, pursuant to a settlement agreement dated June 27, 2023 (the "**Settlement Agreement**"), among the Applicants, the Purchaser, the Guarantor and the Purchased Entities. A copy of the Settlement Agreement is attached hereto as **Exhibit "E"**.

26. As a result of the resolutions implemented pursuant to the Settlement Agreement, the Deferred Consideration has been satisfied and there are no further obligations under the Secured Promissory Note or the Deferred Consideration Notes. No relief is sought in connection with the Settlement Agreement under the proposed CCAA Termination Order.

27. In addition to negotiating, and implementing the resolutions under, the Settlement Agreement since the Closing Date, the Applicants have diligently:

(a) sought to collect and, to the extent possible, realize upon the Excluded Assets vested in and transferred to the Residual Cos.;

(b) responded to HST audit proposal letters (collectively, the "**Proposal Letters**", and each a "**Proposal Letter**") provided by the Canada Revenue Agency (the "**CRA**") in July, 2023; and

(c) negotiated releases in favour of Trichome, the Monitor and their respective officers and directors, among other representatives, with certain of Trichome's former

employees who were owed accrued and unpaid vacation pay (collectively, the "**Employee Releases**" and each, an "**Employee Release**").

28. The Proposal Letters were addressed to Trichome, TJAC, MYM and Highland.[1] With the exception of MYM, where the audit period is June 1, 2021 – November 30, 2022, each of the audit periods precede or end on the Filing Date. As substantially all of the Purchased Entities' liabilities arising prior to the Closing Date were not included within the Assumed Liabilities and were vested in and to the Residual Cos., the Applicants – rather than the Purchased Entities – have responded to each of the Proposal Letters addressed to TJAC, MYM and Highland. Additionally, the Applicants have responded to the Proposal Letter provided to Trichome.

29. As of the date of this affidavit, the Applicants have yet to receive the final assessments from the CRA related to the aforementioned HST audits. The Applicants anticipate that the aggregate amount assessed under such assessments, once ultimately issued, will be materially lower than the aggregate amount proposed to be assessed under the Proposal Letters.

30. The Employee Releases were negotiated with seven former employees of Trichome who were recently terminated or resigned and owed certain amounts for accrued and unpaid vacation pay. In consideration for providing the Employee Release, Trichome offered each such former employee a settlement payment in the estimated amount of the former employee's claim. All but two of the applicable former employees have executed an Employee Release.

[1] The Applicants understand that, on or about July 21, 2023, TJAC was also advised by the CRA that it was selected for an audit with respect to the administration of the *Excise Act, 2001*, S.C. 2002, c. 22 for the period August 1, 2021 – March 31, 2023

II. TERMINATING THESE CCAA PROCEEDINGS

31. Since the granting of the Initial Order, the Initial Applicants and the Applicants, as applicable, have acted in good faith and with due diligence to, among other things, stabilize the Canadian Business, prepare and implement the SISP and the Additional Marketing Process, consummate the Transactions and negotiate the Settlement Agreement. Having closed the Transactions, conveyed the Canadian Business to the Purchaser and implemented the Settlement Agreement, the Applicants now seek the proposed CCAA Termination Order to effect the orderly and efficient completion of these CCAA proceedings and a wind-up of the Applicants.

32. The proposed CCAA Termination Order provides that these CCAA proceedings and the Stay of Proceedings will be terminated upon service of the Monitor's Certificate certifying that the Cash Distribution has been made and all matters to be attended to in connection with these CCAA proceedings have been completed to the satisfaction of the Monitor. At such time, KSV will be released and discharged as Monitor and each of the Charges will be terminated, released and discharged.

33. Given that the Cash Distribution is conditional upon, among other things, the payment of all fees and disbursements secured by the Administration Charge, including the Fee Accrual, no amounts will be outstanding under the Administration Charge as of the CCAA Termination Time. As discussed below, the directors and officers of the Applicants and the Purchased Entities immediately prior to the Closing Time (as defined in the Sale Agreement), have conditioned their consent to the termination, release and discharge of the Directors' Charge upon the granting of the proposed Releases under the CCAA Termination Order. I understand that the DIP Lender has

likewise conditioned its consent to the termination, release and discharge of the DIP Lender's Charge upon receipt of the Cash Distribution.

34. The remaining material features of the proposed CCAA Termination Order necessary to effect the orderly conclusion of these CCAA proceedings and the Applicants' wind-up are discussed below.

A. Trichome's Assignment in Bankruptcy and the Bankruptcy Reserve

35. Given that the Transactions did not provide sufficient proceeds to satisfy the Applicants' indebtedness to the DIP Lender, the Applicants do not and will not have the wherewithal to fund distributions to their secured and unsecured creditors. As such, the Applicants do not intend to implement a process for the identification and resolution of claims in these CCAA proceedings (a "**Claims Process**") or file a plan of compromise or arrangement.

36. To facilitate the orderly and efficient wind-up of Trichome's estate and allow its former employees to assert claims under the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1, the proposed CCAA Termination Order authorizes Trichome to make an assignment in bankruptcy pursuant to the BIA prior to the CCAA Termination Time. In accordance with the proposed CCAA Termination Order, Goldhar & Associates Ltd. will be named as the Trustee. As an experienced licensed insolvency trustee, Goldhar & Associate Ltd. has the requisite expertise and qualifications to oversee Trichome's assignment in bankruptcy under the BIA.

37. In contemplation of the termination of these CCAA proceedings and Trichome's assignment in bankruptcy pursuant to the BIA, the proposed CCAA Termination Order also authorizes and directs Trichome to transfer the Bankruptcy Reserve to Goldhar & Associates Ltd.

for the fees and disbursements of the Trustee and its counsel. Any available remainder from the Bankruptcy Reserve following the administration of Trichome's bankruptcy under the BIA will be paid by the Trustee to Cortland in accordance with the proposed CCAA Termination Order.

38. The Monitor has advised that it is supportive of Trichome's proposed assignment in bankruptcy pursuant to the BIA prior to the CCAA Termination Time and believes that it is in the best interests of Trichome and its stakeholders. Further, I understand that (i) the Monitor is supportive of the proposed transfer of any available remainder from the Bankruptcy Reserve to Cortland, and (ii) the DIP Lender does not oppose Trichome's proposed assignment in bankruptcy under the BIA or the funding thereof (provided that the Bankruptcy Reserve does not exceed $12,000, plus HST).

B. The Cash Distribution to Cortland

39. Cortland, in its capacity as the DIP Lender, and in its capacity as agent (the "**Agent**") for and on behalf of the Applicants' senior secured lenders (collectively, the "**Lenders**") under a Credit Agreement dated May 14, 2021 (as amended pursuant to an Amending Agreement No. 1 dated August 27, 2021, and an Amending Agreement No. 2 dated March 31, 2022, the "**ABL Agreement**"), is the Applicants' senior secured creditor. As described in the March 30 Affidavit, the Approval and Vesting Order did not affect the nature, amount or the senior secured status of the DIP Agreement, the ABL Agreement or the liabilities thereunder upon their vesting in and transfer to the Residual Cos.

40. As at February 28, 2023, approximately $6.6 million was owing to Cortland (with interest and costs continuing to accrue), approximately $2.5 million of which was owing under the DIP Facility. Since the Closing Date, the Applicants have repaid approximately $1.8 million under the

DIP Facility in accordance with the DIP Agreement. Despite such repayments, approximately $0.9 million remains owing under the DIP Facility as of July 31, 2023, which amount exceeds the Applicants' cash on hand.

41. In its capacity as the DIP Lender, Cortland has a Court-ordered super priority interest in the Applicants' remaining cash on hand, subordinate only to the Administration Charge and the Directors' Charge. Accordingly, the proposed CCAA Termination Order authorizes and directs the Applicants to make the Cash Distribution to Cortland upon the Monitor's confirmation that all matters to be attended to in connection with these CCAA proceedings have been completed to its satisfaction, including the payment of all fees and disbursements secured by the Administration Charge and the establishment of the Bankruptcy Reserve.

42. The Monitor has advised that it is supportive of the proposed Cash Distribution to Cortland.

C. The Releases in Favour of the Released Parties

43. Pursuant to the proposed CCAA Termination Order, the following parties (collectively, the "**Released Parties**" and each, a "**Released Party**") will be released from the Released Claims (as defined in the CCAA Termination Order):

(a) the Purchased Entities' directors, officers, and advisors immediately prior to the Closing Time;

(b) the current and former directors, officers, and advisors of the Applicants; and

(c) the Monitor, the Monitor's counsel, the DIP Lender, the DIP Lender's counsel, the Purchased Entities' legal counsel immediately prior to the Closing Time, counsel to

the Applicants and each of their respective present and former affiliates and officers, directors, partners, employees, agents and advisors.

44. The Released Claims include, among other things, any and all present and future claims, liabilities, indebtedness, demands, actions, causes of actions, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries and obligations of any nature or kind whatsoever that any person may have or be entitled to assert against the Released Parties based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the CCAA Termination Time or undertaken or completed in connection with or in respect of, relating to, or arising out of:

(a) the Purchased Entities, the Applicants, the business, operations, assets, property and affairs of the Purchased Entities or the Applicants, wherever or however conducted or governed, the administration and/or management of the Purchased Entities or the Applicants, these CCAA proceedings or their respective conduct in these CCAA proceedings; or

(b) the Sale Agreement, any document, instrument, matter or transaction involving the Purchased Entities or the Applicants in connection with or pursuant to any of the foregoing, and/or consummation of the Transactions.

45. Importantly, the Releases provided under the proposed CCAA Termination Order do not waive, discharge, release, cancel or bar:

(a) any claim against a Released Party that is not permitted to be released pursuant to subsection 5.1(2) of the CCAA or with respect to any act or omission that is finally

determined by a court of competent jurisdiction to have constituted actual fraud, wilful misconduct or gross negligence; or

(b) any obligations of any of the Released Parties under or pursuant to the Sale Agreement not otherwise released pursuant to the Settlement Agreement.

46. The proposed Releases are intended to limit any indemnification claims the Released Parties may have against the Applicants, allow for the release of the Charges, and recognize the significant time and effort expended by the Released Parties in connection with these CCAA proceedings. The Released Parties have made, and where applicable, continue to make, significant contributions to these CCAA proceedings and the Initial Applicants' and the Applicants' restructuring efforts. Indeed, the Released Parties have been instrumental to, among other critical aspects of these CCAA proceedings:

(a) the Initial Applicants' efforts to conserve costs in, and apprise key stakeholders of, these CCAA proceedings;

(b) the negotiation of the Stalking Horse SPA and the SISP Advisor Engagement Agreement;

(c) the development and implementation of the SISP;

(d) the partial implementation of the value-preserving Wind-Down and the Additional Marketing Process;

(e) the negotiation of the Sale Agreement and the consummation of the value-maximizing Transactions, which ultimately assured the continuation of the Canadian Business through the Purchaser;

(f) the stabilization and continuation of the Canadian Business until the Closing Date; and

(g) the negotiation of the Settlement Agreement and the implementation of the resolutions contemplated thereunder.

47. As at the date of this affidavit, the Applicants are not aware of any claims that exist or may exist against the Monitor, the Monitor's counsel, the DIP Lender, the DIP Lender's counsel, the Purchased Entities' counsel immediately prior to the Closing Time or the Applicants' counsel. Similarly, the Applicants are not aware of any claims against the directors or officers of the Applicants or the directors or officers of the Purchased Entities immediately prior to the Closing Time other than:

(a) certain claims that the CRA may assert (which may be subject to objections and defences), including, without limitation, $5.3 million for withholding tax that arose prior to the Filing Date in connection with the Trichome Arrangement (as defined and described in the November Affidavits); and

(b) potential claims for accrued and unpaid vacation pay by the two former employees of Trichome who did not execute an Employee Release.

48. As noted above, due to the Applicants' liquidity, the shortfall in the DIP Lender's recovery and the priority of the Charges, the Applicants have not and do not intend to incur additional costs

to conduct a Claims Process to identify and resolve the narrow universe of claims that may be asserted against the Released Parties. However, I understand that the Service List – which includes the two former employees of Trichome who did not execute an Employee Release – will receive notice of the within motion to ensure that the Applicants' stakeholders are afforded an opportunity to consider, and are not materially prejudiced by, the proposed Releases. Such notice is in addition to the indications within the November Affidavits that the directors and officers of the Initial Applicants anticipated seeking releases in connection with the consummation of a value-maximizing sale or restructuring transaction and the eventual termination of these CCAA proceedings.

49. I am advised by the directors and officers of the Applicants and the Purchased Entities immediately prior to the Closing Time, and believe that, their consent to the termination, release and discharge of the Directors' Charge is contingent upon the granting of the proposed Releases. I understand that such condition is informed, in part, by the absence of a Claims Process and the limited insurance coverage available to such directors and officers under the claims-made policies maintained by Trichome's publicly listed parent company, IM Cannabis Corp., for the benefit of itself and its numerous subsidiaries (as described in the November Affidavits).

50. The Applicants believe that the proposed Releases are appropriate in the circumstances, sufficiently narrow in scope and necessary for the timely completion of these CCAA proceedings. I am advised by the Monitor, and believe that, the Monitor is supportive of the Releases provided in favour of the Released Parties under the proposed CCAA Termination Order.

D. The Monitor's Reports, Fees and Activities

51. The proposed CCAA Termination Order approves the Fifth Report and the Sixth Report, as well as the activities of the Monitor described therein. The proposed CCAA Termination Order also approves the fees and disbursements of the Monitor and its counsel referred to in the Sixth Report, including the Fee Accrual. The Fee Accrual reflects the fees and disbursements of the Monitor and its counsel that have been and are anticipated to be incurred in connection with the completion of the Monitor's remaining duties in these CCAA proceedings.

52. I am advised by the Monitor, and believe that, the Monitor and its counsel will prepare and file fee affidavits with the Court in advance of the hearing of the within motion.

III. CONCLUSION

53. I believe that the relief sought on the within motion and described above is in the best interests of the Applicants and their stakeholders. Further, I believe that the relief sought on the within motion will facilitate the orderly and efficient completion of these CCAA proceedings. Such relief is supported by the Monitor, the DIP Lender and the Agent.

54. I swear this affidavit in support of the Applicants' motion for the proposed CCAA Termination Order and for no other or improper purpose.

SWORN REMOTELY by Michael Ruscetta stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on September 5, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Joshua Foster

JOSHUA FOSTER
Commissioner for Taking Affidavits
(or as may be)

MICHAEL RUSCETTA

TAB A

THIS IS **EXHIBIT "A"** REFERRED TO IN THE AFFIDAVIT OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 5TH DAY OF SEPTEMBER, 2023.

Joshua Foster

JOSHUA FOSTER
A Commissioner for taking Affidavits
(or as may be)

Court File No.: CV-22-00689857-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TRICHOME FINANCIAL CORP., TRICHOME JWC ACQUISITION CORP., MYM NUTRACEUTICALS INC., TRICHOME RETAIL CORP., MYM INTERNATIONAL BRANDS INC., AND HIGHLAND GROW INC.

Applicants

AFFIDAVIT OF MICHAEL RUSCETTA
(Sworn March 30, 2023)

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Applicants

AFFIDAVIT OF MICHAEL RUSCETTA
(Sworn March 30, 2023)

I, Michael Ruscetta, of the city of Toronto, in the Province of Ontario, **MAKE OATH AND SAY**:

1. I am the former Chief Executive Officer of Trichome Financial Corp. ("**Trichome**"), having resigned from that position on February 19, 2023. I remain a director of Trichome, Trichome JWC Acquisition Corp. ("**TJAC**"), MYM Nutraceuticals Inc. ("**MYM**"), Trichome Retail Corp. ("**TRC**"), MYM International Brands Inc. ("**MYMB**") and Highland Grow Inc. ("**Highland**", and collectively with Trichome, TJAC, MYM, TRC and MYMB, the "**Applicants**"). As such, I have personal knowledge of the Applicants and the matters to which I depose in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

2. I swear this affidavit in support of a motion by the Applicants for an order (the "**Approval and Vesting Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), *inter alia*:

(a) granting an extension of the Stay of Proceedings (as defined below) to and including October 31, 2023 (the "**Stay Period**");

(b) approving the Share Purchase Agreement (the "**Sale Agreement**") among Trichome (the "**Vendor**"), 1000370759 Ontario Inc. (the "**Purchaser**"), TJAC, TRC, MYM, MYMB and Highland (collectively, the "**Purchased Entities**" and each a "**Purchased Entity**"), dated March 28, 2023 and the transactions contemplated therein (collectively, the "**Transactions**");

(c) authorizing and directing the Applicants to perform their obligations under the Sale Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transactions and for the conveyance of the Purchased Shares (as defined below) to the Purchaser;

(d) adding TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co. (each as defined in the Sale Agreement) (collectively, the "**Residual Cos.**" and each a "**Residual Co.**"), as Applicants to these CCAA proceedings;

(e) vesting in the Purchaser all of the Vendor's right, title and interest in and to the Purchased Shares, free and clear of any Encumbrances (as defined in the Approval and Vesting Order);

(f) vesting in and to TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co. absolutely and exclusively, all of the right, title and interest of TJAC, TRC, MYM, MYMB and Highland, respectively, in and to the Excluded Assets, Excluded Contracts and Excluded Liabilities (each as defined in the Sale Agreement), and discharging all Encumbrances against the Purchased Entities and the Retained Assets other than the Permitted Encumbrances (each as defined in the Sale Agreement);

(g) removing the Purchased Entities as Applicants in these CCAA proceedings; and

(h) subject to the receipt of the Cash Payment (as defined below), release of the Deposit (as defined below) and completion of the Transactions, authorizing and directing the Vendor to pay the Success Fee (as defined below) to Hyde Advisory & Investment Inc. ("**Hyde**") in the manner set out in the proposed Approval and Vesting Order.

3. All capitalized terms not otherwise defined herein have the meaning ascribed to them in the affidavit that I previously swore in these proceedings on March 2, 2023 (the "**March 2 Affidavit**") in support of the Applicants' motion for the Stay Extension Order (as defined below) or the Sale Agreement, as applicable. A copy of the March 2 Affidavit (without exhibits) is attached hereto as **Exhibit "A"**.

4. All references to currency in this affidavit are in Canadian dollars unless noted otherwise. The Applicants do not waive or intend to waive any applicable privilege by any statement herein.

I. BACKGROUND AND STATUS OF THESE CCAA PROCEEDINGS

5. The Applicants, with the exception of Trichome, which is a direct subsidiary, are all indirect wholly owned subsidiaries of IM Cannabis Corp. ("**IMCC**"). IMCC is a publicly traded international cannabis company, which is not an Applicant in these CCAA proceedings.

6. Through their licensed operating subsidiaries, TJAC and Highland, the Applicants cultivate, process and sell premium and ultra-premium cannabis for the adult-use market in Canada (the "**Canadian Business**"). Following months of liquidity challenges and despite concerted efforts to improve their financial position, conserve costs and restructure the Canadian Business, the Applicants faced a dire liquidity crisis.

7. Having regard to the best interests of the Applicants and their stakeholders, and after extensive review and careful consideration of the strategic options and alternatives available, the boards of directors of the Applicants resolved to seek urgent relief under the CCAA. Accordingly, the Applicants sought, and on November 7, 2022, obtained an initial order under the CCAA (the "**Initial Order**").

8. Among other things, the Initial Order:

(a) appointed KSV Restructuring Inc. as the monitor of the Applicants (in such capacity, the "**Monitor**");

(b) stayed, until November 17, 2022, all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the Applicants' directors and officers, or affecting the Canadian Business or the Property (as defined in the Initial

Order), except with the written consent of the Applicants and the Monitor, or with leave of the Court (the "**Stay of Proceedings**");

(c) approved the Applicants' ability to borrow under a debtor-in-possession ("**DIP**") credit facility (the "**DIP Facility**") pursuant to a DIP facility agreement dated November 6, 2022 (as amended, the "**DIP Agreement**"), among TJAC, as borrower, Trichome, TRC, MYM, MYMB and Highland, as guarantors, and Cortland Credit Lending Corporation ("**Cortland**"), as agent for and on behalf of the lenders party thereto (the "**DIP Lender**"); and

(d) granted the following charges over the Property (collectively, the "**Charges**"):

(i) the Administration Charge (as defined in the Initial Order) up to a maximum amount of $750,000;

(ii) the Directors' Charge (as defined in the Initial Order) up to a maximum amount of $967,000; and

(iii) the DIP Lender's Charge (as defined in the Initial Order) up to a maximum amount of $1,825,000.

9. On November 17, 2022, the Applicants sought and obtained an amended and restated Initial Order (the "**Amended and Restated Initial Order**") pursuant to the CCAA, *inter alia*:

(a) granting an extension of the Stay of Proceedings to and including February 3, 2023; and

(b) approving increases to the Directors' Charge and the DIP Lender's Charge up to the maximum amounts of $2,922,000 and $4,875,000, respectively.

10. In an effort to identify and implement a value-maximizing transaction, the Applicants sought and, on January 9, 2023, obtained an order (the "**Stalking Horse and SISP Approval Order**") under the CCAA, among other things:

(a) approving a sale and investment solicitation process, including corresponding bidding and auction procedures (the "**SISP**");

(b) approving the letter agreement dated November 7, 2022 (the "**SISP Advisor Engagement Agreement**"), among the Applicants and Stoic Advisory Inc. (the "**SISP Advisor**"), and authorizing the Applicants, *nunc pro tunc*, to pay all amounts due pursuant to the SISP Advisor Engagement Agreement in accordance with its terms;

(c) authorizing the SISP Advisor and the Applicants to implement the SISP, with the oversight of the Monitor;

(d) authorizing and approving the Applicants' execution of the stalking horse share purchase agreement dated December 12, 2022 (the "**Stalking Horse SPA**"), among the Applicants and L5 Capital Inc. (the "**Stalking Horse Bidder**"), *nunc pro tunc*, and approving the Stalking Horse SPA, including the Expense Reimbursement set out therein, solely for the purposes of acting as the stalking horse bid in the SISP (the "**Stalking Horse Bid**");

(e) approving the Applicants' execution of the first amending agreement to the DIP Agreement dated December 14, 2022 and the second amending agreement to the DIP Agreement dated January 6, 2023, each among the Applicants and the DIP Lender (together, the "**DIP Amendments**"), *nunc pro tunc*; and

(f) granting an extension of the Stay of Proceedings to and including March 10, 2023.

11. On February 22, 2023, the Monitor filed the Third Report dated February 22, 2023 (the "**Third Report**") pursuant to subsection 23(1)(d)(i) of the CCAA to advise the Court and the Applicants' stakeholders of certain material adverse changes in the Applicants' financial circumstances including that, as more fully described below:

(a) on February 13, 2023, the Stalking Horse Bidder advised that it would not complete the transactions contemplated by the Stalking Horse SPA and acknowledged the forfeiture of the deposit ($250,000) paid thereunder (the "**SPA Deposit**"); and

(b) the Applicants did not have liquidity under the DIP Facility or otherwise to pay certain post-filing operating expenses.

12. Given the Applicants' lack of availability under the DIP Facility, the unsuccessful SISP and the termination of the Stalking Horse SPA, the DIP Lender advised the Applicants that it would not continue to fund the Canadian Business' ordinary course operations or a further formal marketing process. After careful consideration of the results of the SISP, the termination of the Stalking Horse SPA, the Applicants' limited liquidity and obligations under the DIP Agreement, and the then impending maturity of the DIP Facility, the Applicants, in consultation with the

Monitor, sought and, on March 9, 2023, obtained an order (the "**Stay Extension Order**") under the CCAA, *inter alia*:

(a) granting an extension of the Stay of Proceedings to and including April 21, 2023; and

(b) subject to the requirements set out within the Stay Extension Order, authorizing each of the Applicants to 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 $1,000,000 in any one transaction or $3,000,000 in the aggregate with the consent of the Monitor and the DIP Lender.

13. As described in the March 2 Affidavit, the Stay Extension Order was intended to provide the time and stability necessary to address the Applicants' liquidity challenges, conduct an orderly wind-down of the Canadian Business (the "**Wind-Down**"), and continue to informally market the Canadian Business and the Applicants' assets.

14. Copies of the Initial Order, the Amended and Restated Initial Order, the Stalking Horse and SISP Approval Order, the Stay Extension Order, the Third Report and other materials filed in these CCAA proceedings are available on the Monitor's website at: https://www.ksvadvisory.com/experience/case/trichome. For ease of reference, copies of the Stalking Horse and SISP Approval Order, the Stay Extension Order and the accompanying endorsements of the Honourable Madam Justice Conway dated January 9, 2023 and March 9, 2023, are attached hereto as **Exhibits "B"**, **"C"**, **"D"**, and **"E"**, respectively.

15. The Applicants now seek the proposed Approval and Vesting Order to implement the only viable transaction to have materialized following the unsuccessful SISP and the termination of the Stalking Horse SPA. To ensure that the Canadian Business can continue as a going concern, and in view of the Applicants' significant liquidity constraints, the Applicants are seeking to implement the Sale Agreement and the Transactions contemplated therein on an expedited basis.

16. The approval of the Sale Agreement and the Transactions pursuant to the proposed Approval and Vesting Order are supported by the Monitor, as well as the DIP Lender and Cortland, in its capacity as agent (in such capacity, the "**Agent**") for and on behalf of the Applicants' senior secured lenders (collectively, the "**Lenders**"), which have the primary economic interest in the Applicants' assets.

II. OUTCOME OF THE SISP AND THE STALKING HORSE SPA

17. The material terms of the SISP and the Stalking Horse SPA were described in the affidavit that I previously swore in these proceedings on January 1, 2023 (the "**January 1 Affidavit**") in support of the Applicants' motion for the Stalking Horse and SISP Approval Order and are not repeated herein. Copies of the January 1 Affidavit (without exhibits) and the Stalking Horse SPA are attached hereto as **Exhibits "F"** and **"G"**, respectively. A copy of the SISP is attached as Schedule "A" to the Stalking Horse and SISP Approval Order.

18. The conduct of the SISP and its results, as well as the outcome of the Stalking Horse SPA are discussed below.

A. The Conduct of the SISP and its Results

19. The Applicants developed the SISP, in consultation with the Monitor and the SISP Advisor, to solicit interest in all of their rights, title and interest in and to all of their assets or all of the shares in the capital of the Applicants (collectively, the "**Vendors' Assets**"). The SISP was intended to provide a flexible, efficient, fair and equitable process for canvassing the market for potential buyers of the Vendors' Assets or investors in the Canadian Business and maximizing recovery for the Applicants' stakeholders.

20. To maximize flexibility in the SISP, the SISP made clear that the Applicants would consider any of the following bids, in each case, subject to the terms of the SISP:

(a) a bid for all of the Vendors' Assets;

(b) separate bids to acquire some but not all of the Vendors' Assets; or

(c) a bid that contemplates a plan of reorganization, recapitalization or other form of reorganization of the business and affairs of the Applicants.

21. In anticipation of the SISP's commencement, and in view of the timeline governing the material steps therein (the "**SISP Timeline**"), the following initial steps were completed by January 3, 2023:

(a) the SISP Advisor, with the assistance of the Applicants and the Monitor, prepared (i) a list of approximately 200 potential bidders who may be interested in acquiring the Vendors' Assets in whole or in part (each a "**Known Potential Bidder**"), and (ii) a process summary (the "**Teaser Letter**") describing the Vendors' Assets,

outlining the bidding procedures and inviting recipients of the Teaser Letter to express their interest pursuant to the bidding procedures; and

(b) the Applicants, with the assistance of the SISP Advisor and the Monitor, prepared a non-disclosure agreement (an "**NDA**") for use in the SISP.

22. On January 3, 2023, the Applicants issued a press release (the "**January 3 Press Release**") with a view to providing broad notice of, and soliciting additional interest in, the SISP. The January 3 Press Release announced that:

(a) under the Monitor's supervision, the SISP Advisor was conducting the SISP to solicit interest in the sale of the Vendors' Assets;

(b) in connection with the SISP, the Applicants had executed the Stalking Horse SPA with the Stalking Horse Bidder;

(c) the Stalking Horse Bidder is controlled by Marc Lustig, a director of Trichome;

(d) the Stalking Horse SPA offered total consideration of approximately $6,300,000, plus the collection of certain receivables and the sale of inventory, if any, at the time of closing the transactions contemplated thereunder;

(e) the Applicants intended to seek Court-approval of the SISP and the Stalking Horse SPA, solely for the purposes of acting as the "stalking horse bid" in the SISP on January 9, 2023;

(f) if approved by the Court for the purposes of acting as the "stalking horse bid" in the SISP, the Stalking Horse SPA would be subject to higher and otherwise superior bids received in the SISP;

(g) a Potential Bidder (as defined in the SISP) that wished to make a bid in the SISP must deliver a written copy of its bid by no later than 5:00 p.m. (Eastern Time) on February 6, 2023 (the "**Bid Deadline**"); and

(h) any Potential Bidder that wished to participate in the SISP could contact the SISP Advisor to receive additional information.

23. A copy of the January 3 Press Release is attached hereto as **Exhibit "H"**.

24. In accordance with the SISP Timeline, the SISP Advisor sent the Teaser Letter and an NDA to each Known Potential Bidder on January 3, 2023. Throughout the SISP, the Teaser Letter and NDA were also made available to any other party (i) upon request or (ii) that was identified by the Applicants or the Monitor as a Potential Bidder.

25. Five Potential Bidders executed NDAs and were provided with access to a confidential data room established by the SISP Advisor to facilitate their due diligence. Such Potential Bidders were also provided with a confidential information memorandum prepared by the SISP Advisor, in consultation with the Applicants and the Monitor.

26. Each Potential Bidder that wished to make a bid in the SISP was required to deliver a written copy of its bid by no later than the Bid Deadline, with such bid including or conforming to the requirements prescribed under the bidding procedures (collectively, the "**Required Bid Terms**

and Materials"). Any such bid, if satisfying the Required Bid Terms and Materials and received by the Bid Deadline, would constitute a "**Qualified Bid**" in the SISP.

27. A single letter of intent (the "**LOI**") was delivered by a Potential Bidder (the "**Interested Party**") by the Bid Deadline. No Potential Bidder advised the SISP Advisor, the Applicants or the Monitor that a Qualified Bid (or any bid at all) would be forthcoming if the Bid Deadline were to be extended.

28. The LOI was not compliant with the Required Bid Terms and Materials. Indeed, among other things, the LOI:

(a) failed to provide aggregate consideration of $6,600,000;

(b) was conditional on the outcome of unperformed due diligence;

(c) did not include a duly authorized and executed copy of a proposed purchase agreement;

(d) did not include an assumption of liabilities and other economic terms at least as favourable in the aggregate as those in the Stalking Horse Bid; and

(e) failed to provide a cash deposit in the amount of not less than five percent (5%) of the amount of the purchase price, in immediately available funds.

29. Due to the above-referenced deficiencies, the LOI did not, and without a waiver of nearly all of the Required Bid Terms and Materials, could not, constitute a Qualified Bid. As no Qualified Bids were submitted by the Bid Deadline, other than the Stalking Horse Bid, the Stalking Horse

Bid was deemed to be the Successful Bid (as defined in the SISP), and the SISP did not proceed to an auction.

B. The Outcome of the Stalking Horse SPA

30. To enhance the efficacy of the SISP and establish an appropriate, valuable and competitive floor for bids submitted in accordance therewith, the Applicants entered into the Stalking Horse SPA, in consultation with the Monitor.

31. The Stalking Horse SPA contemplated a reverse vesting transaction, pursuant to which the Stalking Horse Bidder would acquire all of the issued and outstanding shares in the capital of TJAC and MYM owned by Trichome (collectively, the "**Purchased Shares**"). If selected as the Successful Bid and consummated in accordance with its terms, the Stalking Horse Bid was expected to, among other things, ensure the preservation of the Canadian Business as a going concern and the continued employment of a significant number of the Applicants' employees.

32. As described in the March 2 Affidavit, despite being deemed to be the Successful Bid in the SISP, the Stalking Horse Bidder formally and irrevocably advised that it did not intend to close the transactions contemplated by the Stalking Horse SPA. Accordingly, the Stalking Horse SPA was subsequently terminated with the Monitor's consent. The SPA Deposit provided by the Stalking Horse Bidder under the Stalking Horse SPA became the property of the Applicants as liquidated damages (and not as a penalty) upon the termination of the Stalking Horse SPA.

33. The Termination of the Stalking Horse SPA coincided with the Applicants' receipt of lower than expected accounts receivables, resulting in the Applicants having insufficient availability under the DIP Facility to continue operating the Canadian Business in the ordinary course. Due to

the Applicants' lack of availability under the DIP Facility (which has since matured), the termination of the Stalking Horse SPA and the absence of an alternative Qualified Bid, the DIP Lender advised the Applicants that it would not continue to fund the Canadian Business' ordinary course operations or a further formal marketing process.

34. On March 9, 2023, after careful consideration and in consultation with the Monitor, the Applicants sought and obtained the Stay Extension Order to facilitate the Wind-Down. At that time, the proceeds of the Wind-Down were expected to be sufficient to pay amounts secured by the Administration Charge, the Directors' Charge and at least a portion of the DIP Lender's Charge.

III. THE SALE AGREEMENT AND THE SUCCESS FEE

35. With a view to improving the recoveries anticipated from the Wind-Down, the Applicants and the Monitor continued to market the Canadian Business and the Applicants' assets, including the Applicants' "WAGNERS" and "Highland Grow" brands (together, the "**Brands**"), following the termination of the Stalking Horse SPA.

36. After consultation with the DIP Lender and the Monitor, the Applicants engaged Hyde to lead an informal marketing process for the Canadian Business or the Applicants' assets during the Wind-Down. Hyde's marketing process was commenced on February 21, 2023, and solicited interest from twelve potential bidders, including the Interested Party. Each of the twelve potential bidders was provided with a confidential information memorandum concerning the acquisition opportunity. Of the twelve potential bidders contacted, seven expressed an interest in the acquisition opportunity and three (the "**LOI Parties**") provided letters of intent by March 10, 2023. The LOI Parties were subsequently requested to submit their "best bid". The bid submitted by the

Purchaser was selected as the highest and best offer given, among other things, the aggregate consideration, security and certainty provided.

37. The Applicants', the Monitors' and Hyde's continued efforts to market the Canadian Business and the Applicants' assets have culminated in the Applicants entering into the Sale Agreement with the Purchaser. The Sale Agreement and the resulting Success Fee are each described below.

A. The Sale Agreement

38. The Sale Agreement is the product of extensive discussion and negotiation among the Applicants and the Purchaser, in consultation with the Monitor and the DIP Lender. The Purchaser is an arm's length party and affiliate of True North Cannabis Co., an Ontario-based Cannabis retail chain. A copy of the Sale Agreement is attached hereto as **Exhibit "I"**.

39. The Sale Agreement contemplates a reverse vesting transaction, pursuant to which the Purchaser will acquire all of the Purchased Shares. If approved and consummated in accordance with its terms, the Sale Agreement and the Transaction contemplated therein are expected to ensure the continuation of the Canadian Business as a going concern. The salient features of the Sale Agreement are summarized in the table immediately below:

Summary of the Sale Agreement	
Term	**Details**
Vendor	Trichome
Purchased Entities	TJAC, TRC, MYM, MYMB, and Highland.
Residual Cos.	The following corporations will be incorporated prior to the Closing Time:

Summary of the Sale Agreement	
Term	**Details**
	(a) TJAC Residual Co., being a wholly owned subsidiary of Trichome, to which any Excluded Assets, Excluded Contracts and Excluded Liabilities of TJAC will be transferred as part of the Closing Sequence; (b) TRC Residual Co., being a wholly owned subsidiary of TJAC, to which any Excluded Assets, Excluded Contracts and Excluded Liabilities of TRC will be transferred as part of the Closing Sequence; (c) MYM Residual Co., being a wholly owned subsidiary of Trichome, to which any Excluded Assets, Excluded Contracts and Excluded Liabilities of MYM will be transferred as part of the Closing Sequence; (d) MYMB Residual Co., being a wholly owned subsidiary of MYM, to which any Excluded Assets, Excluded Contracts and Excluded Liabilities of MYMB will be transferred as part of the Closing Sequence; and (e) Highland Residual Co., being a wholly owned subsidiary of MYMB, to which any Excluded Assets, Excluded Contracts and Excluded Liabilities of Highland will be transferred as part of the Closing Sequence. The issued and outstanding shares in the capital of TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co. are Excluded Assets.
Purchased Shares	The Purchaser will purchase all of the issued and outstanding shares in the capital of TJAC owned by Trichome, and all of the issued and outstanding shares in the capital of MYM owned by Trichome.
Purchase Price	The purchase price (the "**Purchase Price**") for the Purchased Shares is $3,375,000, to be paid and satisfied as follows, subject to the Closing Sequence: (a) the $500,000 (the "**Deposit**") paid on behalf of the Purchaser to the Monitor and currently held in trust by the Monitor, will be released and distributed in accordance the Closing Sequence; (b) the Purchaser will pay the sum of $500,000 to the Monitor on the Closing Date (the "**Cash Payment**") by wire transfer of immediately available funds, which Cash Payment will

Summary of the Sale Agreement	
Term	**Details**
	be held in escrow by the Monitor and released to the Vendor in accordance with the Closing Sequence; (c) the Purchaser will issue in favour of the Vendor a secured interest bearing promissory note in the principal face amount of $2,375,000 (the "**Secured Promissory Note**"), all obligations under which will be secured by a (i) guarantee and general security interest granted by 2767888 Ontario Inc. (the "**Guarantor**") in favour of the Vendor in, among other things, all of the present and after-acquired property of the Guarantor; and (ii) mortgages registered against each of the Collateral Properties in favour of the Vendor. Such Secured Promissory Note will be reduced on a dollar-for-dollar basis by the Assumed Liabilities Employee Amount (as defined below); and (d) the Purchase Price will be fully and indefeasibly satisfied, on the Closing Date, by (i) the crediting of the Deposit to the Vendor, (ii) the release of the Cash Payment to the Vendor, and (iii) the issuance of the Secured Promissory Note to the Vendor, in each case in accordance with the Closing Sequence.
Deferred Consideration	Each of TJAC and Highland, as partial consideration for the assumption by the corresponding Residual Co. of its Excluded Liabilities, will pay deferred consideration (each, "**Deferred Consideration**") in an amount equal to the Deferred Consideration Note Amount, which Deferred Consideration shall not be reduced following the Closing Date by any returns to such Purchased Entity that occur subsequent to the receipt of any receivables of any Purchased Entity from any provincial cannabis purchasing agencies, non-government distributors, and/or direct sale retailers in respect of the period prior to the Closing Date (the "**Closing Date Purchased Entity Receivables**"). Each Purchased Entity will satisfy the Deferred Consideration by delivering to the Monitor on behalf of the corresponding Residual Co., on Closing, an interest-free, limited recourse promissory note in the principal face amount of the Deferred Consideration Note Amount, in favour of such Residual Co., which will be secured solely by such Purchased Entity's Closing Date Purchased Entity Receivables (each such note, a "**Deferred Consideration Note**"). The Deferred Consideration Note Amount, in respect of each Deferred Consideration Note issued by a Purchased Entity, will be

Summary of the Sale Agreement	
Term	**Details**
	equal to the initial principal amount of $1.00, which will be automatically and immediately increased following the Closing Date, from time to time, on a dollar-for-dollar basis by the amount of any applicable Closing Date Purchased Entity Receivable actually received by such applicable Purchased Entity from and following Closing. For a period of eighteen (18) months after the Closing Date, the Purchaser will, and will cause the Purchased Entities to, use commercially reasonable efforts to collect all Closing Date Purchased Entity Receivables in the same manner that a prudent cannabis vendor would use to collect its own receivables, and to cause the Purchased Entities to use the proceeds thereof solely to repay the Deferred Consideration Notes forthwith, and in any event, on a weekly basis, provided that the Purchaser will not be required to institute any legal proceeding and any reasonable and documented out-of-pocket expenses (with the exception of employee related expenses) incurred by the Purchaser in connection with the collection of any Closing Date Purchased Entity Receivable that are approved by the Vendor in advance will be deducted from the amount remitted to the applicable Residual Co. The Purchaser will provide: (i) an executive officer of the Vendor, TJAC Residual Co. and Highland Residual Co. with "read-only" access to TJAC's and Highland's bank accounts for 120 days following Closing; and (ii) the Vendor and the Monitor with weekly updates with respect to the Purchased Entities' efforts to collect all Closing Date Purchased Entity Receivables for 120 days following Closing, and thereafter will timely respond to any reasonable inquiries from the Vendor or the Monitor regarding the Closing Date Purchased Entity Receivables, including requests for reconciliations of the amounts collected in TJAC's and Highland's bank accounts and remitted to TJAC Residual Co. and Highland Residual Co., respectively.
Retained Assets and Assumed Liabilities	On the Closing Date, each Purchased Entity will retain all of the assets owned by it immediately prior to Closing, including its Anticipated Inventory, Assumed Contracts, Permits and Licenses, Goodwill, Intellectual Property, Subsidiary Shares, Books and Records and those assets listed on Schedule "I" to the Sale Agreement (collectively, the "**Retained Assets**"), except for inventory sold in the ordinary course of business in the Interim Period, and the Excluded Assets and Excluded Contracts, and will

Summary of the Sale Agreement	
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	remain liable in respect of the Assumed Liabilities in accordance with the terms of the Sale Agreement. Subject to the rights of the Purchaser, with the prior written consent of the Vendor, the applicable Purchased Entity and the Monitor, to modify the Assumed Contracts and Assumed Liabilities, the Assumed Liabilities include the following: (a) Liabilities specifically and expressly designated by the Purchaser as assumed Liabilities in Schedule "G" to the Sale Agreement (which may be amended by the Purchaser until 5:00 p.m. (Eastern Time) on Mach 31, 2023); (b) Liabilities which relate to the Business or the Retained Assets, including Liabilities under any Assumed Contracts, Permits and Licenses or Permitted Encumbrances, in each case, to the extent forming part of the Retained Assets and arising out of events or circumstances that occur after the Closing, exclusive of any Liabilities relating to or in connection with (i) any event, occurrence or circumstance or (ii) failure to perform, improper performance, breach, default or violation by a Purchased Entity, in each case, at any time prior to the Closing; (c) Liabilities of the Purchased Entities, which are to be performed after the Closing that are not specifically identified as Excluded Liabilities; (d) the Deferred Consideration Notes; and (e) Liabilities for (i) wages, vacation pay and Benefit Plans owing by any Purchased Entity to any Employee accruing to and after the Closing Time and (ii) vacation pay owing by any Purchased Entity to any Employee which accrued prior to the Closing Time, provided that the face amount of the Secured Promissory Note will be reduced on a dollar-for-dollar basis by such Liabilities in this paragraph (e) that accrued prior to the Closing Time (the "**Assumed Liabilities Employee Amount**").
As is, Where is	The Purchased Shares (together with all assets held by each Purchased Entity at Closing, including the Retained Assets) will be sold and delivered to the Purchaser on an "as is, where is" basis, subject only to the representations and warranties contained in the Sale Agreement.

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Conditions to Closing	The completion of the Transactions contemplated by the Sale Agreement are conditional upon the satisfaction or waiver of, among others, the following conditions: (a) the Approval and Vesting Order shall have been issued by the Court and shall not have been vacated, set aside or stayed; (b) during the Interim Period, no Governmental Authority shall have enacted, issued or promulgated any final or non-appealable Order or Law which has the effect of: (i) making any of the Transactions illegal; (ii) otherwise prohibiting, preventing or restraining the consummation of any of the Transactions contemplated by the Sale Agreement; or (iii) modifying or amending the Approval and Vesting Order without the consent of the Purchaser; (c) during the Interim Period, there shall have been no Material Adverse Effect; (d) pursuant to the Approval and Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall, prior to Closing as part of the Closing Sequence, be transferred to the applicable Residual Cos., to another Affiliate of the Vendor that is not a Purchased Entity, or Discharged; and (ii) each Purchased Entity and its business and property shall, prior to Closing as part of the Closing Sequence, be released and forever Discharged of all claims and Encumbrances (other than Assumed Liabilities and the Permitted Encumbrances, if any); (e) the landlord in respect of the Trillium Lease shall have provided its consent to the change of control that will arise in connection with the Transactions, or the Approval and Vesting Order shall provide that the landlord may not rely on the change of control as a basis to declare a default; and (f) the Cannabis Licenses shall be valid and in good standing at the Closing Time with no adverse conditions or restrictions, except for routine conditions or restrictions that do not result in a finding of non-compliance or suspension.
Target Closing Date	April 6, 2023 (the "**Target Closing Date**").

Summary of the Sale Agreement	
Term	**Details**
Outside Date	April 11, 2023 (the "**Outside Date**").
Termination	The Sale Agreement may be terminated on or prior to the Closing Date in, among other ways, the following: (a) by the mutual agreement of the Vendor (with the prior written consent of the Monitor), the Purchased Entities (with the prior written consent of the Monitor) and the Purchaser; (b) by the Purchaser, on the one hand, or the Vendor and the Purchased Entities (with the prior written consent of the Monitor), on the other hand, at any time following the Outside Date, if Closing has not occurred on or prior to 11:59 p.m. (Eastern Time) on the Outside Date, provided that the reason for the Closing not having occurred is not due to any act or omission, or breach of the Sale Agreement, by the Party proposing to terminate the Sale Agreement; (c) by the Purchaser, on the one hand, or the Vendor and Purchased Entities (with the consent of the Monitor), on the other hand, upon notice to the other Parties if (i) the Approval and Vesting Order has not been obtained by the Target Closing Date or (ii) the Court declines at any time to grant the Approval and Vesting Order; in each case for reasons other than a breach of the Sale Agreement by the Party proposing to terminate the Sale Agreement; (d) by the Vendor and the Purchased Entities (with the prior written consent of the Monitor), if there has been a material violation or breach by the Purchaser of any agreement, covenant, representation or warranty of the Purchaser in the Sale Agreement which would prevent the satisfaction of, or compliance with, any condition set forth in Section 8.2 of the Sale Agreement, as applicable, by the Outside Date and such violation or breach has not been waived by the Vendor and the Purchased Entities or cured by the Purchaser within five (5) Business Days of the Vendor providing notice to the Purchaser of such breach, unless the Vendor is in material breach of its obligations under the Sale Agreement at such time; or (e) by the Purchaser, if there has been a material violation or breach by the Vendor or any Purchased Entity of any

Summary of the Sale Agreement	
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	agreement, covenant, representation or warranty which would prevent the satisfaction of, or compliance with, any condition set forth in Section 8.1 of the Sale Agreement, by the Outside Date and such violation or breach has not been waived by the Purchaser or cured by the Vendor or applicable Purchased Entity within five (5) business days of the Purchaser providing notice to the Vendor and applicable Purchased Entity of such breach, unless the Purchaser is in material breach of its obligations under the Sale Agreement at such time.

40. If the Sale Agreement and the Transactions are approved pursuant to the proposed Approval and Vesting Order, the Vendor, the Purchaser and the Purchased Entities intend to close the Transactions expeditiously and, in any event, by the Target Closing Date (i.e. the date the within motion is scheduled to be heard). Upon delivery of the Monitor's certificate to the Purchaser (the "**Effective Time**"), certifying the Monitor's receipt of written confirmation that all conditions to closing have been satisfied or waived by the parties to the Sale Agreement, the following steps will occur and will be deemed to have occurred in the manner and sequence set out in the Closing Sequence:

(a) the Purchaser shall pay the Cash Payment in immediately available funds to the Monitor, to be held in escrow and released in accordance with the Closing Sequence;

(b) the following will occur, and will be deemed to occur, concurrently:

(i) all of TJAC's, TRC's, MYM's, MYMB's and Highland's right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively

in TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co., respectively, and all Claims (as defined in the Approval and Vesting Order) and Encumbrances shall continue to attach to such Excluded Assets with the same nature and priority as they had immediately prior to their transfer;

(ii) the Excluded Liabilities and the Excluded Contracts of TJAC, TRC, MYM, MYMB and Highland shall be transferred to, assumed by and vest absolutely and exclusively in TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co., respectively (who, in each case, shall be deemed to be party to such Excluded Contracts), and shall no longer be obligations of TJAC, TRC, MYM, MYMB and Highland, as applicable, each of which Purchased Entity and its Retained Assets shall be and are hereby forever released and discharged from such Excluded Contracts and Excluded Liabilities, and all Claims and Encumbrances are hereby expunged and discharged as against the Retained Assets; and

(iii) TJAC will issue a Deferred Consideration Note to TJAC Residual Co. and Highland will issue a Deferred Consideration Note to Highland Residual Co.;

(c) all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any person and are convertible or

exchangeable for any securities of any of the Purchased Entities or which require the issuance, sale or transfer by any of the Purchased Entities, of any shares or other securities of the Purchased Entities, or otherwise evidencing a right to acquire the Purchased Shares and/or the share capital of the Purchased Entities, or otherwise relating thereto, shall be deemed terminated and cancelled without any payment or other consideration;

(d) the Purchase Price shall be paid and satisfied in accordance with Section 7.2(d) of the Sale Agreement and all of the Vendor's right, title and interest in and to the Purchased Shares will vest absolutely and exclusively in the Purchaser free and clear of and from any and all Claims and Encumbrances, and all of the Encumbrances affecting or relating to the Purchased Shares will be expunged and discharged as against the Purchased Shares; and

(e) the Purchased Entities will and will be deemed to cease to be Applicants in these CCAA proceedings, and the Purchased Entities shall be deemed to be released from the purview of the Amended and Restated Initial Order and all other Orders of this Court granted in respect of these CCAA proceedings, save and except for the proposed Approval and Vesting Order, the provisions of which (as they relate to the Purchased Entities) shall continue to apply in all respects.

41. Following the implementation of the Closing Sequence, the Purchased Entities will retain all of the Retained Assets and remain liable for all of the Assumed Liabilities, and the Purchaser will be the owner of all of the Purchased Shares. Pursuant to the proposed Approval and Vesting Order, each of the Residual Cos. in which all of the Excluded Assets, Excluded Liabilities and

Excluded Contracts will have been vested in and transferred to, will be added as Applicants in these CCAA proceedings as of the Effective Time. As the Purchased Entities will be owned and controlled by the Purchaser as of the Effective Time, they will be removed as Applicants in these CCAA proceedings pursuant to the proposed Approval and Vesting Order.

42. In accordance with the terms of the Approval and Vesting Order, the nature of the Excluded Liabilities, including their amount and their secured or unsecured status, will not be affected or altered as a result of their transfer to the Residual Cos. Any person that prior to the Effective Time had a valid right or claim against any of the Purchased Entities under or in respect of any Excluded Contract and/or Excluded Liability, will no longer have such right or claim against the applicable Purchased Entity but will have an equivalent Excluded Liability Claim against the applicable Residual Co. in respect of the Excluded Contract and/or Excluded Liability from and after the Effective Time in its place and stead. Put simply, the Excluded Contracts and the Excluded Liabilities, including, without limitation, the ABL Agreement, the DIP Agreement and the Purchased Entities' obligations under the DIP Agreement prior to the Effective Time, will be obligations of the Residual Cos. in which they will have been vested in and transferred to from and after the Effective Time.

43. For the purposes of determining the nature and priority of Claims from and after the Effective Time and subject to the payment of the Success Fee:

(a) the Deposit, the Cash Payment and any amounts received under the Secured Promissory Note (the "**Note Proceeds**") shall be allocated to the Vendor; and

(b) any amounts received under any Deferred Consideration Note (collectively with the Deposit, the Cash Payment and the Note Proceeds, the "**Proceeds**") shall be allocated to the applicable Residual Cos.

44. Pursuant to the proposed Approval and Vesting Order, all Claims and Encumbrances will attach to the Proceeds, with the same priority as they had with respect to the Purchased Shares and the Retained Assets immediately prior to the sale.

45. If received as anticipated, the Proceeds are currently expected to be sufficient to pay amounts secured by the Administration Charge, the Directors' Charge and a significant portion (or potentially all) of the DIP Lender's Charge. To the extent that all amounts secured by the Charges are ultimately satisfied by the Proceeds, the Agent and the Lenders may receive a modest recovery under the ABL Agreement. The Proceeds will not however, be sufficient to satisfy claims subordinate to the Charges and the Agent's and the Lenders' security, including the claims of general unsecured creditors. Although both the (i) Agent and the Lenders and (ii) Trichome will still suffer a significant or total shortfall under the ABL Agreement and the Secured Trichome Loans, respectively, the Proceeds will provide materially better recovery to the DIP Lender and potentially, the Agent and the Lenders, than that which could otherwise be achieved through the Wind-Down or in a bankruptcy.

B. Approval of the Sale Agreement and Proceeding by Way of a Reverse Vesting Transaction

46. The Sale Agreement employs a reverse vesting transaction structure to preserve TJAC's and Highland's Cannabis Licenses, which could not otherwise be transferred expediently in the ordinary course and are essential to the Canadian Business' operations. I am advised by Sean Zweig

of Bennett Jones LLP, and believe that, reverse vesting transaction structures akin to that contemplated by the Sale Agreement have previously been used to effectuate the sale of licensed cannabis companies under the CCAA to navigate regulatory hurdles and decrease closing uncertainty.

47. In the circumstances, the benefits of ensuring the seamless and expedient closing of the Transactions under the Sale Agreement and preserving the Cannabis Licenses by way of a reverse vesting transaction cannot be overstated. Due to their limited liquidity, the Applicants cannot continue to fund the costs of the Canadian Business, including those required to preserve the Brands and the Applicants' current product listings. If the closing of the Transactions were to be delayed beyond the Outside Date by the onerous regulatory approvals and transaction complexities that would attend a conventional asset purchase, the value of the Canadian Business would be severely diminished, to the detriment of the Applicants' creditors.

48. Put simply, proceeding by way of a reverse transaction is the only commercially reasonable means by which the value of the Canadian Business can be maximized, and a going concern result achieved, in the circumstances. For this reason, it was imperative to both the Applicants and the Purchaser in negotiating the Sale Agreement that it be effectuated by way of a reverse vesting transaction. As such, the granting of the Approval and Vesting, in the form proposed, is a condition precedent to the closing of the Transactions.

49. The Applicants believe that the Sale Agreement and the Transactions contemplated therein provide the best possible outcome for their stakeholders in the circumstances given that, among other things:

(a) the Sale Agreement and the Transactions are the culmination of:

(i) an unsuccessful Court-approved SISP developed by the Applicants, in consultation with the Monitor and the SISP Advisor, which provided a flexible, efficient, fair and equitable process for canvassing the market for potential buyers of the Vendors' Assets or investors in the Canadian Business, in which no Qualified Bids were received;

(ii) the Applicants' and the Monitor's marketing efforts following the termination of the Stalking Horse SPA;

(iii) Hyde's efforts to solicit interest in the Canadian Business; and

(iv) extensive negotiation between the Purchaser and the Applicants, in consultation with the Monitor, the DIP Lender and the Agent;

(b) the proposed reverse vesting transaction structure is the only commercially reasonable means in the circumstances by which the Cannabis Licenses can be preserved and the Canadian Business can be sold and its value maximized;

(c) the Sale Agreement and the Transactions preserve the going concern value of the Canadian Business for the benefit of the Applicants' stakeholders, including certain of their employees, customers and vendors;

(d) the additional time, expense and closing uncertainty accompanying a potential customary asset purchase transaction capable of preserving the Cannabis Licenses, if any, would result in significant diminution in value to the Canadian Business, to the detriment of the Applicants' creditors;

(e) in addition to yielding a superior economic result to that which could be obtained using a conventional asset purchase transaction, the reverse vesting transaction contemplated by the Sale Agreement produces a superior economic result to that which could otherwise be achieved by the Wind-Down;

(f) the Applicants' only reasonable restructuring alternative to the Sale Agreement and the Transactions in view of their limited liquidity and the realizable value of their Assets in the circumstances, is a bankruptcy – an outcome that would foreclose a going concern result to the detriment of the Applicants' stakeholders, and which would involve significant regulatory issues because a trustee in bankruptcy cannot take possession of cannabis;

(g) the Sale Agreement and the Transactions present the only commercially reasonable and viable transaction capable of being effectuated before the value of the Canadian Business is severely impaired given the Applicants' limited liquidity and inability to continue to fund the Canadian Business' operations;

(h) the Applicants are not aware of any creditor that would be materially disadvantaged by the proposed Sale Agreement and the Transactions, including their implementation by way of a reverse vesting transactions;

(i) the Applicants believe that the Purchase Price, together with the Deferred Consideration, is commensurate with the value of the Purchased Shares and the Retained Assets and adequately reflects the value of preserving the Cannabis Licenses through the proposed reverse vesting transaction structure;

(j) the parties with the primary economic interest in the Applicants and these CCAA proceedings, being the DIP Lender and the Agent, were consulted throughout the negotiation of the Sale Agreement and are supportive of the approval of the Sale Agreement and the consummation of the Transactions contemplated therein; and

(k) the closing of the Transactions are based on customary conditions, including the granting of the Approval and Vesting Order, and is not predicated on onerous closing obligations.

50. The Monitor has advised that it is supportive of the approval of the Sale Agreement and the consummation of the Transactions contemplated therein. In addition to articulating its support for the approval of the Sale Agreement, I understand that the Monitor will provide its views as to the relative recoveries between the Transactions and a potential bankruptcy of the Applicants in its Fifth Report of the Monitor, to be filed (the "**Fifth Report**").

C. The Success Fee

51. As referenced above, following the termination of the Stalking Horse SPA, the Applicants and the Monitor continued to market the Canadian Business and the Applicants' assets. After consultation with the DIP Lender and the Monitor, the Applicants engaged Hyde to lead an informal marketing process for the Canadian Business.

52. Hyde provides various advisory and investment services to the global cannabis industry. Since its inception, Hyde has provided services in connection with 21 cannabis M&A/restructuring consultations, and has brokered the purchase and sale of numerous licensed cannabis business having an aggregate value of approximately $38 million.

53. In consideration for providing advisory and investment services, the Applicants, in consultation with the Monitor and the DIP Lender, agreed to provide Hyde with a success fee (the "**Success Fee**") equal to 5% of the first $2 million of the purchase price of any transaction brokered by Hyde (the "**Minimum Purchase Price**"), plus 7.5% of the amount by which the purchase price exceeds the Minimum Purchase Price. As the Sale Agreement was brokered by Hyde, the proposed Approval and Vesting Order authorizes and directs the Vendor to pay the Success Fee as follows:

(a) to pay from the Cash Payment received on the Closing Date the amount of $56,500.00 (for greater certainty, being $50,000 plus applicable HST) to Hyde within five (5) business days of the Closing Date; and

(b) to pay from the Note Proceeds (i) five percent of the first $1 million in Note Proceeds received by the Vendor (the "**Initial Note Proceeds**"), and 7.5% of all Note Proceeds received by the Vendor in excess of the Initial Note Proceeds (the "**Additional Note Proceeds**"), in each case, plus applicable HST, to Hyde within five (5) business days of receipt of all of the Initial Note Proceeds and all of the Additional Note Proceeds, respectively.

54. In accordance with the proposed Approval and Vesting Order, the payment of the Success Fee is conditional upon the receipt of the Cash Payment, release of the Deposit and completion of the Transactions. Moreover, under the terms of the proposed Approval and Vesting Order the payment of the majority of the Success Fee is also conditioned upon receipt of the Initial Note Proceeds and the Additional Note Proceeds.

55. The Applicants believe that the Success Fee is both reasonable and appropriate in the circumstances. Specifically, the Applicants are of the view that the Success Fee is appropriately

conditioned and if payable, will fairly remunerate Hyde, having regard to the breadth of its experience, the services provided, the outcome achieved and the benefit expected to accrue to the Applicants and their stakeholders as a result of Hyde's considerable marketing efforts.

56. Each of the Monitor, the DIP Lender and the Agent has advised that it is supportive of the payment of the Success Fee to Hyde in the manner contemplated under the proposed Approval and Vesting Order.

IV. THE EXTENSION OF THE STAY OF PROCEEDINGS

57. The Stay of Proceedings granted under the Stay Extension Order will expire on April 21, 2023. Pursuant to the proposed Approval and Vesting Order, the Applicants are seeking to extend the Stay of Proceedings to and including October 31, 2023.

58. Since the commencement of these CCAA proceedings, the Applicants have acted, and continue to act, in good faith and with due diligence to:

(a) stabilize and continue the Canadian Business' ordinary course operations;

(b) apprise key stakeholders of these CCAA proceedings;

(c) liaise with suppliers to ensure the continued provision of goods and services required to maintain the Canadian Business' ordinary course operations;

(d) conserve costs, including through employee terminations and, with the Monitor's consent, the disclaimer of certain agreements;

(e) coordinate (i) advances under the DIP Facility in accordance with the DIP Agreement and (ii) the execution of the DIP Amendments;

(f) negotiate and execute the Stalking Horse SPA;

(g) develop and assist with the implementation of the SISP;

(h) develop and begin to implement the Wind-Down following the termination of the Stalking Horse SPA; and

(i) negotiate and execute the Sale Agreement.

59. If extended, the Stay of Proceedings will, among other things:

(a) continue to preserve the *status quo* and prevent enforcement action by, among others, the Applicants' contractual counterparties;

(b) afford the Applicants the breathing space and stability required to close the Transactions expeditiously with a view to preserving and maximizing value for the Applicants' stakeholders;

(c) provide time for the Purchaser to (i) pay the Note Proceeds to the Vendor, and (ii) collect and remit the Deferred Consideration, pursuant to and in accordance with the Secured Promissory Note and each Deferred Consideration Note, respectively; and

(d) allow the Applicants to seek such further relief as may be required to facilitate the orderly wind-down of the Vendor and the Residual Cos., one or more distributions to the Applicants' creditors, and the termination of these CCAA proceedings.

60. In connection with the proposed extension of the Stay of Proceedings, the Applicants, with the assistance of the Monitor, prepared a revised cash flow analysis (the "**Revised Cash Flow**") to

determine their funding requirements during the Stay Period. I understand that a copy of the Revised Cash Flow will be attached to the Fifth Report. As the Revised Cash Flow illustrates, the Applicants are forecast to have sufficient liquidity to fund the Canadian Business and the costs of these CCAA proceedings through the end of the Stay Period, provided that the Sale Agreement is approved and the Transactions close.

61. In light of the foregoing, I believe that the proposed extension of the Stay of Proceedings is both necessary and in the best interests of the Applicants and their stakeholders. Further, I do not believe that any creditor will be materially prejudiced by the proposed extension of the Stay of Proceedings.

62. The Monitor has advised that it is supportive of the proposed extension of the Stay of Proceedings through the Stay Period and that it believes that such extension is reasonable and appropriate in the circumstances. Each of the DIP Lender and the Agent has similarly advised that it is supportive of the proposed extension of the Stay of Proceedings through the Stay Period.

V. CONCLUSION

63. Since the granting of the Initial Order, the Applicants have acted in good faith and with due diligence to, among other things, stabilize the Canadian Business, apprise their stakeholders of these CCAA proceedings, advance their restructuring efforts, and identify a value-maximizing transaction. The Sale Agreement and the Transactions contemplated therein are the product of the Applicants' significant efforts in this regard, and reflect the only viable value-maximizing transaction to have materialized in these CCAA proceedings.

64. I believe that the relief sought on the within motion and described above is in the best interests of the Applicants and their stakeholders. Such relief is supported, in each case, by the Monitor, the DIP Lender and the Agent.

65. I swear this affidavit in support of the Applicants' motion for the proposed Approval and Vesting Order and for no other or improper purpose.

SWORN REMOTELY by Michael Ruscetta stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Oakville, in the Province of Ontario, on March 30, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Joshua Foster

JOSHUA FOSTER
Commissioner for Taking Affidavits
(or as may be)

MICHAEL RUSCETTA

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.: CV-22-00689857-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT OF MICHAEL RUSCETTA
(Sworn March 30, 2023)

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Lawyers for the Applicants

TAB B

THIS IS **EXHIBIT "B"** REFERRED TO IN THE AFFIDAVIT OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 5TH DAY OF SEPTEMBER, 2023.

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

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Applicants

AFFIDAVIT OF MICHAEL RUSCETTA

(Sworn November 7, 2022)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TRICHOME FINANCIAL CORP., TRICHOME JWC ACQUISITION CORP., MYM NUTRACEUTICALS INC., TRICHOME RETAIL CORP., MYM INTERNATIONAL BRANDS INC., AND HIGHLAND GROW INC.

Applicants

AFFIDAVIT OF MICHAEL RUSCETTA
(Sworn November 7, 2022)

I, Michael Ruscetta, of the city of Toronto, in the Province of Ontario, **MAKE OATH AND SAY**:

1. I am the Chief Executive Officer of Trichome Financial Corp. ("**Trichome**"). I am also a director of Trichome, Trichome JWC Acquisition Corp. ("**TJAC**"), MYM Nutraceuticals Inc. ("**MYM**"), Trichome Retail Corp. ("**TRC**"), MYM International Brands Inc. ("**MYMB**") and Highland Grow Inc. ("**Highland**", and collectively with Trichome, TJAC, MYM, TRC and MYMB, the "**Applicants**"). As such, I have personal knowledge of the Applicants and the matters to which I depose in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

2. All references to currency in this affidavit are in Canadian dollars unless noted otherwise. The Applicants do not waive or intend to waive any applicable privilege by any statement herein.

I. RELIEF REQUESTED

3. I swear this affidavit in support of an application by the Applicants for an order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), *inter alia*:

(a) declaring that each of the Applicants is a debtor company to which the CCAA applies;

(b) appointing KSV Restructuring Inc. ("**KSV**" or the "**Proposed Monitor**") as an officer of this Court to monitor the assets, business, and affairs of the Applicants (if appointed in such capacity, the "**Monitor**");

(c) staying, for an initial period of not more than ten days (the "**Initial Stay Period**"), all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the Applicants' directors and officers (collectively, the "**Directors and Officers**"), or affecting the Applicants' business (the "**Canadian Business**") or the Property (as defined below), except with the written consent of the Applicants and the Monitor, or with leave of the Court (the "**Stay of Proceedings**");

(d) authorizing the Applicants to continue to utilize the Cash Management System (as defined below) and to maintain the banking arrangements in place for the Applicants;

(e) approving the Applicants' ability to borrow under a debtor-in-possession ("**DIP**") credit facility (the "**DIP Facility**") to finance their working capital requirements and other general corporate purposes, post-filing expenses and costs;

(f) authorizing the Applicants to pay, with the consent of the Monitor (based on its consideration of certain non-exhaustive factors enumerated under the proposed Initial Order) and the DIP Lender (as defined below), amounts owing for goods and services actually supplied to the Applicants prior to the date of the proposed Initial Order; and

(g) granting the following charges (collectively, the "**Charges**") over the Applicants' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the "**Property**"):

(i) the Administration Charge (as defined below) up to a maximum amount of $750,000;

(ii) the Directors' Charge (as defined below) up to a maximum amount of $967,000; and

(iii) the DIP Lender's Charge (as defined below) up to a maximum amount of $1,825,000.

4. If the proposed Initial Order is granted, the Applicants intend to bring a motion on November 17, 2022 (or such other date as the Court may advise) to seek (i) an order, *inter alia*,

approving a sale and investor solicitation process ("**SISP**"), and (ii) an amended and restated Initial Order (the "**Comeback Hearing**"), among other things:

(a) extending the Initial Stay Period; and

(b) increasing the maximum amount of certain of the Charges.

II. OVERVIEW

5. The Applicants, with the exception of Trichome, which is a direct subsidiary, are all indirect wholly owned subsidiaries of IM Cannabis Corp. ("**IMCC**"). IMCC is a publicly traded international cannabis company operating in Israel, Canada and Germany (the "**International Company**"). IMCC is not an Applicant in these CCAA proceedings.

6. IMCC focuses on providing premium cannabis products to both adult-use recreational consumers and medical patients. Its common shares trade on the NASDAQ Capital Market and the Canadian Securities Exchange under the symbol "IMCC". While IMCC is incorporated under the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the "**BCBCA**"), and has a registered office in Vancouver, British Columbia, it is headquartered in Israel.

7. IMCC conducts its business operations in Canada through the Applicants. Through their licensed operating subsidiaries, the Applicants cultivate, process and sell premium and ultra-premium cannabis for the adult-use market in Canada. Collectively, the Applicants employ approximately 226 people who work predominantly at the Applicants' facilities in Kitchener, Ontario, and Antigonish, Nova Scotia (collectively, the "**Licensed Facilities**", and each a "**Licensed Facility**").

8. The Applicants have successfully positioned their "WAGNERS" and "Highland Grow" brands to become market leaders in the premium and ultra-premium dried flower and pre-roll segments in Canada (particularly in Ontario). The Applicants' efforts in this regard have resulted in growth in net revenue in the previous four quarters ended June 30, 2022 and the generation of consolidated net revenues of approximately $12.9 million for the quarter ending June 30, 2022 (inclusive of revenues generated on sales to one of IMCC's Israeli subsidiaries). Contemporaneously with increasing their net revenues, the Applicants have also reduced operating losses through a combination of operational efficiencies, operating leverage and internal restructurings.

9. The Applicants' success in advancing the Canadian Business has, however, been impaired by their persistent and worsening liquidity issues. Following months of liquidity challenges, the Applicants are now facing a severe liquidity crisis, have limited cash on hand and are generally unable to meet their obligations as they become due. While the Applicants have been able to satisfy their recent payroll obligations, they have accrued significant accounts payable, the majority of which are overdue and owed to essential suppliers. Absent additional funding, the Applicants will be forced to immediately cease their operations.

10. In light of the Applicants' financial circumstances, TJAC is no longer able to satisfy the conditions precedent to obtaining further advances under its existing asset-based loan from Cortland Credit Lending Corporation ("**Cortland**"), in its capacity as administrative agent (in such capacity, the "**Agent**"), for and on behalf of the Applicants' senior secured lenders thereunder (collectively, the "**Lenders**"). However, the Applicants have engaged in discussions with the Agent regarding a consensual restructuring of the Canadian Business, including the sale or restructuring thereof pursuant to a Court-supervised SISP and other strategic transaction

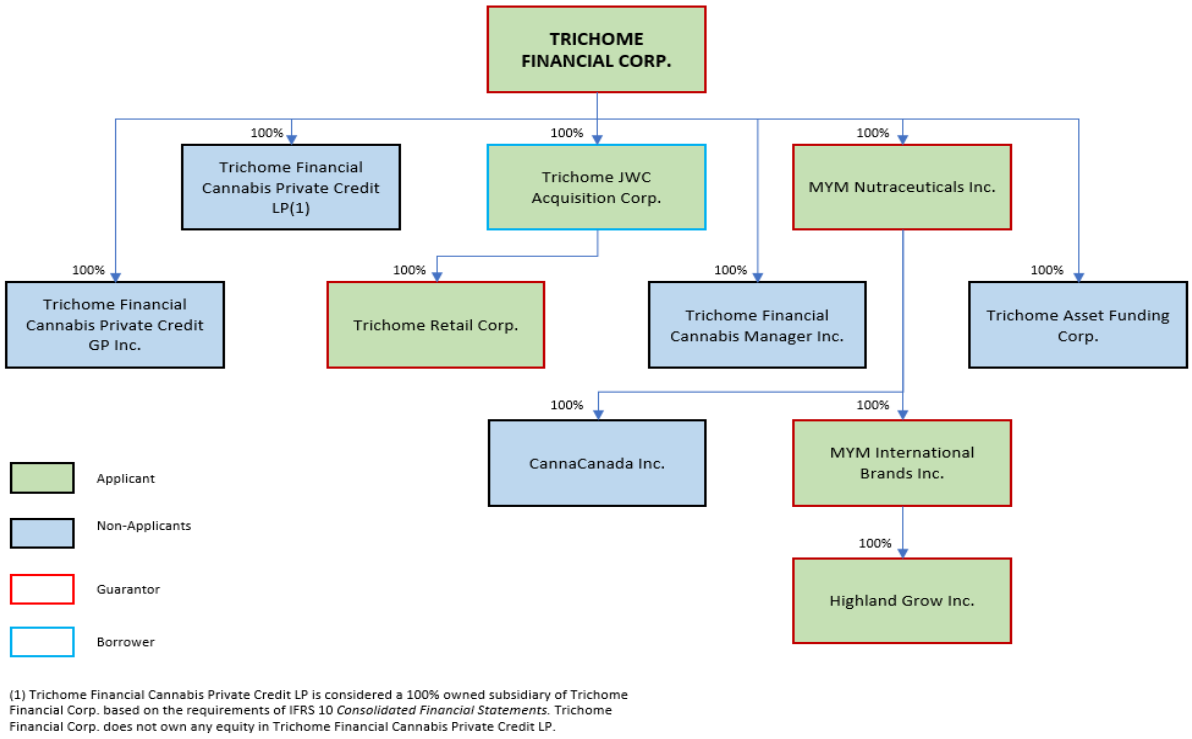
alternatives, in earnest. These discussions culminated in the proposed DIP Facility, which is in the maximum amount of $4,875,000, and will provide the Applicants with sufficient liquidity to continue the Canadian Business in the ordinary course while the Applicants pursue their restructuring efforts.

11. These CCAA proceedings and the relief requested in the proposed Initial Order are in the best interests of the Applicants and their stakeholders, including the approximately 226 individuals employed by the Applicants. Given the Applicants' liquidity crisis, these CCAA proceedings present the only practical means of preserving and maximizing the value of the Canadian Business for the benefit of the Applicants' stakeholders.

III. CORPORATE STRUCTURE AND HISTORY

12. The Applicants in these CCAA proceedings are comprised of Trichome and five of its directly or indirectly wholly owned subsidiaries. Trichome's remaining four subsidiaries, together with one consolidated entity in which Trichome does not hold an equity interest but is required to consolidate for financial reporting purposes under the definition of control under IFRS 10 *Consolidated Financial Statements*, are not Applicants in these proceedings (collectively, the "**Non-Applicants**", and together with the Applicants, the "**Company**").

13. For clarity, below is an organizational chart with respect to the Company's corporate structure:



14. A copy of the complete organizational chart with respect to the International Company effective as of August 2022 is attached hereto as **Exhibit "A"**. The Applicants, in respect of which relief is sought in the within application, are discussed below. Corporate profile reports for each of the Applicants are collectively attached hereto as **Exhibit "B"**.

A. Trichome

15. Trichome is an Applicant in these CCAA proceedings and as referenced above, is a wholly-owned subsidiary of IMCC. Trichome is also the direct or indirect parent of each of the remaining Applicants.

16. Trichome was incorporated pursuant to the provisions of the *Business Corporations Act*, R.S.O. 1990, c. B. 16, as amended (the "**OBCA**"), on September 18, 2017 under the name "Trichome Income Fund Inc." Trichome Income Fund Inc.'s name was changed to "Trichome

Yield Corp." on September 22, 2017, and to "Trichome Financial Corp." on June 1, 2018. On October 4, 2019, Trichome amalgamated with 22 Capital Corp. and continued under the name "Trichome Financial Corp." Trichome's registered office is located at 79 Wellington Street, West, Suite 3000, Toronto, Ontario, M5K 1N2.

17. Trichome began as a specialty finance company, providing capital solutions to the Canadian cannabis market. At inception, Trichome aimed to generate optimal risk-adjusted returns through investing shareholders' capital in Canada's then burgeoning cannabis industry. To this end, Trichome focused on providing secured loans to legal participants in the Canadian cannabis industry. Additionally, Trichome entered into accounts receivable financing facilities funded through Trichome Financial Cannabis Private Credit LP ("**Trichome LP**"), which was managed by Trichome.

18. While Trichome's strategy to serve as a specialty lender provided attractive rates of return on invested capital, Trichome sought to seize the opportunity to obtain better risk-adjusted returns through acquiring and restructuring cannabis assets. This opportunity was catalyzed by certain events of default occurring under a loan agreement dated February 19, 2019 (as amended and restated, the "**JWC Loan**"), between James E. Wagner Cultivation Corporation ("**JWC**") and Trichome. As discussed in detail below, JWC's default under the JWC Loan led to Trichome's acquisition of substantially all of the assets of JWC through Trichome's designee, TJAC (the "**JWC Acquisition**"), in consensual and Court-supervised restructuring proceedings commenced by JWC and its wholly-owned subsidiaries under the CCAA in April 2020 (the "**JWC CCAA Proceedings**").

19. On March 18, 2021, IMCC acquired all of the issued and outstanding shares of Trichome (the common shares of which were previously traded on the Canadian Securities Exchange under the symbol "TFC") pursuant to a statutory plan of arrangement under the OBCA (the "**Trichome Arrangement**"). Pursuant to the Trichome Arrangement, each former holder of Trichome's shares received 0.24525 common shares of IMCC for each Trichome share held (the "**Exchange Ratio**"), and each former holder of Trichome in-the-money convertible instruments received a net payment of IMCC's common shares based on the Exchange Ratio. In connection with the closing of the Trichome Arrangement, 10,104,901 common shares of IMCC were issued to Trichome's former shareholders and former holders of in-the-money convertible instruments, and Trichome's shares were delisted from the Canadian Securities Exchange.

B. TJAC

20. TJAC is an Applicant in these CCAA proceedings and is a wholly-owned subsidiary of Trichome. TJAC is also the direct parent of TRC. TJAC was incorporated under the OBCA on May 7, 2020. Its registered office is located at 79 Wellington Street, West, Suite 3000, Toronto, Ontario, M5K 1N2.

21. TJAC was incorporated to serve as Trichome's purchaser designee under an asset purchase agreement dated March 31, 2020 (the "**Stalking Horse Agreement**"), between JWC, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd., and GrowthStorm Inc., as vendors (collectively, the "**JWC Vendors**") and Trichome, as purchaser. The Stalking Horse Agreement contemplated the sale of substantially all of the JWC Vendors' assets to Trichome (or its designee) within the JWC CCAA Proceedings.

22. Prior to the JWC CCAA Proceedings, JWC was a publicly-listed company whose common shares traded on the TSXV under the symbol "JWCA" and the OTC Market Group under the symbol "JWCAF". Collectively, the JWC Vendors operated a vertically integrated premium cannabis company focused on producing cannabis using their aeroponic platform. In addition to being the JWC Vendors' senior-secured lender under the JWC Loan, Trichome also provided DIP financing to the JWC Vendors (the "**JWC DIP**") to facilitate their continued business operations while a Court-approved SISP was conducted in the JWC CCAA Proceedings (the "**JWC SISP**").

23. The Stalking Horse Agreement was ultimately declared the successful bid in the JWC SISP and Trichome, together with TJAC, completed the transaction contemplated thereunder on August 28, 2020. In accordance with the Stalking Horse Agreement, Trichome paid the JWC Vendors approximately $17.3 million, comprised of a credit bid, the assumption of certain of the JWC Vendors' obligations and cash in consideration for substantially all of the assets of the JWC Vendors, including, among other things:

(a) the JWC Vendors' two leased cannabis facilities in Kitchener, Ontario;

(b) certain of the JWC Vendors' biological assets and inventory;

(c) all intellectual property owned or licensed by the JWC Vendors and used in relation to the JWC Vendors' business; and

(d) the benefit of all contracts or other agreements not otherwise excluded under the terms of the Stalking Horse Agreement to which the JWC Vendors were party.

C. TRC

24. TRC is an Applicant in these CCAA proceedings and is a wholly-owned subsidiary of TJAC. TRC was incorporated on April 20, 2021 under the OBCA. Its registered office is located at 150 King Street West, 214, Toronto, Ontario, M5H 1J9. Since inception, TRC has not carried on any operations.

D. MYM

25. MYM is an Applicant in these CCAA proceedings and is a wholly-owned subsidiary of Trichome. It is also the direct and indirect parent of MYMB and Highland, respectively. MYM was continued under the OBCA as of May 6, 2022. Its registered office is located at 79 Wellington Street, West, Suite 3000, Toronto, Ontario, M5K 1N2.

26. MYM was originally incorporated under the BCBCA, on July 11, 2014 as "My Marijuana Canada Inc.". On September 19, 2014, MYM's common shares were listed for trading on the Canadian Securities Exchange under the symbol "MYM". On February 24, 2016, MYM changed its name from My Marijuana Canada Inc. to "MYM Nutraceuticals Inc."

27. Through a series of transactions completed on June 30, 2020, MYM acquired the remaining total issued and outstanding capital that it did not already own of CannaCanada Inc. ("**CannaCanada**") and SublimeCulture Inc. ("**Sublime**"). As a result, CannaCanada and Sublime became wholly-owned subsidiaries of MYM. After acquiring the remaining total issued and outstanding capital of CannaCanada and Sublime, MYM completed the acquisition of Highland on July 31, 2020. Following the completion of these acquisitions, MYM operated as a Canadian

cultivator, processor and distributor of premium cannabis through its licensed operating subsidiaries, Sublime and Highland.

28. On March 31, 2021, MYM, entered into an arrangement agreement (the "**MYM Arrangement Agreement**") with IMCC and Trichome. Among other things, the MYM Arrangement Agreement contemplated IMCC's acquisition, through Trichome, of all of the issued and outstanding common shares of MYM in exchange for common shares of IMCC by way of a statutory plan of arrangement under the BCBCA (the "**MYM Arrangement**").

29. The MYM Arrangement was completed on July 9, 2021. In accordance with the terms of the MYM Arrangement Agreement, each former holder of MYM's common shares received 0.022 common shares of IMCC for each MYM common share held (rounded down to each whole share), subject to adjustment. In-the-money convertible instruments of MYM were settled for a net payment of common shares of IMCC and replacement convertible instruments of IMCC were issued in exchange for out-of-the-money convertible instruments of MYM. In connection with the MYM Arrangement, 10,073,437 common shares of IMCC were issued to MYM's former shareholders.

30. Upon completion of the MYM Arrangement, MYM became a wholly-owned subsidiary of Trichome and the common shares of MYM were delisted from the Canadian Securities Exchange.

31. On April 1, 2022, MYM sold all of the shares of Sublime it held to TJAC in consideration for an intercompany promissory note in the principal amount of $1.04 million issued by TJAC in favour of MYM (the "**Sublime Acquisition**"). The Sublime Acquisition was a strategic initiative aimed at positioning TJAC to be more competitive in its pursuit of a retail license in Quebec.

32. On August 5, 2022, all of the issued and outstanding shares of Sublime were sold by TJAC on an "as-is, where is" basis to a group of purchasers comprised predominantly of former members of Sublime's management team. As discussed below, this sale was part of the Applicants' concerted efforts to improve its financial position, conserve costs and restructure the Canadian Business.

E. MYMB

33. MYMB is an Applicant in these CCAA proceedings and is a wholly-owned subsidiary of MYM as well as the direct parent of Highland. MYM was continued under the OBCA on May 4, 2022. Its registered office is located at 79 Wellington Street, West, Suite 3000, Toronto, Ontario, M5K 1N2.

34. MYMB was originally incorporated under the BCBCA on August 1, 2019. At inception, MYMB was intended to focus on the distribution of cannabidiol-rich consumer products. MYMB was maintained in the MYM Arrangement to preserve certain of its tax losses. MYMB does not currently carry on any operations.

F. Highland

35. Highland is an Applicant in these CCAA proceedings and is a wholly-owned subsidiary of MYMB. Highland was incorporated under the *Companies Act*, R.S.N.S. 1989, c. 81, as amended, on September 12, 2014. Its registered office is located at 302-5475 Spring Garden Road, Nova Scotia, Halifax, B3J 3T2.

36. Highland was formerly a wholly-owned subsidiary of Biome Grow Inc. ("**Biome**") until, as noted above, it was acquired by MYM on July 31, 2020 (the "**Highland Acquisition**"). The

total consideration paid for the Highland Acquisition was approximately $12 million, consisting of, among other things:

(a) $1.5 million in cash;

(b) 42,813,985 common shares in the capital of MYM at a per share price of $0.065;

(c) 132,551,040 class A special shares of MYMB; and

(d) MYM's agreement to provide Biome with a loan in the principal amount of $1 million (which could be, and was in fact, increased by the amount of certain assumed liabilities of Highland for an additional principal amount of $1,664,141), bearing an annual interest rate of 17.5%, for a term of eighteen months, with an option to extend for an additional six months in Biome's sole discretion and upon the payment of an extension fee (the "**Biome Loan**").

G. The Non-Applicants

37. With the exception of CannaCanada, which is an indirect subsidiary, and Trichome LP, which is consolidated for financial reporting purposes as a result of the definition of control under IFRS 10 *Consolidated Financial Statements*, each of the Non-Applicants is a wholly-owned direct subsidiary of Trichome. The jurisdiction of incorporation or formation, as applicable, of each of the Non-Applicants is as follows:

(a) *CannaCanada* – Quebec;

(b) *Trichome Financial Cannabis GP Inc.* – Ontario;

(c) *Trichome LP* – Ontario;

(d) *Trichome Asset Funding Corp.* – Ontario; and

(e) *Trichome Financial Cannabis Manager Inc.* – Ontario.

38. The Non-Applicants do not currently carry on any operations or have any material assets or liabilities. No relief is sought in respect of the Non-Applicants under the proposed Initial Order.

IV. BUSINESS OF THE APPLICANT

A. Cannabis Industry in Canada

39. The Canadian Business operates within Canada's rapidly evolving and highly regulated cannabis industry.

40. The *Cannabis Act,* S.C. 2018, c. 16, as amended (the "**Cannabis Act**") came into force on October 17, 2018, providing a framework for the legalization of adult-use cannabis in Canada. The Cannabis Act, and the regulations thereunder, govern the issuance of cultivation licenses for standard cultivation, industrial hemp cultivation, micro-cultivation and nursery cultivation as well as licenses for standard and micro-processing and sales licenses for medical or non-medical use. Canada's federal regulatory regime also imposes labeling and packaging restrictions for cannabis products and imposes strict requirements with respect to the possession, cultivation, production, distribution and sale of cannabis.

41. The provinces and territories of Canada are responsible for developing, implementing, maintaining and enforcing systems to oversee the distribution and sale of cannabis and cannabis accessory products within their respective province or territory. To date, all of the provinces and

territories of Canada have introduced regulatory regimes for the distribution and sale of cannabis for recreational purposes.

B. The Canadian Business

42. Trichome was created to address the lack of credit availability in the cannabis market and at inception, operated as a specialty finance company focused on providing tailored credit-based capital solutions to the Canadian and legal international cannabis industry. As the Canadian cannabis industry rationalized and consolidated, Trichome shifted its focus from specialty finance to acquiring cannabis assets at compelling valuations and financially and operationally restructuring such assets. This shift in focus was catalyzed by JWC's default under the JWC Loan, which ultimately resulted in the JWC Acquisition in the JWC CCAA Proceedings.

43. As noted previously, pursuant to the JWC Acquisition, Trichome through its wholly-owned subsidiary, TJAC, acquired substantially all of the assets of JWC and became licensed by Health Canada on August 28, 2020. Further, the JWC Acquisition resulted in Trichome, through TJAC, obtaining control of two of the Licensed Facilities, as well as certain biological assets, inventory on hand, and registered or applied for patents, trademarks and other intellectual property.

44. TJAC is now one of Trichome's two operating subsidiaries through which the Canadian Business is conducted. TJAC holds a Standard Cultivation, Standard Processing and Sale for Medical Purposes license in respect of the Trillium Facility and a Standard Cultivation and Standard Processing license in respect of the Manitou Facility (each as defined below). TJAC focuses on the cultivation, processing and sale of premium cannabis for the adult-use market in Canada under the "WAGNERS" brand. It has provincial supply agreements or similar arrangements and authorizations to sell cannabis in all provinces and territories across Canada,

except Nunavut. Its active product listings include premium dried flower, pre-rolls, infused pre-rolls and hash.

45. Highland is Trichome's second operating subsidiary. Highland became an indirect subsidiary of Trichome pursuant to the MYM Arrangement. Highland holds a single Standard Cultivation, Standard Processing and Sale for Medical Purposes license in respect of the Highland Facility (as defined below). It has traditionally focused on the cultivation, processing and sale of ultra-premium cannabis for the adult-use market in Canada under the "Highland Grow" brand. Highland's products have generally been sold to provincially-owned cannabis or third party intermediary wholesalers in the Northwest Territories, Nunavut, Yukon, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador.

46. While TJAC and Highland operate the Licensed Facilities, Trichome centrally manages all aspects of the Canadian Business from Ontario. This includes managing the Company's financial position, cash management, and strategic and other decision-making**.**

C. Leased Facilities and Real Property

47. TJAC leases two of the Licensed Facilities while the remaining Licensed Facility is owned by MYMB. MYM leases office space.

1. The Trillium Facility

48. TJAC leases a 15,000 sq. ft. processing and packaging facility located at 855 Trillium Drive, Unit B, Kitchener, Ontario, N2R 1J9 (the "**Trillium Facility**"). No cultivation occurs at the Trillium Facility. James E. Wagner Cultivation Ltd. entered into the lease for the Trillium Facility

on December 13, 2013 (the "**Original Trillium Lease**"). The term of the Trillium Lease originally ended on March 31, 2021, at which time James E. Wagner Cultivation Ltd. was entitled to exercise an option to renew the Trillium Lease for an additional five years, subject to certain conditions.

49. The Trillium Lease was assigned to TJAC upon the closing of the JWC Acquisition on August 28, 2020. Pursuant to a renewal agreement of lease dated November 25, 2020 (together with the Original Trillium Lease, the "**Trillium Lease**"), TJAC renewed the term of the Original Trillium Lease effective April 1, 2021, for five years until March 31, 2026.

50. As of the date of this affidavit, the monthly base rent due under the Trillium Lease is $9,625.50, and the monthly common area expenses are approximately $3,850. TJAC is currently in arrears with respect to the Trillium Lease having failed to pay November rent.

2. The Manitou Facility

51. TJAC leases a 345,000 sq. ft. cultivation facility located at 530 Manitou Drive, Kitchener, Ontario, N2C 1L3 (the "**Manitou Facility**"). The Manitou Facility is the Applicants' only cultivation facility. TJAC only uses approximately 115,000 sq. ft. of the Manitou Facility and as such, has been seeking to sublet the remainder.

52. James E. Wagner Cultivation Ltd. entered into an amended and restated lease agreement for the Manitou Facility on February 1, 2018 (the "**Manitou Lease**"). The Manitou Lease was assigned to TJAC upon the closing of the JWC Acquisition and has a term of fifteen years, expiring on January 31, 2033.

53. The Manitou Lease is subject to a phased rent schedule. The monthly base rent due is currently $169,861.28, and the monthly common area maintenance and insurance expenses are

approximately $73,803. As of the date of this affidavit, the Applicants are in arrears with respect to the Manitou Lease having failed to pay November rent. The landlord under the Manitou Lease currently holds a $600,000 security deposit as security for the performance by TJAC of all of the terms, covenants and conditions of the Manitou Lease.

3. The Highland Facility

54. MYMB owns a 6,500 sq. ft. processing and packaging facility located at 861 Ohio East Road, Antigonish, Nova Scotia, B2G 2K8, which has an additional nineteen acres of attached farmland (the "**Highland Facility**").

55. To conserve costs in the Canadian Business the Applicants have ceased all cultivation at the Highland Facility and centralized all of the Canadian Business' cultivation at the Manitou Facility. The Highland Facility continues to be used for processing and packaging purposes.

4. Leased Office Space

56. Until recently, Trichome leased office space located at 1027 Yonge Street, Toronto, Ontario, M4W 2K9 pursuant to a sublease dated July 9, 2021 (the "**Toronto Office Lease**"). The Toronto Office Lease was on a month-to-month basis and had a monthly rent of $10,170. The term of the Toronto Office Lease expired on October 31, 2022 and Trichome provided the requisite notice to its landlord that it did not intend to extend the Toronto Office Lease. As of the date of this affidavit, Trichome is three months in arrears in respect of the Toronto Office Lease. However, the landlord is currently holding the cumulative gross rent applicable for the first and last monthly period of the term of the lease, which amount was provided to the landlord in connection with Trichome's execution of the Toronto Office Lease.

57. MYM leases office space located at 1095 West Pender Street, Vancouver, British Columbia, V6E 2M6, pursuant to a lease dated April 13, 2018 (the "**Vancouver Office Lease**"). The Vancouver Office Lease has a term of five years, expiring on June 30, 2023 and a monthly rent of approximately $10,568. As of the date of this affidavit, MYM is three months in arrears in respect of the Vancouver Office Lease.

D. Employees

58. The Applicants currently employ approximately 226 people and engage 12 consultants subject to consulting arrangements. Certain of the Applicants' employees are designated responsible persons or possess the security clearances required under the Cannabis Act and the regulations thereunder to operate the Canadian Business. Such persons are essential to the Canadian Business.

59. Additional details regarding the Applicants' employees and consultants, including their location and designation, is set out in the table below:

Employee Designation	Trillium Facility	Manitou Facility	Highland Facility	Overhead Corporate[1]	MYM	Trichome	Total
Full Time (Hourly)	25	46	24	1	N/A	N/A	96
Full Time (Salaried)	15	41	11	54	1	8	130
Consultant	1	N/A	1	6	4	N/A	12
Total	41	87	36	61	5	8	238

60. All of the Applicants' salaried and hourly employees are paid bi-weekly. The Applicants' aggregate bi-weekly payroll obligations are approximately $491,000 for their salaried and hourly

[1] These are individuals who are employed at one of the Leased Facilities, but their time is dedicated to more than one of the Applicants.

employees, consisting of approximately $51,000 paid by Trichome, approximately $380,000 paid by TJAC and approximately $60,000 paid by MYM. As of the date of this affidavit, (i) TJAC and MYM are current on their payroll obligations, including all source deductions and (ii) Trichome is current on its bi-weekly payroll obligations but, is in arrears on certain of its consulting fees and with respect to the Withholding Tax (as defined and discussed below).

61. The Applicants' employees are non-unionized and there are no pension, retirement or deferred compensation plans for their benefit. Through their benefits provider, Green Shield Canada, the Applicants sponsor a group benefit plan offering health care, dental care, short-term disability and long-term disability benefits for all of their salaried and hourly employees.

62. The Applicants do not maintain a formal pre-determined compensation plan for their named executive officers (collectively, the "**NEOs**"). Rather, the Applicants informally evaluate the NEOs' performance when determining compensation. The NEOs compensation generally consists of a base salary, short-term cash incentives and long-term equity incentives. Certain of the NEOs are parties to employment contracts that entitle such NEOs to prescribed pay and/or benefits in the event of termination without cause.

63. As indicated above, the Applicants engage twelve consultants pursuant to consulting agreements or arrangements (collectively, the "**Consultants**"), six of which hold critical roles with the Applicants and are integral to the Canadian Business. Generally, the Consultants are paid agreed upon monthly consulting fees. As at October 28, 2022, approximately $500,000 is owing to the Consultants.

E. Suppliers

64. The Applicants rely on vendors, third-party suppliers and service providers to conduct the Canadian Business in the ordinary course. The Applicants are not current with respect to their obligations to certain of their vendors, third-party suppliers and service providers. As of November 1, 2022, the Applicants' invoiced trade accounts payable was approximately $7.7 million, of which approximately $7.4 million was past due.

65. The Applicants' inability to pay their vendors, third-party suppliers and service providers in the ordinary course has negatively impacted the Canadian Business. Specifically, the Applicants have been unable to purchase cannabis from third-party suppliers and fulfill numerous hard pipeline purchase orders. This resulted in a loss of revenue of approximately $2 million in the third quarter of 2022 as compared to the Applicants' budget for such period. The Applicants' inability to purchase cannabis from third-party suppliers and fulfill purchase orders is expected to negatively affect the Applicants' revenue in the fourth quarter of 2022 and thereafter. The Applicants' acute liquidity issues have likewise adversely impacted the Applicants' capacity to, among other things, cultivate and sell cannabis and provide outside testing services.

66. In the case of service providers, the Applicants' liquidity issues have prompted opportunistic behaviour by certain delivery services, causing the Applicants' cannabis to be held in abeyance pending immediate payment of the Applicants' arrears. In addition, Kitchener Wilmot Hydro, one of TJAC's critical utility service providers, has advised that both the Trillium Facility's and the Manitou Facility's hydro will be disconnected in light of the Applicants' existing arrears in the amount of approximately $273,300 between November 7, 2022 and November 20, 2022. Such

a result would be catastrophic to the value of the Applicants' inventory and expected yield in the coming weeks of approximately 200kg of cannabis.

F. Excise Duty and Other Tax Obligations

67. The Applicants are liable for certain excise duties, sales taxes and withholding taxes. Each is discussed below.

1. Excise Duty

68. As of October 31, 2022, the Applicants had approximately $847,000 in excise tax arrears net of cash security and a surety bond (the "**Excise Arrears**").

69. Cannabis producers are required to post security pursuant to the *Excise Act, 2001*, S.C. 2002, c. 22, as amended. The security provides the Canada Revenue Agency ("**CRA**") with financial assurance for any outstanding excise duty. The security can be posted in the form of a surety bond or a deposit with the CRA. Details regarding the Applicants' security posted with the CRA and the Excise Arrears are set out in the table below:

Balance/Security Type	Approximate Amount
Applicants' Accrued Excise Duty Balances Owing (arrears and accrued as at October 28, 2022)	$2,061,000[2] (X)
Highland's Surety Bond Value Held as Security for Excise Duty	$300,000 (Y)
TJAC's Deposits with the CRA Held as Security for Excise Duty	$533,000 (Z)
Approximate net Excise Duty Balance Owing (net of Surety Bond and Deposits Held as Security)	$1,228,000 (X-Y-Z)

[2] Of this balance, approximately $1,250,000 is in arrears.

70. As illustrated in the Cash Flow Forecast (as defined and discussed below), the Applicants intend to pay the Excise Arrears during these CCAA proceedings.

2. Sales Taxes

71. As at the date of this affidavit, TJAC and TFC are one month in arrears on sales taxes payable in the amount of approximately $41,000 and $49,000, respectively. Similarly, MYM and Highland are two months in arrears on sales taxes payable in the amount of approximately $120,000 and $59,000, respectively, as at the date of this affidavit.

72. As indicated within the Cash Flow Forecast, TJAC, TFC and MYM intend to pay their sales tax arrears during these CCAA proceedings.

3. Withholding Taxes

73. Trichome records a liability for withholding tax in the approximate amount of $5.3 million (excluding interest and late penalties) arising from the Trichome Arrangement (the "**Withholding Tax**"). Certain of the common shares of IMCC issued in connection with the Trichome Arrangement were withheld in accounts owned by Trichome to satisfy the Withholding Tax upon expiration of the applicable lock-up period (the "**Share Holdback**").

74. As at the date of this affidavit, the majority of the Withholding Tax remains outstanding. Further details regarding the Withholding Tax and the Share Holdback can be found in IMCC's management's discussion and analysis for the three and six months ended June 30, 2022 (the "**MD&A**") and IMCC's audited consolidated financial statements as of December 31, 2021 (the "**IMCC Audited Financial Statements**"). Copies of the MD&A and IMCC Audited Financial Statements are attached hereto as **Exhibits "C"** and **"D"**, respectively.

G. Cash Management System and Credit Cards

75. The Applicants utilize a manual cash management system to collect, manage and distribute funds used in the Canadian Business (the "**Cash Management System**"). As part of the Cash Management System, the Applicants maintain the following bank accounts:

Applicant	Accounts	Currency
Trichome	▪ 2 Chequing Accounts with ATB Financial ▪ 1 Chequing Account with Alterna Savings and Credit Union Limited ▪ 1 Membership Shares Account with Alterna Savings and Credit Union Ltd. ▪ 2 Guaranteed Investment Certificates with ATB Financial (Considered restricted cash held for security against credit cards issued to the Applicants)	(CAD)
TJAC	▪ 1 Chequing Account with Alterna Savings and Credit Union Ltd.	(CAD)
MYM	▪ 3 Demand Deposit Accounts with Bank of Montreal	(CAD)
Highland	▪ 1 Demand Deposit Account with Bank of Montreal ▪ 1 Chequing Account with East Coast Credit Union Limited ▪ 1 Equity Share Account with East Coast Credit Union Limited	(CAD)

76. Trichome also maintains two investment accounts with Cormark Securities Inc., an inactive account with Olympia Trust Company and one investment account with Cannacord Genuity Corp. With the exception of one of Trichome's investment accounts with Cormark Securities Inc., the aforementioned investment accounts are in Canadian currency. Cash received from customers in the ordinary course of business is deposited in deposit accounts held by TJAC and MYM, and is thereafter directed to Cortland. Such amounts cannot be used directly to fund the Canadian Business as they are held to be remitted to Cortland.

77. The Cash Management System gives the Applicants the ability to efficiently and accurately track and control corporate funds and ensure cash availability. The Applicants require the

continued use of the Cash Management System during these CCAA proceedings. Accordingly, the proposed Initial Order authorizes the Applicants to continue to use the Cash Management System and to maintain their existing funding and banking arrangements.

78. The Applicants also have 8 credit cards (collectively, the "**Credit Cards**"), which have been provided to certain of their employees for departmental and personal business expenses incurred on behalf of the Applicants, including paying third parties where required. The maximum combined credit limit of the Credit Cards is $80,000. As of October 31, 2022, approximately $37,900 is owing under the Credit Cards.

H. Intellectual Property

79. TJAC holds several registered or applied for patents, trademarks and other intellectual property, which were acquired in the JWC Acquisition. MYM likewise holds several registered or applied for patents, trademarks and other intellectual property. Certain of the aforementioned intellectual property is not material to the Canadian Business. The Applicants have not taken steps to maintain or have otherwise abandoned their non-material intellectual property.

V. FINANCIAL POSITION OF THE APPLICANT

80. As at the date of this affidavit, the Applicants have approximately $0.3 million in cash on hand not restricted for the Agent.

81. A copy of the Company's internally prepared unaudited consolidated balance sheet for the six months ended June 30, 2022 (the "**Consolidated Balance Sheet**") is attached hereto as **Exhibit "E"**. Certain of the information contained within the Consolidated Balance Sheet is discussed below.

A. Assets

82. As at June 30, 2022, the Company had total assets with a book value of approximately $113.8 million. The Company's assets, as at June 30, 2022, consisted of the following:

Assets	Book Value
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 (Leases under IFRS 16)	$13,914,548
Total Assets	**$113,855,168**

83. The realizable value of certain categories of the Company's assets would reasonably be expected to be less than the book value of such assets, and in some cases, significantly less.

B. Liabilities

84. As at June 30, 2022, the Company had total liabilities with a book value of approximately $124.8 million. The Company's primary liabilities, as at June 30, 2022, consisted of the following:

Liabilities	Book Value
Accounts Payable and Accrued Liabilities	$19,705,157
Deferred Revenues - Intercompany with IMCC	$150,000
Intercompany Payable with IMCC	
IMCC 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 Subsidiary) for Purchased Product	$(99,204)
Other Intercompany Balances	$(610,662)
Lease Liabilities	$15,385,662
Loans Payable	$12,107,067

Liabilities	Book Value
Deferred Tax Liability	$3,866,079
Total Liabilities	**$124,771,038**

85. As discussed in greater detail below, each of the Applicants is an Obligor under the ABL Agreement (each as defined below) and as such, has liabilities in excess of $5 million.

C. Secured Debt

86. The Applicants' primary secured debt obligations consist of amounts owing under the ABL Agreement and the Secured Trichome Loans (as defined below). The ABL Agreement and the Secured Trichome Loans are discussed immediately below.

1. The ABL Agreement

87. On May 14, 2021, TJAC entered into a credit agreement (the "**Original ABL Agreement**") among Cortland, in its capacity as the Agent for the Lenders, TJAC, as borrower, and Trichome, as the initial guarantor. Pursuant to an instrument of assumption and joinder dated August 27, 2021 (the "**Joinder**"), Highland, MYM, MYMB and TRC (collectively, the "**Guarantors**", and together with TJAC and Trichome, the "**Obligors**") also became parties to the Original ABL Agreement. On that same date, the Original ABL Agreement was amended pursuant to an amending agreement no. 1 (and as further amended by an amending agreement no. 2 dated March 31, 2022, the "**ABL Agreement**"). A redacted copy of the ABL Agreement (inclusive of the amendments thereto) and a copy of the Joinder are attached hereto as **Exhibits "F"** and **"G"**, respectively.

88. Among other things, the ABL Agreement provides for a revolving credit facility in a maximum principal amount not to exceed $15 million (the "**Total Commitment**"). Pursuant to the ABL Agreement, the proceeds of the revolving credit facility are to be used to finance the Obligors'

working capital requirements and other ordinary course payables. Amounts advanced under the ABL Agreement bear interest at a rate per annum equal to the greater of (i) 9.75% and (ii) the TD Prime Rate, plus 7.30%, due and payable in arrears in cash on the last day of each calendar month. In consideration for making the revolving credit facility available to TJAC, the Agent is entitled to, among other fees and reimbursements, a utilization fee of 2.4% per annum, calculated daily and payable on the last business day of each month on the unused portion of the Total Commitment.

89. The total advances under the revolving credit facility cannot exceed, at any given time, the lesser of (i) the Borrowing Base Amount (as defined in the ABL Agreement) and (ii) the Total Commitment (the "**Borrowing Limit**"). TJAC must make written requests for advances under the revolving credit facility that are attended by, among other things, a borrowing base certificate evidencing that the loan advance request does not exceed the Borrowing Limit.

90. The initial term of the ABL Agreement ends on May 14, 2023 (the "**Initial Term**"). The Initial Term may be extended for up to two additional periods of 180 days each with the mutual agreement of TJAC and the Agent no later than thirty days prior to the end of the Initial Term, subject to the continued satisfactory performance of the Obligors' obligations under the ABL Agreement and other transaction documents.

91. As of October 28, 2022, approximately $4.73 million of principal is owing to the Agent under the ABL Agreement. As of November 1, 2022, there was an additional $79,000 of interest accrued month-to-date.

92. As general and continuing security for the payment and performance of all of TJAC's present and future indebtedness and other obligations to the Agent and the Lenders under the ABL

Agreement (collectively, the "**Cortland Debt**"), the following security (collectively, the "**Security**") was provided to the Agent:

(a) a general security agreement dated May 14, 2021, pursuant to which Trichome and TJAC granted a continuing security interest in favour of the Agent, for the benefit of the Agent and the Lenders, in, among other things, all of their present and after acquired personal property;

(b) a supplement to general security agreement dated August 27, 2021, pursuant to which each of the additional Guarantors, among other things, granted a security interest in favour of the Agent, for the benefit of the Agent and the Lenders, in certain pledged equity interests held by such Guarantor (the "**Pledged Securities**"), all cash, instruments and other property received, receivable or otherwise distributed in exchange for any and all such Pledged Securities and all other collateral relating to the Pledged Securities;

(c) a guarantee dated May 14, 2021 (the "**Initial Guarantee**"), pursuant to which Trichome, among other things, guaranteed payment to the Agent and the Lenders of (i) all present and future, direct and indirect, contingent and absolute obligations and liabilities of TJAC to the Agent and the Lenders arising under or in connection with the ABL Agreement and the Security Agreements (as defined in the ABL Agreement) and (ii) all other obligations of TJAC to the Agent and the Lenders that Trichome may from time to time acknowledge in writing are guaranteed under the Initial Guarantee (collectively, the "**Guaranteed Obligations**");

(d) a supplement to guarantee dated August 27, 2021, pursuant to which each of the additional Guarantors, among other things, unconditionally and irrevocably guaranteed the prompt payment and performance to the Agent of all of the Guaranteed Obligations;

(e) a Canadian patent security agreement dated May 14, 2021, pursuant to which TJAC granted a security interest in favour of the Agent in all of its right, title and interest in, to and under all (i) of its Canadian patents and all renewals and extensions thereof and (ii) all income, royalties, proceeds and liabilities at any time due or payable or asserted under and with respect any of the foregoing;

(f) a Canadian trademark security agreement dated May 14, 2021, pursuant to which TJAC granted a security interest in favour of the Agent in all of its right, title and interest in, to and under all (i) of its Canadian trademarks and all renewals and extensions thereof, (ii) all goodwill of the business conducted with or symbolized by such trademarks, and (iii) all income, royalties, proceeds and liabilities at any time due or payable or asserted under and with respect any of the foregoing;

(g) a Canadian trademark security agreement dated August 27, 2021, pursuant to which MYM granted a security interest in favour of the Agent in all of its right, title and interest in, to and under all (i) of its Canadian trademarks and all renewals and extensions thereof, (ii) all goodwill of the business conducted with or symbolized by such trademarks, and (iii) all income, royalties, proceeds and liabilities at any time due or payable or asserted under and with respect any of the foregoing;

(h) a transfer and assignment of insurance dated May 14, 2021, pursuant to which Trichome and TJAC transferred and assigned to the Agent all sums of money that may become payable to Trichome and/or TJAC by any insurance policies maintained by them; and

(i) a transfer and assignment of insurance dated August 27, 2021, pursuant to which each of the Guarantors transferred and assigned to the Agent all sums of money that may become payable to such Guarantor by any insurance policies maintained by it.

93. Copies of each of the foregoing elements comprising the Security are attached hereto as **Exhibits "H" - "P"**.

94. In connection with the ABL Agreement, IMCC entered into a postponement agreement dated August 27, 2021 (the "**Postponement Agreement**"). Pursuant to the Postponement Agreement, IMCC agreed to defer and postpone the Obligors' payment of all present and future indebtedness and other obligations to IMCC (collectively, the "**IMCC Debt**") to the Cortland Debt, except as otherwise permitted under the ABL Agreement or by the Agent. As security for the Cortland Debt, IMCC assigned and transferred the IMCC Debt to the Agent pursuant to the Postponement Agreement. A copy of the Postponement Agreement is attached hereto as **Exhibit "Q"**.

95. TJAC is currently in breach of certain terms of the ABL Agreement. Namely TJAC has failed to:

(a) maintain a Debt Service Coverage Ratio (as defined in the ABL Agreement) of not less than 2:1 (the "**Debt Service Covenant**");

(b) promptly, and in any event within three business days of providing notice of a Borrowing Base Shortfall (as defined in the ABL Agreement), repay the outstanding principal amount of all loan advances under the ABL Agreement by an amount required to reduce the aggregate principal amount thereof to an amount less than or equal to the Borrowing Limit (the "**Paydown Covenant Breach**"); and

(c) comply with certain other representations, warranties and covenants under the ABL Agreement (collectively, the "**Additional Breaches**"), including, among others, TJAC's solvency and tax remittance.

96. Pursuant to a limited waiver agreement dated August 3, 2022 between the Agent and the Obligors (the "**August Limited Waiver**"), the Agent, on behalf of the Lenders, waived the Debt Service Covenant breach until September 30, 2022. On September 26, 2022 the Agent and the Obligors executed an additional limited waiver agreement (the "**September Limited Waiver**") pursuant to which the Agent, on behalf of the Lenders, waived the Paydown Covenant Breach and any Event of Default (as defined in the ABL Agreement) arising therefrom on the terms of the Limited Waiver. The September Limited Waiver does not provide a similar waiver of the Additional Breaches, including TJAC's continued breach of the Debt Service Covenant, nor any Event of Default resulting therefrom. Copies of the August Limited Wavier and the September Limited Waiver are collectively attached hereto as **Exhibit "R"**.

2. The Secured Trichome Loans

97. Upon closing the JWC Acquisition, approximately $7 million of the then outstanding JWC DIP was assumed in the form of a secured convertible debenture dated August 28, 2020 issued by TJAC in favour of Trichome, as amended by a first amendment to secured convertible debenture

dated July 20, 2022 (as amended, the "**Secured Debenture**"). The balance of the JWC DIP, plus TJAC's anticipated future funding requirements were funded by way of a secured grid promissory note dated August 28, 2020 issued by TJAC in favour of Trichome (the "**Secured Promissory Note**", and together with the Secured Debenture, the "**Secured Trichome Loans**"). Copies of the Secured Promissory Note and the Secured Debenture are attached hereto as **Exhibits "S"** and **"T"**, respectively.

98. All advances under both the Secured Promissory Note and the Secured Debenture bear interest at a rate of 1% per annum, payable quarterly within ten business days of the first day of January, March, June and September each year. The Secured Promissory Note matured on August 28, 2022 and TJAC's indebtedness thereunder remains outstanding. The Secured Debenture matures on August 28, 2024 or such earlier date as the principal amount advanced thereunder may become due and payable.

99. As of September 30, 2022, approximately $20.6 million (inclusive of accrued interest) and approximately $7.1 million (inclusive of accrued interest) are owing to Trichome under the Secured Promissory Note and the Secured Debenture, respectively.

100. The following security was granted pursuant to the terms of the Secured Trichome Loans:

(a) as continuing security for the payment of all amounts owing under the Secured Promissory Note, TJAC granted a security interest in favour of Trichome in, among other things, all of its present and future undertaking and all personal property in which TJAC at any time has any right, title or interest but, excluding any consumer goods; and

(b) as continuing security for the payment of all amounts owing under the Secured Debenture, TJAC granted a security interest in favour of Trichome in, among other things, all of its present and future undertaking and all personal property in which TJAC at any time has any right, title or interest but, excluding any consumer goods.

101. Although the ABL Agreement contemplates the provision of a postponement, subordination and standstill agreement from Trichome in respect of any debt owed to it by TJAC, no such stand-alone agreement was executed. However, pursuant to the Initial Guarantee payment of all present and future obligations of TJAC to Trichome are to be postponed to the payment of the Cortland Debt. Further, all security interests held by Trichome for the payment of all present and future obligations of TJAC are to be subordinated to all present and future security interests held by the Agent in respect of the Guaranteed Obligations. Under the Initial Guarantee, this subordination is effective notwithstanding the order of execution, delivery, registration or perfection of such security interests, the order of advancement of funds, the order of crystallization of security, or any other matter that may affect the relative priority of such security interests.

3. Other Secured Obligations

102. Copies of the results of searches conducted against the Applicants under the *Personal Property Security Act*, R.S.O. 1990, c. P.10, as amended (the "**Ontario PPSA**") effective September 18, 2022 and September 19, 2022, as applicable, are collectively attached hereto as hereto as **Exhibit "U"**. A copy of the results of a search conducted against Highland under the *Personal Property Security Act*, 1995-96, c. 13, s. 1, as amended (the "**Nova Scotia PPSA**") effective September 21, 2022, is attached hereto as hereto as **Exhibit "V"**.

103. The Ontario PPSA and the Nova Scotia PPSA search results disclose registrations against each of the Applicants in favour of the Agent. The Ontario PPSA search results also disclose (i) two registrations against TJAC in favour of Trichome in connection with the Secured Trichome Loans and (ii) one registration against TJAC in favour of Kempenfelt, a Division of Bennington Financial Corp., in connection with a forklift leased by TJAC.

D. Unsecured Debt

1. The Applicants' Indebtedness to IMCC

104. The Applicants have previously engaged in intercompany transactions with IMCC in the ordinary course of their business, giving rise to intercompany receivables and payables. In addition to its previous ordinary course intercompany transactions, IMCC has provided an unsecured loan to Trichome pursuant to a grid promissory note dated June 28, 2021 (the "**IMCC Promissory Note**"). A copy of the IMCC Promissory Note is attached hereto as **Exhibit "W"**.

105. The aggregate outstanding principal amount of all advances to Trichome under the IMCC Promissory Note bears interest at 5% per annum until such principal amount is repaid in full, accruing on a monthly basis and payable both before and after maturity, default or judgment. The principal amount advanced under the IMCC Promissory Note, together with all unpaid interest, was due and payable in full on June 28, 2022.

106. As of September 30, 2022, approximately $12.5 million (inclusive of accrued interest) was owing by Trichome to IMCC under the IMCC Promissory Note.

2. Other Intercompany Indebtedness

107. In the ordinary course of business, the Applicants frequently engage in intercompany transactions resulting in the creation of intercompany receivables and payables. Generally, these intercompany balances are eliminated on the consolidation of the Applicants' financial results. TJAC and Highland, as the Applicants' operating subsidiaries, also pay management fees to certain of the other Applicants in the ordinary course of business.

108. In addition to the aforementioned ordinary course intercompany transactions, Trichome has provided unsecured and interest free financing to MYM. Principally, this financing has funded operational costs for Highland and prior to its sale, Sublime. As at September 30, 2022, approximately $3.9 million is owing to Trichome by MYM.

109. As referenced above, in connection with the Sublime Acquisition, TJAC issued an unsecured and interest free promissory note dated April 1, 2022 in the principal amount of $1.04 million in favour of MYM (the "**TJAC Promissory Note**"). Pursuant to its terms, TJAC is permitted to repay the principal amount owing under the TJAC Promissory Note at any time or from time to time. A copy of the TJAC Promissory Note is attached hereto as **Exhibit "X"**.

3. Employee Liabilities

110. As discussed above, the Applicants' bi-weekly payroll obligations are approximately $491,000 for their salaried and hourly employees. While the Applicants are current with respect to their payment of payroll and the remittance of employee source deductions, save for certain consulting fees and the Withholding Tax, their ability to meet their future payroll obligations,

including on November 8, 2022, is contingent on the granting of the relief sought in the proposed Initial Order.

4. Other Noteworthy Unsecured Claims

111. In addition to the aforementioned unsecured obligations, the Applicants have the following noteworthy claims:

(a) *Accounts Payable* – As noted above, as of November 1, 2022, the Applicants' invoiced trade accounts payable balance to vendors, third party suppliers and service providers was approximately $7.7 million, of which approximately $7.4 million is overdue.

(b) *Excise, Sales and Withholding Taxes* – As previously discussed, as of October 31, 2022, the Applicants 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.

(c) *Outstanding Professional Fees* – The Applicants are currently indebted to certain of their professional advisors retained prior to, and for purposes other than, these CCAA proceedings.

5. Litigation Matters

112. On March 12, 2021, MYM filed a notice of civil claim in the Supreme Court of British Columbia against Robert Gietl in respect of a loan advanced to Mr. Gietl. A trial of the action was

initially scheduled for October, 2022, but has been adjourned until December 4, 2023. As at the date of this affidavit, this action remains unresolved.

113. On May 3, 2022, MYM filed an application in the Ontario Superior Court of Justice (Commercial List) for the appointment of a receiver and manager over the assets, undertaking and properties of Biome and its subsidiary, Cultivator, in connection with a default under the Biome Loan (the "**Receivership Application**"). On September 9, 2022, MYM entered into a settlement term sheet (the "**Biome Settlement**") with Biome and Cultivator pursuant to which, among other things, the maturity date of the Biome Lone was extended to December 9, 2023. On September 12, 2022, the Honourable Madam Justice Conway issued an endorsement (the "**Biome Endorsement**") adjourning the Receivership Application pending implementation of the Biome Settlement. As at the date of this affidavit, the balance of the Biome Loan, inclusive of accrued interest, is approximately $2.9 million. A copy of the Biome Endorsement is attached hereto as **Exhibit "Y"**.

VI. EVENTS PRECEDING THESE CCAA PROCEEDINGS

114. Since the JWC Acquisition, the Applicants have materially grown the Canadian Business and positioned their "WAGNERS" and "Highland Grow" brands to become market leaders in the premium and ultra-premium dried flower and pre-roll segments in Canada. Notwithstanding the growth of the Canadian Business and the Applicants' increase in net revenue over the previous four quarters ended June 30, 2022, and reduced operating losses, the Applicants have been unable to resolve their pernicious liquidity issues. Over the last several months, the Applicants have made numerous concerted efforts to improve their financial position, conserve costs and restructure the

Canadian Business, in consultation and with the approval of IMCC. These efforts have included, among other things:

(a) ceasing all cultivation at the Highland Facility and centralizing the Canadian Business' cultivation at the Trillium Facility and the Manitou Facility;

(b) maximizing efficiencies in the Applicants' workforce by (i) reducing headcount and (ii) terminating certain employees needed on a part-time basis and moving such employees to consulting contracts, with a view to reducing the Applicants' aggregate payroll expenses by approximately $2 million per annum;

(c) selling all of the issued and outstanding shares of Sublime, which was consistently losing money, on an "as-is, where is" basis to a group of purchasers comprised predominantly of former members of Sublime's management team;

(d) with the assistance of Cormark Securities Ltd., the advisor to IMCC's special committee, conducting an out-of-Court sale process to solicit interest from potential qualified bidders in the Applicants and/or their assets;

(e) engaging in detailed discussions with potential qualified bidders contacted by the Applicants or Cormark Securities Ltd. regarding a purchase of the Canadian Business, in whole or in part; and

(f) coordinating with the Agent to ensure that the Applicants would have access to capital under the ABL Agreement.

115. Despite the Applicants' best efforts, their liquidity situation has not materially improved. What is more, the Applicants have been unable to obtain alternative financing or sufficient funding to address their liquidity challenges.

116. With a view to avoiding the devastating effects of a bankruptcy or liquidation, and having regard to the best interests of the Applicants and their stakeholders, the boards of directors of the Applicants engaged advisors to discuss contingency plans should the Applicants be unable to obtain additional funding or consummate a timely out-of-Court sale transaction. That eventuality has now materialized, necessitating urgent creditor protection and additional relief under the CCAA.

VII. RELIEF SOUGHT

117. As set out above, the Applicants are currently facing a severe liquidity crisis and are unable to satisfy their liabilities as they generally become due. Without immediate relief, including additional financing and a stay of enforcement actions, the Applicants will inevitably be forced to cease their going concern operations and liquidate their assets. After extensive review and careful consideration of the strategic options and alternatives available, the boards of directors of the Applicants, with the assistance of their advisors, determined that it is in the best interests of the Applicants and their stakeholders to seek urgent relief under the CCAA.

118. The material relief sought under the proposed Initial Order is discussed below.

B. Stay of Proceedings

119. The Applicants urgently require a stay of proceedings to prevent enforcement action by, among others, their contractual counterparties and disruption to the Canadian Business.

Accordingly, the proposed Initial Order provides the Stay of Proceedings for the Initial Stay Period of not more than ten days. The proposed Stay of Proceedings extends to each of the Monitor, the Applicants, the Canadian Business, the Property and the Directors and Officers.

120. The proposed Stay of Proceedings will preserve the *status quo* and afford the Applicants the breathing space and stability required to advance their restructuring efforts, including developing a SISP and/or exploring other transaction alternatives. More to the point, it will permit the Applicants to continue to operate the Canadian Business as a going concern with minimal disruption. The continued and uninterrupted operation of the Canadian Business will preserve value for the Applicants' stakeholders and is in the best interests of, among others, the Applicants' employees, suppliers, regulators and landlords.

121. Having regard to the foregoing, the Stay of Proceedings is in the best interests of the Applicants and their stakeholders. The Proposed Monitor has advised that it is supportive of the proposed Stay of Proceedings.

C. Proposed Monitor

122. The proposed Initial Order contemplates that KSV will act as the Monitor in these CCAA proceedings. KSV has consented to act as the Monitor in these CCAA proceedings on the terms of the proposed Initial Order, if granted. A copy of KSV's consent to act as the Monitor is attached hereto as **Exhibit "Z"**.

123. I am advised by KSV that it is a "trustee" within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and that it is not otherwise precluded from acting as the Monitor under subsection 11.7(2) of the CCAA. KSV also has

familiarity with respect to certain of the assets having been the Court-appointed monitor in the prior JWC CCAA Proceedings.

D. Administration Charge

124. Pursuant to the proposed Initial Order, the Applicants are seeking a Court-ordered charge on the Property in favour of the Monitor, as well as counsel to the Monitor and counsel to the Applicants in these CCAA proceedings up to a maximum amount of $750,000 (the "**Administration Charge**"). The Administration Charge will secure payment of the respective fees and disbursements of the Monitor, counsel to the Monitor and counsel to the Applicants in these CCAA proceedings incurred in connection with services rendered to the Applicants. The Administration Charge is proposed to rank ahead of, and have priority over, all of the other Charges.

125. The expertise, knowledge, and continued participation of the beneficiaries of the proposed Administration Charge during these CCAA proceedings is essential to a successful restructuring of the Applicants. The beneficiaries of the proposed Administration Charge have made, and will continue to make, distinct and significant contributions to the Applicants' restructuring efforts.

126. The Applicants, in consultation with the Proposed Monitor, determined the quantum of the Administration Charge required during the Initial Stay Period, taking into account that the professionals have material accrued fees and no retainers. Such quantum is commensurate with the fees and disbursements expected to be incurred by the beneficiaries of the Administration Charge by the end of the Initial Stay Period.

127. Given the circumstances, the anticipated complexity of these CCAA proceedings and the services rendered and to be provided by the beneficiaries thereof, I believe that the proposed Administration Charge is fair and reasonable. I understand that the Proposed Monitor is of the view that the Administration Charge is appropriate in the circumstances.

E. Directors' Charge and Protections

128. A successful restructuring of the Applicants will benefit from the continued participation and commitment of the Directors and Officers, certain of which possess the security clearances necessary to operate the Canadian Business. For this reason, the Applicants seek a Court-ordered charge in favour of the Directors and Officers in the maximum amount of $967,000 (the "**Directors' Charge**").

129. I am advised by Sean Zweig of Bennett Jones LLP, counsel to the Applicants, and believe that, in some circumstances, directors and officers of Canadian companies can be liable for certain obligations of a company, including those owed to employees and government entities. Mr. Zweig has advised me that these obligations may include, among other things, unpaid accrued wages and unpaid accrued vacation pay, together with unremitted excise, sales, goods and services, and harmonized sales taxes.

130. The Directors and Officers are currently among the potential beneficiaries under two claims-made policies maintained by IMCC for the entire International Company (together, the "**Insurance Policies**"). First, a directors' and officers' liability insurance policy, having an aggregate annual limit of USD $5 million and deductibles of USD $3.75 million and USD$ 1.75 million for securities claims and other claims, respectively. Second, a side-A executive liability personal asset policy, having an aggregate annual limit of USD $5 million.

131. In view of their relatively small annual limits, the applicable deductibles and the number of beneficiaries and exclusions, exceptions and carve-outs thereunder, the Insurance Policies may not provide adequate coverage against the potential liabilities that the Directors and Officers could incur during these CCAA proceedings. Moreover, the Applicants are unable to acquire alternative or additional directors' and officers' liability insurance capable of adequately supplementing the Insurance Policies.

132. Given the risks attending these CCAA proceedings, the regulatory environment in which the Applicants operate and the significant uncertainty surrounding coverage under the Insurance Policies, the Directors and Officers have indicated that their continued involvement in these CCAA proceedings is conditional upon the granting of the Directors' Charge. Pursuant to the proposed Initial Order, the Directors' Charge would serve as security for the indemnification obligations and potential liabilities the Directors and Officers may face in these CCAA proceedings to the extent that they do not otherwise benefit from coverage under the Insurance Policies. The Directors' Charge is proposed to rank in priority to the DIP Lender's Charge but, subordinate to the Administration Charge.

133. The quantum of the Directors' Charge was determined by the Applicants, in collaboration with the Proposed Monitor, and is limited to the indemnification obligations and liabilities that the Directors and Officers may face during the Initial Stay Period. The Applicants expect to seek an increase to the Directors' Charge at the Comeback Hearing.

134. The Applicants believe that the proposed Directors' Charge is reasonable in the circumstances. The Proposed Monitor has advised that it is supportive of the proposed Director's Charge.

135. In connection with the consummation of a value-maximizing sale or restructuring transaction and the eventual termination of these CCAA proceedings, the Directors and Officers anticipate seeking a release of claims against them in their capacity as directors and officers.

F. The DIP Facility and the DIP Lender's Charge

136. Given their ongoing liquidity crisis, and as illustrated in the Cash Flow Forecast, the Applicants require interim financing to fund their ongoing operations and pursue their restructuring efforts. To this end, TJAC, as borrower (in such capacity, the "**Borrower**"), Trichome, TRC, MYM, MYMB and Highland, as guarantors (together with the Borrower, the "**Credit Parties**"), and Cortland, as agent for and on behalf of the lenders party thereto (the "**DIP Lender**"), entered into a DIP facility agreement in respect of the DIP Facility (the "**DIP Agreement**") on November 6, 2022. A copy of the DIP Agreement is attached hereto as **Exhibit "AA"**.

137. The DIP Facility is a super-priority interim revolving credit facility (subject to certain mandatory repayment provisions). The maximum principal amount under the DIP Facility is 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 ABL Agreement, minus the amount of the Pre-Filing Obligations, plus the Over-Advance Amount (each as defined in the DIP Agreement). In accordance with the DIP Agreement, the DIP Facility is to be used during these CCAA proceedings by the Borrower to fund its working capital needs.

138. The interest rate applicable to all advances under the DIP Facility is 14% per annum, due and payable in cash on the first business day of each month. In consideration for making the DIP Facility available to the Borrower, the DIP Lender is entitled to the following:

(a) a commitment fee equal to 2.0% of the Facility Limit;

(b) a utilization fee of 2.4% per annum, calculated daily in accordance with the DIP Agreement on the unused portion of the DIP Facility; and

(c) a $100,000 deposit to cover the DIP Lender's legal and other transaction expenses, which will be paid from the initial advance under the DIP Facility.

139. The term of the DIP Facility is the earlier of (i) 16 weeks from the date of the Initial Order (the "**Maturity Date**") and (ii) any Termination Date (as defined in the DIP Agreement). All outstanding principal and interest under the DIP Facility will be due and payable on the date that the earlier of the following occur:

(a) the Maturity Date;

(b) the date on which any Event of Default, other than the CCAA Event of Default (as defined in the DIP Agreement), occurs or is discovered to have occurred in the past and the DIP Lender has terminated the DIP Facility by notice to the Borrower;

(c) the date of a sale of all or a portion of the Collateral (as defined in the ABL Agreement), provided that these CCAA proceedings are concurrently terminated with the consent of the DIP Lender; and

(d) unless waived or other consented to by the DIP Lender, the date on which any of the Credit Parties undertakes a liquidity, reorganization event, or Change of Control (as defined in the ABL Agreement).

140. The DIP Agreement provides the DIP Lender with 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 under the DIP Agreement. Provided however, that repayment of the outstanding advances under the DIP Facility will not be due and payable until 60 days after receipt of such notice by the Borrower, unless otherwise agreed to in writing.

141. The DIP Facility is subject to customary covenants, conditions precedent, and representations and warranties made by the Credit Parties to the DIP Lender. Additionally, the DIP Facility is conditional upon the issuance of the proposed Initial Order, approving the DIP Facility and granting a Court-ordered charge over the Property in favour of the DIP Lender to secure all amounts advanced by the DIP Lender on behalf of the lenders under the DIP Facility, together with all obligations, indebtedness, fess, costs and expenses of the Borrower under the DIP Agreement and the DIP Facility (the "**DIP Lender's Charge**"). Pursuant to the terms of the proposed Initial Order, the DIP Lender's Charge would rank subordinate to all of the other Charges. Importantly, the DIP Lender's Charge will not secure obligations incurred prior to these CCAA proceedings.

142. The amount to be funded under the DIP Facility during the Initial Stay Period is limited to the amount necessary to ensure the continued operation of the Canadian Business prior to the Comeback Hearing. The DIP Lender's Charge sought pursuant to the proposed Initial Order is correspondingly limited to the amount to be funded during the Initial Stay Period. The Applicants intends to seek an increase to the DIP Lender's Charge at the Comeback Hearing.

G. Payments Throughout these CCAA Proceedings

143. The proposed Initial Order permits (but does not require) the Applicants to make payments for all goods and services actually supplied to the Applicants in the ordinary course of business on or subsequent to the date of the proposed Initial Order. To preserve continuity in the Canadian Business, the proposed Initial Order also authorizes (but does not require) the Applicants to pay, among others, the following expenses:

(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 the Initial Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(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 the Initial Order, with the Monitor considering, among other factors, whether (i) the supplier or service provider is essential to the Canadian 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 Canadian 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 the Initial Order, including pursuant to the terms of the Initial Order.

144. Together, the aforementioned relief will facilitate the continued operation of the Canadian Business during the Initial Stay Period. Specifically, it will allow the Applicants to:

(a) maintain their existing customer and supplier relationships;

(b) ensure the uninterrupted supply of critical goods and services necessary for the Canadian Business' operation; and

(c) address inventory deficiencies.

145. I understand that both the Proposed Monitor and the DIP Lender are supportive of the Applicants' authorization to make the aforementioned payments pursuant to the proposed Initial Order.

H. Cash Flow Forecast

146. With the assistance of the Proposed Monitor, the Applicants have conducted a cash flow analysis to determine the amount required to finance their ordinary course business operations, assuming the Initial Order is granted, over the 13-week period from November 7, 2022, to February 3, 2023 (the "**Cash Flow Forecast**"). The Cash Flow Forecast substantiates the Applicants' urgent need for the DIP Facility.

147. I understand that the Cash Flow Forecast, which is accompanied by the representations prescribed under the CCAA, will be attached to the pre-filing report of the Proposed Monitor. If appointed, the Applicants anticipate that the Monitor will report to the Court on any variances between the Cash Flow Forecast and the Applicants' actual results during these CCAA proceedings.

VIII. CONCLUSION

148. The proposed Initial Order is in the best interests of the Applicants and their stakeholders. Absent the relief requested under the proposed Initial Order, including the Stay of Proceedings and the DIP Facility, the Applicants will be forced to cease the Canadian Business' going concern operations and liquidate their assets to the detriment of their employees and other stakeholders.

149. The relief sought under the proposed Initial Order is tailored to that which is reasonably necessary to ensure the continued operation of the Canadian Business and preserve the *status quo* during the Initial Stay Period. In the circumstances, the Applicants believe that these CCAA proceedings are the best means of addressing the challenges facing the Canadian Business and effecting the restructuring transactions necessary to maximize value for their stakeholders.

SWORN REMOTELY by Michael Ruscetta stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on November 7th, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Joshua Foster

JOSHUA FOSTER
Commissioner for Taking Affidavits
(or as may be)

MICHAEL RUSCETTA

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)

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Lawyers for the Applicants

Court File No.: CV-22-00689857-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TRICHOME FINANCIAL CORP., TRICHOME JWC ACQUISITION CORP., MYM NUTRACEUTICALS INC., TRICHOME RETAIL CORP., MYM INTERNATIONAL BRANDS INC., AND HIGHLAND GROW INC.

Applicants

AFFIDAVIT OF MICHAEL RUSCETTA

(Sworn November 11, 2022)

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Applicants

AFFIDAVIT OF MICHAEL RUSCETTA
(Sworn November 11, 2022)

I, Michael Ruscetta, of the city of Toronto, in the Province of Ontario, **MAKE OATH AND SAY**:

1. I am the Chief Executive Officer of Trichome Financial Corp. ("**Trichome**"). I am also a director of Trichome, Trichome JWC Acquisition Corp. ("**TJAC**"), MYM Nutraceuticals Inc. ("**MYM**"), Trichome Retail Corp. ("**TRC**"), MYM International Brands Inc. ("**MYMB**") and Highland Grow Inc. ("**Highland**", and collectively with Trichome, TJAC, MYM, TRC and MYMB, the "**Applicants**"). As such, I have personal knowledge of the Applicants and the matters to which I depose in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

2. I swear this affidavit in support of a motion by the Applicants for an amended and restated initial order (the "**Amended and Initial Restated Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), *inter alia*:

(a) extending the Initial Stay Period (as defined below) to and including February 3, 2023; and

(b) increasing the Directors' Charge and the DIP Lender's Charge (each as defined below) to $2,922,000 and $4,875,000, respectively.

3. All capitalized terms not otherwise defined herein have the meaning ascribed to them in the affidavit that I previously swore in these proceedings on November 7, 2022 (the "**First Ruscetta Affidavit**") in support of the Applicants' application for an initial order under the CCAA (the "**Initial Order**"). A copy of the First Ruscetta Affidavit (without exhibits) is attached hereto as **Exhibit "A"**.

4. All references to currency in this affidavit are in Canadian dollars unless noted otherwise. The Applicants do not waive or intend to waive any applicable privilege by any statement herein.

II. BACKGROUND AND STATUS OF THE CCAA PROCEEDINGS

5. The Applicants, with the exception of Trichome, which is a direct subsidiary, are all indirect wholly owned subsidiaries of IM Cannabis Corp. ("**IMCC**"). IMCC is a publicly listed international cannabis company operating in Israel, Canada and Germany (the "**International Company**"). IMCC is headquartered in Israel and is not an Applicant in these CCAA proceedings.

6. IMCC conducts its business operations in Canada through the Applicants. Through their licensed operating subsidiaries, TJAC and Highland, the Applicants cultivate, process and sell premium and ultra-premium cannabis for the adult-use market in Canada (the "**Canadian Business**"). Following months of liquidity challenges and despite concerted efforts to improve

their financial position, conserve costs and restructure the Canadian Business, the Applicants recently faced a dire liquidity crisis.

7. Having regard to the best interests of the Applicants and their stakeholders, and after extensive review and careful consideration of the strategic options and alternatives available, the boards of directors of the Applicants resolved to seek urgent relief under the CCAA. Accordingly, the Applicants sought, and on November 7, 2022, obtained the Initial Order. Copies of the Initial Order and the accompanying endorsement of the Honourable Madam Justice Conway dated November 7, 2022 are attached hereto as **Exhibits "B"** and **"C"**, respectively.

8. Among other things, the Initial Order:

(a) appointed KSV Restructuring Inc. ("**KSV**") as the Monitor of the Applicants in these CCAA proceedings (in such capacity, the "**Monitor**");

(b) stayed, until November 17, 2022 (the "**Initial Stay Period**"), all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the Applicants' directors and officers (collectively, the "**Directors and Officers**"), or affecting the Canadian Business or the Property (as defined below), except with the written consent of the Applicants and the Monitor, or with leave of the Court (the "**Stay of Proceedings**");

(c) approved the Applicants' ability to borrow under a debtor-in-possession ("**DIP**") credit facility (the "**DIP Facility**") pursuant to a DIP facility agreement dated November 6, 2022 (the "**DIP Agreement**"), among TJAC, as borrower (the "**Borrower**"), Trichome, TRC, MYM, MYMB and Highland, as guarantors

(together with the Borrower, the "**Credit Parties**"), and Cortland Credit Lending Corporation, as agent for and on behalf of the lenders party thereto (the "**DIP Lender**");

(d) authorized the Applicants to pay, with the consent of the Monitor (based on its consideration of certain non-exhaustive factors enumerated under the Initial Order) and the DIP Lender, amounts owing for goods and services actually supplied to the Applicants prior to the date of the Initial Order; and

(e) granted the following charges (collectively, the "**Charges**") over the Applicants' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the "**Property**"):

(i) the Administration Charge up to a maximum amount of $750,000;

(ii) the Directors' Charge up to a maximum amount of $967,000; and

(iii) the DIP Lender's Charge up to a maximum amount of $1,825,000.

9. Details regarding the Applicants' financial circumstances, liquidity crisis and need for relief under the CCAA are set out in the First Ruscetta Affidavit. Such details are not repeated herein. Additional materials filed in these CCAA proceedings are available on the Monitor's website at: https://www.ksvadvisory.com/experience/case/trichome.

10. Since the granting of the Initial Order, the Applicants have, with the assistance and oversight of the Monitor, acted in good faith and with due diligence to, among other things:

(a) stabilize and continue the Canadian Business' ordinary course operations;

(b) implement a communication plan to advise key stakeholders of these CCAA proceedings and the granting of the Initial Order;

(c) assist the Monitor in preparing notices to creditors and other stakeholders as required under the Initial Order;

(d) conduct two virtual town halls with the Applicants' employees regarding these CCAA proceedings and their impact on the Canadian Business;

(e) submit an advance request certificate to the DIP Lender to borrow under the DIP Facility in accordance with the DIP Agreement;

(f) conserve costs, including through certain employee terminations, the majority of which were provided between two and four weeks working notice;

(g) negotiate and execute a letter agreement with a financial advisor to conduct a sale and investor solicitation process ("**SISP**"), approval for which will be sought on a subsequent motion in these CCAA proceedings; and

(h) prepare materials in support of the within motion.

11. The Applicants now seek additional relief intended to advance the purposes of these CCAA proceedings and facilitate the Applicants' restructuring efforts.

III. THE AMENDED AND RESTATED INITIAL ORDER

12. As described in the First Ruscetta Affidavit, the relief sought under the Initial Order was circumscribed to provide the stability, breathing room and financing required to prevent the immediate cessation of the Canadian Business' going concern operations and address the Applicants' severe liquidity crisis during the Initial Stay Period. The Applicants now seek to extend and expand certain of the limited relief granted under the Initial Order pursuant to the proposed Amended and Restated Initial Order. Such relief is in the best interests of the Applicants and their stakeholders, including their employees and vendors.

13. The material relief sought under the proposed Amended and Restated Initial Order is discussed below.

B. Extending the Stay of Proceedings Beyond the Initial Stay Period

14. The Stay of Proceedings under the Initial Order will expire at the end of the Initial Stay Period, being November 17, 2022. Pursuant to the proposed Amended and Restated Initial Order, the Applicants are seeking to extend the Initial Stay Period to and including February 3, 2023 (the "**Stay Period**").

15. As described in the First Ruscetta Affidavit, the Applicants require the Stay of Proceedings to prevent enforcement action by, among others, their contractual counterparties, and disruption to the Canadian Business. The Stay of Proceedings has, and if extended will, continue to preserve the *status quo* and afford the Applicants the breathing space and stability required to advance their restructuring efforts and continue the Canadian Business' ordinary course operations. Specifically, the proposed extension to the Stay of Proceedings will, among other things:

(a) facilitate the uninterrupted continuation of the Canadian Business' ordinary course operations, preserving value for the Applicants' stakeholders, including the Applicants' employees, suppliers and regulators;

(b) allow the Applicants to continue to develop and seek this Court's approval of a SISP; and

(c) permit the Applicants to attempt to negotiate an asset purchase agreement for the purposes of acting as the stalking horse bid in the SISP.

16. In connection with their application for the Initial Order, the Applicants, with the assistance of the then Proposed Monitor, conducted a cash flow analysis to determine the amount required to finance their ordinary course business operations, assuming the Initial Order was granted, over the 13-week period from November 7, 2022 to February 3, 2023 (the "**Cash Flow Forecast**"). A copy of the Cash Flow Forecast was attached as appendix "C" to the Pre-Filing Report of KSV as Proposed Monitor dated November 7, 2022. The Cash Flow Forecast demonstrates that the Applicants will have sufficient cash to support their ordinary course business operations and the costs of these CCAA proceedings throughout the Stay Period, provided the proposed Amended and Restated Initial Order is granted.

17. In light of the foregoing, I believe that the proposed extension of the Stay of Proceedings is both necessary and in the best interests of the Applicants and their stakeholders. Further, I do not believe that any creditor will be materially prejudiced by the proposed extension of the Stay of Proceedings.

18. The Monitor has advised that it is supportive of the proposed extension of the Stay of Proceedings through the Stay Period and that it believes that such extension is reasonable and appropriate in the circumstances.

C. Increasing the Directors' Charge

19. The Initial Order granted a charge in favour of the Directors and Officers in the maximum amount of $967,000 as security for the obligations and liabilities that the Directors and Officers may incur during the Initial Stay Period (the "**Directors' Charge**"). Pursuant to the proposed Amended and Restated Initial Order, the Applicants seek to increase the Directors' Charge to the maximum amount of $2,922,000. The increased quantum of the Directors' Charge was determined by the Applicants, in collaboration with the Monitor, and is limited to the indemnification obligations and liabilities that the Directors and Officers may face during the Stay Period.

20. The Applicants' restructuring efforts have and will continue to benefit from the continued participation and commitment of the Directors and Officers, certain of which possess the security clearances necessary to operate the Canadian Business. The continued involvement of the Directors and Officers in these CCAA proceedings is, however, conditional upon the granting of the proposed increase to the Directors' Charge given, among other things:

(a) that the existing Insurance Policies may not provide adequate coverage against the potential liabilities that the Directors and Officers could incur during these CCAA proceedings, especially in view of the relatively small annual limits benefiting the entire International Company, the applicable deductibles and the number of beneficiaries and exclusions, exceptions and carve-outs thereunder;

(b) the risks attending these CCAA proceedings, the regulatory environment in which the Applicants operate and the significant uncertainty surrounding coverage under the Insurance Policies; and

(c) the Applicants are unable to acquire alternative or additional directors' and officers' liability insurance capable of adequately supplementing the Insurance Policies.

21. The Applicants believe that the proposed increase to the quantum of the Directors' Charge is reasonable in the circumstances. As discussed in the First Ruscetta Affidavit, the Directors' Charge will only serve as security in respect of the indemnification obligations and potential liabilities the Directors and Officers may face in these CCAA proceedings to the extent that they do not otherwise benefit from coverage under the Insurance Policies.

22. Each of the Monitor and DIP Lender has advised that it is supportive of the proposed Directors' Charge.

23. As noted in the First Ruscetta Affidavit, the Directors and Officers anticipate seeking a release of claims against them in their capacity as directors and officers in connection with the consummation of a value-maximizing sale or restructuring transaction and the eventual termination of these CCAA proceedings.

D. Increasing the DIP Lender's Charge

24. In connection with the commencement of these CCAA proceedings, the Credit Parties entered into the DIP Agreement with the DIP Lender to address their severe liquidity crisis. As referenced above, the Initial Order:

(a) approved the Applicants' ability to borrow under the DIP Agreement up to the maximum amount of $4,875,000; and

(b) granted the DIP Lender a charge on the Property in the maximum amount of $1,825,000 to secure all amounts advanced under the DIP Facility, together with all obligations, indebtedness, fees, costs and expenses of the Borrower under the DIP Agreement and the DIP Facility (the "**DIP Lender's Charge**").

25. The amount of the DIP Facility to be funded during the Initial Stay Period was limited to that which was necessary to ensure the continued operation of the Canadian Business prior to the return of the within motion. The quantum of the DIP Lender's Charge sought pursuant to the Initial Order was correspondingly limited to the amount to be funded during the Initial Stay Period.

26. Pursuant to the DIP Agreement, all advances under the DIP Facility are to be secured by the DIP Lender's Charge. Having regard to the Cash Flow Forecast and the Applicants' funding requirements during the Stay Period, the Applicants now seek to increase the quantum of the DIP Lender's Charge pursuant to the Amended and Restated Initial Order, from $1,825,000 to $4,875,000 – the maximum borrowings available under the DIP Facility. In accordance with the terms of the Initial Order and the DIP Agreement, as well as the terms of the proposed Amended and Restated Initial Order, the DIP Lender's Charge does not and will not secure obligations incurred prior to these CCAA proceedings.

27. If the DIP Lender's Charge is not increased, the Applicants and their stakeholders will not be permitted to request the additional advances under the DIP Facility necessary to maintain the Canadian Business' ordinary course operations or to fund these CCAA proceedings during the Stay

Period. Accordingly, absent the proposed increase to the DIP Lender's Charge, the Applicants' will be forced to cease their ongoing operations.

28. The Monitor has advised that it is supportive of the proposed increase to the DIP Lender's Charge and that such increase is in the best interests of the Applicants and their stakeholders in the circumstances.

E. Priority of the Charges

29. Pursuant to the Initial Order, the Charges rank in priority to all Encumbrances (as defined in the Initial Order), save for Encumbrances in favour of any persons that were not served with the Applicants' notice of application for the Initial Order. The Initial Order preserved the entitlement of the Applicants and the beneficiaries of the Charges to seek priority of the Charges ahead of such Encumbrances on a subsequent motion, including the within motion. Under the proposed Amended and Restated Initial Order, the Applicants now seek to have the Charges rank in priority to all Encumbrances.

30. I am advised by Joshua Foster of Bennett Jones LLP, counsel to the Applicants, and believe that, the persons benefiting from the Encumbrances have been given notice of the within motion and the proposed form of Amended and Restated Initial Order. Further, I am advised by Mr. Foster that such persons were provided with copies of the Applicants' application materials filed in support of the Initial Order.

IV. CONCLUSION

31. Since the granting of the Initial Order, the Applicants have acted in good faith and with due diligence to, among other things, stabilize the Canadian Business, apprise their stakeholders

of these CCAA proceedings, liaise with their vendors and advance their restructuring efforts. In that time, the Applicants have maintained their ordinary course operations. With the benefit of the relief proposed under the Amended and Restated Initial Order and the assistance of the Monitor, the Applicants will be able to continue the Canadian Business' ordinary course operations and pursue their restructuring objectives for the benefit of their stakeholders.

32. I believe that the relief sought on the within motion and described above is in the best interests of the Applicants and their stakeholders. Such relief will advance the purposes of these CCAA proceedings and is supported, in each case, by the Monitor.

33. I swear this affidavit in support of the Applicants' motion for the Amended and Restated Initial Order and for no other or improper purpose.

SWORN REMOTELY by Michael Ruscetta stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Oakville, in the Province of Ontario, on November 11th, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Joshua Foster

JOSHUA FOSTER
Commissioner for Taking Affidavits
(or as may be)

MICHAEL RUSCETTA

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.: CV-22-00689857-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT OF MICHAEL RUSCETTA
(Sworn November 11, 2022)

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Lawyers for the Applicants

TAB C

THIS IS **EXHIBIT "C"** REFERRED TO IN THE AFFIDAVIT OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 5TH DAY OF SEPTEMBER, 2023.

Joshua Foster

JOSHUA FOSTER
A Commissioner for taking Affidavits
(or as may be)

Court File No.: CV-22-00689857-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	THURSDAY, THE 6TH
	)	
JUSTICE CONWAY	)	DAY OF APRIL, 2023

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**")

APPROVAL AND VESTING ORDER

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, *inter alia* (i) approving the Share Purchase Agreement (the "**Sale Agreement**") among Trichome Financial Corp. (the "**Vendor**"), 1000370759 Ontario Inc. (the "**Purchaser**"), Trichome JWC Acquisition Corp. ("**TJAC**"), Trichome Retail Corp. ("**TRC**"), MYM Nutraceuticals Inc. ("**MYM**"), MYM International Brands Inc. ("**MYMB**") and Highland Grow Inc. ("**Highland**", and collectively with TJAC, TRC, MYM and MYMB, the "**Purchased Entities**" and each a "**Purchased Entity**"), dated March 28, 2023 and attached as Exhibit "I" to the affidavit of Michael Ruscetta sworn March 30, 2023 (the "**Ruscetta Affidavit**"), and the transactions contemplated therein (collectively, the "**Transactions**"), including the Closing Sequence (as defined in the Sale Agreement), (ii) adding 1000491916 Ontario Inc. ("**TJAC Residual Co.**"), 1000492008 Ontario Inc. ("**TRC Residual Co.**"), 1000491929 Ontario Inc. ("**MYM Residual Co.**"), 1000492005 Ontario Inc. ("**MYMB Residual Co.**") and 1000492023 Ontario Inc. ("**Highland Residual Co.**") as Applicants to these

CCAA proceedings, (iii) vesting in the Purchaser all of the Vendor's right, title and interest in and to the Purchased Shares (as defined in the Sale Agreement), free and clear of any Encumbrances (as defined below), (iv) vesting in and to TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co. absolutely and exclusively, all of the right, title and interest of TJAC, TRC, MYM, MYMB and Highland, respectively, in and to the Excluded Assets, Excluded Contracts and Excluded Liabilities (each as defined in the Sale Agreement) and discharging all Encumbrances against the Purchased Entities and the Retained Assets other than the Permitted Encumbrances (each as defined in the Sale Agreement), and (v) granting certain related relief, was heard this day by judicial videoconference via Zoom.

ON READING the Notice of Motion of the Applicants, the Ruscetta Affidavit and the Exhibits thereto, the Fifth Report of KSV Restructuring Inc. ("**KSV**"), in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**") dated April 3, 2023, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for the Purchaser, counsel for Cortland Credit Lending Corporation, as agent for and on behalf of certain lenders, and such other counsel that were present, no one else appearing although duly served as appears from the affidavit of service of Joshua Foster, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein have the meaning ascribed to them in the Sale Agreement or the Amended and Restated Initial Order of the Honourable Madam Justice Conway dated November 17, 2022 (the "**ARIO**").

EXTENSION OF THE STAY PERIOD

3. **THIS COURT ORDERS** that the Stay Period be and is hereby extended until and including October 31, 2023.

APPROVAL AND VESTING

4. **THIS COURT ORDERS AND DECLARES** that the Sale Agreement and the Transactions are hereby approved and the execution of the Sale Agreement by the Vendor and the Purchased Entities is hereby authorized and approved, with such minor amendments as the parties thereto may deem necessary, with the approval of the Monitor. The Applicants are hereby authorized and directed to perform their obligations under the Sale Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transactions and for the conveyance of the Purchased Shares to the Purchaser.

5. **THIS COURT ORDERS AND DECLARES** that notwithstanding any provision of this Order, the closing of the Transactions shall be deemed to occur in the manner and sequence set out in the Closing Sequence, with such alterations, changes or amendments as may be agreed to by the Vendor and the Purchaser, with the prior written consent of the Monitor, provided that such alterations, changes or amendments do not materially alter or impact the Transactions or the consideration which the Vendor or the Applicants' stakeholders will benefit from as part of the Transactions.

6. **THIS COURT ORDERS AND DECLARES** that this Order shall constitute the only authorization required by the Vendor and the Purchased Entities to proceed with the Transactions and that no shareholder or other approval shall be required in connection therewith.

7. **THIS COURT ORDERS AND DECLARES** that, upon the delivery of the Monitor's certificate (the "**Monitor's Certificate**") to the Purchaser (the "**Effective Time**"), substantially in the form attached as Schedule "A" hereto, the following shall occur and shall be deemed to have occurred in the manner and sequence set out in the Closing Sequence:

(a) the Purchaser shall pay the Cash Payment in immediately available funds to the Monitor, to be held in escrow and released in accordance with the Closing Sequence;

(b) the following shall occur, and shall be deemed to occur, concurrently:

(i) all of TJAC's, TRC's, MYM's, MYMB's and Highland's right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co., respectively, and all Claims (as defined below) and Encumbrances shall continue to attach to such Excluded Assets with the same nature and priority as they had immediately prior to their transfer;

(ii) the Excluded Liabilities and the Excluded Contracts of TJAC, TRC, MYM, MYMB and Highland shall be transferred to, assumed by and vest absolutely and exclusively in TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co., respectively (who, in each case, shall be deemed to be party to such Excluded Contracts), and shall no longer be obligations of TJAC, TRC, MYM, MYMB and Highland, as applicable, each of which Purchased Entity and its Retained Assets shall be and are hereby forever released and discharged from such Excluded Contracts and Excluded Liabilities, and all Claims and Encumbrances are hereby expunged and discharged as against the Retained Assets; and

(iii) TJAC shall issue a Deferred Consideration Note to TJAC Residual Co. and Highland shall issue a Deferred Consideration Note to Highland Residual Co.;

(c) all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any Person and are convertible or

exchangeable for any securities of any of the Purchased Entities or which require the issuance, sale or transfer by any of the Purchased Entities, of any shares or other securities of the Purchased Entities, or otherwise evidencing a right to acquire the Purchased Shares and/or the share capital of the Purchased Entities, or otherwise relating thereto, shall be deemed terminated and cancelled without any payment or other consideration;

(d) the Purchase Price shall be paid and satisfied in accordance with Section 7.2(d) of the Sale Agreement and all of the Vendor's right, title and interest in and to the Purchased Shares shall vest absolutely and exclusively in the Purchaser free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the ARIO or any other Order of the Court; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system, including those listed on Schedule "B" hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule "C" hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Shares are hereby expunged and discharged as against the Purchased Shares; and

(e) the Purchased Entities shall and shall be deemed to cease to be Applicants in these CCAA proceedings, and the Purchased Entities shall be deemed to be released from the purview of the ARIO and all other Orders of this Court granted in respect of these CCAA proceedings, save and except for this Order, the provisions of which (as they relate to the Purchased Entities) shall continue to apply in all respects.

8. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate and deliver a copy of the Monitor's Certificate to the Service List, in each case forthwith after delivery thereof in connection with the Transactions.

9. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Vendor and the Purchaser (which notice may be by email from counsel to the Applicants and the Purchaser) regarding the satisfaction or waiver of conditions to closing under the Sale Agreement and shall have no liability with respect to delivery of the Monitor's Certificate.

10. **THIS COURT ORDERS** that, subject to paragraph 11 of this Order, for the purposes of determining the nature and priority of Claims, from and after delivery of the Monitor's Certificate, the Deposit, the Cash Payment, and any amounts received under the Secured Promissory Note (the "**Note Proceeds**") shall be allocated to the Vendor, and any amounts received under any Deferred Consideration Note (collectively with the Deposit, the Cash Payment and the Note Proceeds, the "**Proceeds**") shall be allocated to the applicable Residual Cos., and that from and after the delivery of the Monitor's Certificate, all Claims and Encumbrances shall attach to the Proceeds, with the same priority as they had with respect to the Purchased Shares and the Retained Assets immediately prior to the sale, as if (i) the Purchased Shares and the Retained Assets had remained owned by and in the possession or control of the Person who owned and had possession or control immediately prior to the Effective Time, and (ii) the Excluded Contracts and the Excluded Liabilities had not been transferred to the Residual Cos. and remained liabilities of the Purchased Entities immediately prior to the transfer.

11. **THIS COURT ORDERS** that, subject to the receipt of the Cash Payment, release of the Deposit and completion of the Transactions, the Vendor is hereby authorized and directed to:

(a) pay from the Cash Payment received on the Closing Date the amount of $56,500.00 (for greater certainty, being $50,000 plus applicable HST) to Hyde Advisory & Investments Inc. within five (5) business days of the Closing Date; and

(b) pay from the Note Proceeds (i) five (5) percent of the first $1,000,000.00 in Note Proceeds received by the Vendor (the "**Initial Note Proceeds**"), and (ii) seven and one-half (7.5) percent of all Note Proceeds received by the Vendor in excess of the

Initial Note Proceeds (the "**Additional Note Proceeds**"), in each case, plus applicable HST, to Hyde Advisory & Investments Inc. within five (5) business days of receipt of all of the Initial Note Proceeds and all of the Additional Note Proceeds, respectively.

12. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, each of the Applicants or the Monitor, as the case may be, is authorized, permitted and directed to, at the Effective Time, disclose to the Purchaser all human resources and payroll information in the Purchased Entities' records pertaining to past and current employees of the Purchased Entities. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Purchased Entities prior to the Effective Time.

13. **THIS COURT ORDERS AND DECLARES** that, at the Effective Time and without limiting the provisions of paragraph 7 of this Order, the Purchaser and the Purchased Entities shall be deemed released from any and all claims, liabilities (direct, indirect, absolute or contingent) or obligations with respect to any Taxes (including penalties and interest thereon) of, or that relate to, the Applicants (provided that, such release shall not apply to: (i) Taxes in respect of the business and operations conducted by any of the Purchased Entities after the Effective Time; or (ii) Taxes expressly assumed as Assumed Liabilities pursuant to the Sale Agreement), including without limiting the generality of the foregoing all Taxes that could be assessed against the Purchaser or the Purchased Entities (including their affiliates and any predecessor corporations) pursuant to section 160 or section 160.01 of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), including as a result of any future amendments or proposed amendments to such provisions or related provisions, or any provincial equivalent, in connection with the Applicants.

14. **THIS COURT ORDERS** that, except to the extent expressly contemplated by the Sale Agreement, all Contracts to which any of the Purchased Entities is a party upon the Effective Time will be and remain in full force and effect upon and following delivery of the Monitor's Certificate and no Person who is party to any such Contract may accelerate, terminate, rescind, refuse to

perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such Contract and no automatic termination will have any validity or effect, by reason of:

(a) any event that occurred on or prior to the Effective Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of any of the Applicants);

(b) the insolvency of any of the Applicants or the fact that the Applicants sought or obtained relief under the CCAA;

(c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the Sale Agreement, the Transactions or the provisions of this Order, or any other Order of the Court in these CCAA proceedings; or

(d) any transfer or assignment, or any change of control of the Purchased Entity arising from the implementation of the Sale Agreement, the Transactions or the provisions of this Order.

15. **THIS COURT ORDERS**, for greater certainty, that: (i) nothing in paragraph 14 of this Order shall waive, compromise or discharge any obligations of any of the Purchased Entities in respect of any Assumed Liabilities; (ii) the designation of any Claim as an Assumed Liability is without prejudice to the Purchased Entities' and the Purchaser's rights to dispute the existence, validity or quantum of any such Assumed Liability; and (iii) nothing in this Order or the Sale Agreement shall affect or waive the Purchased Entities' or the Purchaser's rights and defences, both legal and equitable, with respect to any Assumed Liability, including, but not limited to, all rights with respect to entitlements to set-offs or recoupments against such Assumed Liability.

16. **THIS COURT ORDERS** that from and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of any of the Applicants then existing or previously committed by any of the Applicants, or caused by any of the Applicants, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative

pledge, term, provision, condition or obligation, expressed or implied, in any Contract, existing between such Person and any of the Purchased Entities arising directly or indirectly from the filing by the Applicants under the CCAA and the implementation of the Transactions, including without limitation any of the matters or events listed in paragraph 14 of this Order, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a Contract shall be deemed to have been rescinded and of no further force or effect; provided that, nothing herein shall be deemed to excuse any of the Purchased Entities, the Vendor or the Purchaser from performing their obligations under the Sale Agreement or be a waiver of defaults by any of the Purchased Entities, the Vendor or the Purchaser under the Sale Agreement and the related documents.

17. **THIS COURT ORDERS** that, from and after the Effective Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, including without limitation, administrative hearings and orders, declarations and assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any of the Purchased Entities, the Purchaser, the Purchased Shares or the Retained Assets relating in any way to or in respect of any Excluded Assets, Excluded Contracts or Excluded Liabilities and any other claims, obligations and other matters which are waived, released, expunged or discharged pursuant to this Order.

18. **THIS COURT ORDERS** that, from and after the Effective Time:

(a) the nature of the Assumed Liabilities assumed by the Purchaser or retained by the Purchased Entities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transactions or this Order;

(b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co., as applicable;

(c) any Person that prior to the Effective Time had a valid right or claim against any of the Purchased Entities under or in respect of any Excluded Contract and/or Excluded Liability (each an "**Excluded Liability Claim**") shall no longer have such right or claim against the applicable Purchased Entity but will have an equivalent Excluded Liability Claim against TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and/or Highland Residual Co., as applicable, in respect of the Excluded Contract and/or Excluded Liability from and after the Effective Time in its place and stead, and nothing in this Order limits, lessens or extinguishes the Excluded Liability Claim of any Person as against TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and/or Highland Residual Co., as applicable; and

(d) the Excluded Liability Claim of any Person against TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and/or Highland Residual Co., as applicable, following the Effective Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against the applicable Purchased Entity prior to the Effective Time.

19. **THIS COURT ORDERS AND DECLARES** that, as of the Effective Time:

(a) TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co. shall each be a company to which the CCAA applies; and

(b) TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co. shall each be added as an Applicant in these CCAA proceedings and all references in any Order of this Court in respect of these CCAA proceedings to (i) an "Applicant" or the "Applicants" shall refer to and include TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co., *mutatis mutandis*, and (ii) "Property" shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, of TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and

Highland Residual Co., including without limitation, any amounts received under any Deferred Consideration Note (collectively, the "**Residual Co. Property**"), and, for greater certainty, each of the Charges shall constitute a charge on the Residual Co. Property.

20. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these CCAA proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") in respect of any of the Applicants or any of the Residual Cos. and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of any of the Applicants or any of the Residual Cos.;

the Sale Agreement, the implementation of the Transactions (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to the Residual Cos., and the transfer and vesting of the Purchased Shares in and to the Purchaser), and any payments by the Purchaser or any Purchased Entity authorized herein or pursuant to the Sale Agreement shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Applicants and/or any of the Residual Cos. and shall not be void or voidable by creditors of any of the Applicants or any of the Residual Cos., as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

21. **THIS COURT ORDERS** that nothing in this Order, including the release of the Purchased Entities from the purview of these CCAA proceedings pursuant to paragraph 7(e) of this Order and the addition of the Residual Cos. as Applicants in these CCAA proceedings, shall affect, vary, derogate from, limit or amend, and KSV shall continue to have the benefit of, any and all rights and approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the ARIO,

this Order, any other Orders in these CCAA proceedings or otherwise, including all approvals, protections and stays of proceedings in favour of KSV in its capacity as Monitor, all of which are expressly continued and confirmed.

GENERAL

22. **THIS COURT ORDERS** that, following the Effective Time, the Purchaser and the Purchased Entities shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against the Purchased Shares and the Retained Assets.

23. **THIS COURT ORDERS** that, following the Effective Time, the title of these CCAA proceedings is hereby changed to:

> **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., 1000491916 ONTARIO INC., 1000492008 ONTARIO INC., 1000491929 ONTARIO INC., 1000492005 ONTARIO INC. AND 1000492023 ONTARIO INC.**

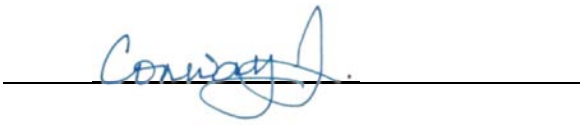
24. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

25. **THIS COURT ORDERS** that the Applicants and the Monitor shall be authorized to apply as they may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement this Order. All courts and administrative bodies of all such jurisdictions are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and Monitor as may be deemed necessary or appropriate for that purpose.

26. **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

the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order.

27. **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, provided that the transaction steps set out in paragraph 7 of this Order shall be deemed to have occurred in the manner and sequence set out in the Closing Sequence.



Electronically issued / Délivré par voie électronique : 06-Apr-2023
Toronto Superior Court of Justice / Cour supérieure de justice
Court File No./N° du dossier du greffe : CV-22-00689857-00CL

SCHEDULE "A"

FORM OF MONITOR'S CERTIFICATE

Court File No.: CV-22-00689857-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TRICHOME FINANCIAL CORP., TRICHOME JWC ACQUISITION CORP., MYM NUTRACEUTICALS INC., TRICHOME RETAIL CORP., MYM INTERNATIONAL BRANDS INC., AND HIGHLAND GROW INC.

Applicants

MONITOR'S CERTIFICATE

RECITALS

A. The Applicants commenced these proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA Proceedings**") pursuant to an initial order (as amended and restated, the "**Initial Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated November 7, 2022. Among other things, the Initial Order appointed KSV Restructuring Inc. as monitor of the Applicants in the CCAA Proceedings (in such capacity, the "**Monitor**").

B. Pursuant to an Approval and Vesting Order of the Court dated April 6, 2023 (the "**Approval and Vesting Order**"), the Court, *inter alia*: (i) approved the transactions (the "**Transactions**") contemplated by the Share Purchase Agreement (the "**Sale Agreement**") among Trichome Financial Corp. (the "**Vendor**"), Trichome JWC Acquisition Corp. ("**TJAC**"), Trichome Retail Corp. ("**TRC**"), MYM Nutraceuticals Inc. ("**MYM**"), MYM International Brands Inc. ("**MYMB**") and Highland Grow Inc. ("**Highland**", and collectively with TJAC, TRC, MYM and

MYMB, the "**Purchased Entities**"), and 1000370759 Ontario Inc. (the "**Purchaser**") dated March 28, 2023; (ii) added the Residual Cos. as Applicants in the CCAA Proceedings; (iii) vested in the Purchaser all of the Vendor's right, title and interest in and to the Purchased Shares, free and clear from any Encumbrances; and (iv) vested in and to TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co. absolutely and exclusively, all of the right, title and interest of TJAC, TRC, MYM, MYMB and Highland, respectively, in and to the Excluded Assets, Excluded Contracts and Excluded Liabilities and discharged all Encumbrances against the Purchased Entities and the Retained Assets other than Permitted Encumbrances.

C. Capitalized terms used but not defined herein have the meanings ascribed to them in the Approval and Vesting Order or the Sale Agreement, as applicable.

THE MONITOR CERTIFIES the following:

1. The Monitor has received written confirmation from the Purchaser and the Vendor, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived by the parties to the Sale Agreement.

2. This Monitor's Certificate was delivered by the Monitor at _____ on, _____, 2023.

KSV RESTRUCTURING INC., solely in its capacity as Monitor of the Applicants, and not in its personal or corporate capacity

Per: _____
Name:
Title:

SCHEDULE "B"

CLAIMS AND ENCUMBRANCES TO BE VESTED FROM PROVINCIAL PERSONAL PROPERTY REGISTRY SYSTEMS

Jurisdiction	Registration and File Number	Date	Secured Party	Particulars
		TJAC		
Ontario	20200826 1340 1590 0316 765129519	August 26, 2020	Trichome Financial Corp.	Inventory Equipment Accounts Other Motor vehicle incl.
Ontario	20200826 1341 1590 0317 765129537	August 26, 2020	Trichome Financial Corp.	Inventory Equipment Accounts Other Motor vehicle incl.
Ontario	20210511 0938 1862 7712 772381629	May 11, 2021	Cortland Credit Lending Corporation, as agent	Inventory Equipment Accounts Other Motor vehicle incl.
Ontario	20220324 1335 1901 1970 781390161	March 24, 2022	Kempenfelt, a division of Bennington Financial Corp.	Equipment Other Motor vehicle incl.
		MYM		
Ontario	20210823 1624 1590 1854 775673973	August 23, 2021	Cortland Credit Lending Corporation, as agent	Inventory Equipment Accounts Other Motor vehicle incl.
British Columbia	196579N	August 24, 2021	Cortland Credit Lending Corporation, as agent	All of the Debtor's present and after acquired personal property
		MYMB		
Ontario	20210823 1623 1590 1853 775673937	August 23, 2021	Cortland Credit Lending Corporation, as agent	Inventory Equipment Accounts Other Motor vehicle incl.
British Columbia	196584N	August 24, 2021	Cortland Credit Lending Corporation, as agent	All of the Debtor's present and after

Jurisdiction	Registration and File Number	Date	Secured Party	Particulars
				acquired personal property
Highland				
Ontario	20210823 1626 1590 1855 775673982	August 23, 2021	Cortland Credit Lending Corporation, as agent	Inventory Equipment Accounts Other Motor vehicle incl.
Nova Scotia	35017565 SM004579.645	August 23, 2021	Cortland Credit Lending Corporation, as agent	A security interest is taken in all of the debtor's present and after acquired personal property
TRC				
Ontario	20210823 1353 1590 1796 775668366	August 23, 2021	Cortland Credit Lending Corporation, as agent	Inventory Equipment Accounts Other Motor vehicle incl.

Electronically issued / Délivré par voie électronique : 06-Apr-2023
Toronto Superior Court of Justice / Cour supérieure de justice

SCHEDULE "C"

PERMITTED ENCUMBRANCES

Nil.

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.: CV-22-00689857-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER

BENNETT JONES LLP
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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 D

THIS IS **EXHIBIT "D"** REFERRED TO IN THE AFFIDAVIT OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 5TH DAY OF SEPTEMBER, 2023.

Joshua Foster

JOSHUA FOSTER
A Commissioner for taking Affidavits
(or as may be)

SUPERIOR COURT OF JUSTICE

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-22-00689857-00CL **DATE: 6 April 2023**

NO. ON LIST: 6

TITLE OF PROCEEDING: TRICHOME FINANCIAL CORP. et al

BEFORE: JUSTICE CONWAY

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Sean Zweig	Trichome financial corp. Et al	zweigs@bennettjones.com
Joshua Foste	Trichome financial corp. Et al	foster@bennettjones.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Stephanie Fernandes	The Monitor	sfernandes@cassels.com
Jeremy Bornstein	The Monitor	jbornstein@cassels.com
Jeffrey Simpson	The Purchaser	jsimpson@torkinmanes.com
Mark Freake,	The DIP Lender	mark.freake@dentons.com
Noah Goldstein	The Monitor	ngoldstein@ksvadvisory.com

ENDORSEMENT OF JUSTICE CONWAY:

[1] All defined terms used in this Endorsement shall, unless otherwise defined, have the meanings ascribed to them in the Factum of the Applicants dated April 4, 2023.

[2] The Applicants in these CCAA proceedings seek an Approval and Vesting Order for a going concern transaction, structured as a Reverse Vesting Order ("**RVO**").

[3] The Monitor supports the transaction and the relief sought, as does the DIP Lender and the Agent, who are the parties with the primary economic interest in these CCAA proceedings.

[4] The background is described in the affidavit of Michael Ruscetta sworn March 30, 2023 and the Monitor's Fifth Report. Briefly, the Applicants conducted a sale and investment solicitation process, accompanied by a stalking horse bid, all pursuant to court order. The process was unsuccessful in generating any bids and the Stalking Horse Bidder subsequently advised that it would not complete the transaction.

[5] Following that process, and after the DIP Lender said that it would not continue to fund the Applicants' business operations, the Applicants determined that they would wind down the business. They continued to market the business, however, and engaged Hyde to lead an informal marketing process. That generated three letters of intent. The Purchaser's bid was selected as the highest and best offer in terms of aggregate consideration, security and certainty provided.

[6] The terms of the Sale Agreement are described in the materials. It is structured as an RVO in which the Purchaser will pay $3,375,000 for the Purchased Shares, together with the Deferred Consideration. The Purchased Entities will remain liable for the Assumed Liabilities. The excluded assets, liabilities and contracts will be transferred to the Residual Cos., which will be added as Applicants to the CCAA proceedings. The Purchased Entities will be removed as Applicants from these proceedings.

[7] Section 11 of the CCAA provides this court with the jurisdiction to approve an RVO where it will further the remedial objectives of the legislation. In this case, the Sale Agreement and the Transactions represent the only bid that emerged from the restructuring proceedings and preserve the business as a going concern, to the benefit of multiple stakeholders including employees, landlords and suppliers.

[8] I have closely scrutinized the RVO as required by *Re Harte Gold Corp*., 2022 ONSC 653 and considered the questions raised by Justice Penny in that case. I have also considered the factors in s. 36(3) of the CCAA and those set forth in *Royal Bank v. Soundair*, [1991] 7 CBR (3d) 1.

[9] In this case, the Transactions are the only ones that emerged after a court-approved SISP was run, the Stalking Horse Bidder did not go forward, and an informal marketing process was run. The business and assets have been fully exposed to the market. The Monitor has been involved in each step along the way. The only alternative to these Transactions would be bankruptcy, which would be far less favourable to stakeholders and yield less recovery. The reason for the RVO is to preserve the Cannibis Licenses, which are critical to the business. The proposed structure does not disadvantage any stakeholder and, as said, preserves the business as a going concern. The consideration adequately reflects the value of preserving the Cannibis Licenses through the RVO structure. I therefore approve the Transactions and the RVO structure.

[10] The Applicants seek approval of the Success Fee to Hyde, which was instrumental in procuring the Transactions. The Monitor, the DIP Lender and the Agent support the payment of this fee. I consider it appropriate in the circumstances and approve the Success Fee.

[11] I am extending the Stay of Proceedings to October 31, 2023. I am satisfied that the Applicants are acting in good faith and with due diligence. The Applicants will have sufficient liquidity to fund their obligations and the CCAA proceedings throughout the extended period. The Monitor supports the extension.

[12] Order to go as signed by me and attached to this Endorsement. This order is effective from today's date and is enforceable without the need for entry and filing.

TAB E

THIS IS **EXHIBIT "E"** REFERRED TO IN THE AFFIDAVIT OF MICHAEL RUSCETTA, SWORN BEFORE ME THIS 5TH DAY OF SEPTEMBER, 2023.

Joshua Foster

JOSHUA FOSTER
A Commissioner for taking Affidavits
(or as may be)

THIS AGREEMENT MADE AS OF this 27th day of June, 2023 (this "**Settlement Agreement**").

BETWEEN:

> **TRICHOME FINANCIAL CORP.** ("**Trichome**"), **1000491916 ONTARIO INC.** ("**TJAC Residual Co.**"), **1000492008 ONTARIO INC.** ("**TRC Residual Co.**"), **1000491929 ONTARIO INC.** ("**MYM Residual Co.**"), **1000492005 ONTARIO INC.** ("**MYMB Residual Co.**") **and 1000492023 ONTARIO INC.** ("**Highland Residual Co.**")
>
> (collectively, the "**Vendor Parties**")
>
> - and –
>
> **1000370759 ONTARIO INC.** (the "**Purchase**r"), **2767888 ONTARIO INC.** (the "**Guarantor**"), **TRICHOME JWC ACQUISITION CORP.** ("**TJAC**"), **TRICHOME RETAIL CORP.** ("**TRC**"), **MYM NUTRACEUTICALS INC.** ("**MYM**"), **MYM INTERNATIONAL BRANDS INC.** ("**MYMB**"), and **HIGHLAND GROW INC.** ("**Highland**")
>
> (collectively, the "**Purchaser Parties**", and together with the Vendor Parties, the "**Parties**", and each a "**Party**")

SETTLEMENT AGREEMENT

WHEREAS the Purchaser, Trichome, TJAC, TRC, MYM, MYMB and Highland are party to a Share Purchase Agreement dated March 28, 2023 (the "**Sale Agreement**"), pursuant to which, among other things, the Purchaser acquired all of the issued and outstanding shares in the capital of TJAC and MYM owned by Trichome (the "**Purchased Shares**") for a purchase price of $3,375,000 (the "**Purchase Price**");

AND WHEREAS Trichome, TJAC, TRC, MYM, MYMB and Highland sought and, on April 6, 2023, obtained an order (the "**Approval and Vesting Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**", and the proceedings thereunder, the "**CCAA Proceedings**"), *inter alia*: (i) approving the Sale Agreement and the transactions contemplated therein (collectively, the "**Transaction**"); (ii) adding TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co. as applicants in the CCAA Proceedings as at the Effective Time (as defined in the Approval and Vesting Order); (iii) vesting in the Purchaser all of Trichome's right, title and interest in and to the Purchased Shares, free and clear of any Encumbrances (as defined in the Approval and Vesting Order) as at the Effective Time; (iv) vesting in and to TJAC Residual Co., TRC Residual Co., MYM Residual Co., MYMB Residual Co. and Highland Residual Co. (collectively, the "**Residual Cos.**", and each a "**Residual Co.**") absolutely and exclusively, all of the right, title and interest of TJAC, TRC, MYM, MYMB and Highland (collectively, the "**Purchased Entities**"), respectively, in and to the Excluded Assets, Excluded Contracts and Excluded Liabilities (each as defined in the Sale Agreement) as at the Effective Time; and (v) removing the Purchased Entities as applicants in the CCAA Proceedings as at the Effective Time;

AND WHEREAS the Transaction closed on April 6, 2023 (the "**Closing Date**"), on which date the Purchase Price was paid and satisfied by: (i) the release of $500,000 paid on behalf of the Purchaser to KSV Restructuring Inc., in its capacity as the Court-appointed monitor in the CCAA Proceedings (in such capacity, the "**Monitor**"), to Trichome in accordance with the Closing Sequence (as defined in the Sale Agreement); (ii) the payment of $500,000 by the Purchaser to the Monitor, which payment was released to Trichome in accordance with the Closing Sequence; and (iii) the issuance by the Purchaser of a secured interest bearing promissory note in the principal face amount of $2,375,000 in favour of Trichome (the "**Secured Promissory Note**"), which principal face amount is to be reduced on a dollar-for-dollar basis by the Assumed Liabilities Employee Amount;

AND WHEREAS all obligations under the Secured Promissory Note (collectively, the "**Secured Note Obligations**") are secured by: (i) a guarantee and general security interest granted by the Guarantor in favour of Trichome in, among other things, all of the present and after-acquired property of the Guarantor (together, the "**Guarantee and GSA**"); and (ii) mortgages registered against each of the Collateral Properties (as defined in the Sale Agreement) in favour of Trichome (collectively, the "**Mortgages**");

AND WHEREAS as partial consideration for the assumption of TJAC's and Highland's Excluded Liabilities by TJAC Residual Co. and Highland Residual Co., respectively, TJAC and Highland each issued an interest-free, limited recourse promissory note in the principal face amount of the Deferred Consideration Note Amount (as defined in the Sale Agreement) in favour of TJAC Residual Co. and Highland Residual Co. (together, the "**Deferred Consideration Notes**"), respectively, the obligations under which (collectively, the "**Deferred Note Obligations**") are secured solely by TJAC's and Highland's Closing Date Purchased Entity Receivables (as defined in the Sale Agreement);

AND WHEREAS under the Sale Agreement, the Purchaser agreed to cause each of the Purchased Entities to, for a period of eighteen (18) months after the Closing Date, use commercially reasonable efforts to collect all Closing Date Purchased Entity Receivables in the same manner that a prudent cannabis vendor would use to collect its own receivables, and to cause the Purchased Entities to use the proceeds thereof solely to repay the Deferred Consideration Notes forthwith, and in any event, on a weekly basis; provided that the Purchaser would not be required to institute any legal proceeding and any reasonable and documented out-of-pocket expenses (with the exception of employee related expenses) incurred by the Purchaser in connection with the collection of any Closing Date Purchased Entity Receivable that are approved by Trichome in advance would be deducted from the amount remitted to the applicable Residual Co.;

AND WHEREAS certain disputes have arisen since the Closing Date between the Vendor Parties, on the one hand, and the Purchaser Parties, on the other hand, including with respect to: (i) the accounts receivable due to TJAC from Rose LifeScience Inc. in the amounts of $344,566.57 and $77,430.00 (together, the "**Rose Life AR**") and Motif Labs Ltd. in the amount of $24,141.04 (the "**Motif AR**"); and (ii) all of the emails sent to and/or received by Howard Steinberg, James Andrews and Will Werth at hsteinberg@jwc.ca, jandrews@jwc.ca and wwerth@jwc.ca, respectively (collectively, the " **Emails**");

AND WHEREAS the Vendor Parties have scheduled a motion in the CCAA Proceedings to determine various disputed issues in relation to the Rose Life AR, Motif AR and the Emails, which motion is currently scheduled to be heard by the Court on September 14, 2023 (the "**Proposed Motion**");

AND WHEREAS pending the resolution of the Proposed Motion, the Parties authorized and directed the Rose Life AR to be held by the Monitor in trust;

AND WHEREAS Trichome has received the Motif AR and paid CDN$1,068.00 to Green Consulting Intl. Services in connection with the Motif AR (the "**Green Consulting Payment**");

AND WHEREAS the Purchaser Parties wish to obtain a release and discharge of the Guarantee and GSA, Mortgages and Secured Note Obligations;

AND WHEREAS the Parties wish to fully and finally settle the Secured Note Obligations, the Deferred Note Obligations and the Proposed Motion and, subject to the terms and conditions of the Mutual Release (as defined below), mutually release one another from any and all claims of any kind or nature, known or unknown, in existence now as between the Parties arising out of or in connection with the Transaction, the Sale Agreement, the Secured Promissory Note, the Guarantee and GSA, the Mortgages, the Secured Note Obligations, the Deferred Consideration Notes, the Deferred Note Obligations and the Proposed Motion without costs (collectively, the "**Settled Claims**");

AND WHEREAS the Parties have negotiated and agreed to the terms of settlement set out in this Settlement Agreement, which is meant to achieve a mutually-beneficial, full and final settlement in respect of the Settled Claims;

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Recitals and schedules**: The above recitals are true and accurate in all respects and form part of this Settlement Agreement together with the Schedules attached hereto.

2. **Secured Note Repayment:** Concurrently with the execution of this Settlement Agreement, the Purchaser shall pay or cause to be paid to Trichome the all-inclusive sum of CDN$2,200,000 by wire transfer of immediately available funds in full and final satisfaction of the Secured Note Obligations (the "**Secured Note Repayment**").

3. **Deferred Notes Repayment:** Concurrently with the execution of this Settlement Agreement, TJAC Residual Co. and TJAC shall execute a joint direction to the Monitor in the form attached hereto as Schedule "A" (the "**Joint Direction**"), irrevocably authorizing and directing the Monitor to pay from the Rose Life AR (the "**Deferred Notes Repayment**"): (i) the all-inclusive sum of CDN$222,534.80 by wire transfer of immediately available funds to TJAC (representing 50% of the Rose Life AR, plus 50% of the Motif AR, less 50% of the Green Consulting Payment); and (ii) the all-the inclusive sum of CDN$199,461.77 by wire transfer of immediately available funds to Trichome (representing 50% of the Rose Life AR, less 50% of the Motif AR, plus 50% of the Green

Consulting Payment). The Joint Direction shall be held in escrow by counsel for the Vendor Parties and only released and provided to the Monitor upon the Secured Note Repayment being received in full.

4. **Release of Security:** Concurrently with the execution of this Settlement Agreement, each of Trichome, TJAC Residual Co. and Highland Residual Co. shall execute a discharge and release in the form attached hereto as Schedule "B" (the "**Release of Security**"), terminating and cancelling all obligations under the Secured Promissory Note and the Deferred Consideration Notes, as applicable, and releasing and discharging the security interests granted under the Guarantee and GSA, the Deferred Consideration Notes and the Mortgages, including without limitation, the charges registered against the Guarantor, TJAC and Highland pursuant to the *Personal Property Security Act* (Ontario) and charges registered on title of the Collateral Properties and any other security interests which Trichome, TJAC Residual Co. or Highland Residual Co. holds in respect of the Purchaser, the Guarantor, TJAC and/or Highland, which Release of Security shall be held in escrow by counsel for the Vendor Parties and only released and provided to the Purchaser, the Guarantor, TJAC and Highland upon the Secured Note Repayment and the Deferred Notes Repayment being received in full.

5. **Mutual Release:** Concurrently with the execution of this Settlement Agreement, the Parties shall execute the full and final mutual release in the form attached hereto as Schedule "C" (the "**Mutual Release**"), which Mutual Release shall be held in escrow by counsel for the Vendor Parties and only released upon the Secured Note Repayment and the Deferred Notes Repayment being received in full.

6. **Withdrawal of Proposed Motion:** Forthwith upon the Secured Note Repayment and the Deferred Notes Repayment being made in full, the Vendor Parties shall use commercially reasonable efforts to withdraw and release the hearing date for the Proposed Motion.

7. **Representations of the Vendor Parties:** Each of the Vendor Parties represents and warrants to the Purchaser Parties as follows, and acknowledges that the Purchaser Parties are relying upon such representations and warranties in connection with this Settlement Agreement:

   (a) the execution and delivery by each of the Vendor Parties of this Settlement Agreement and the performance of all of their obligations hereunder has, to the extent applicable, been authorized by all necessary corporate action on the part of each of the applicable Vendor Parties;

   (b) the execution and delivery by each of the Vendor Parties of this Settlement Agreement and the performance of all of their obligations hereunder, does not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition), and at no point will, result in any breach or violation of, or conflict with (i) any terms or provisions of any of the Vendor Parties' organizational documents, (ii) any laws, regulations or orders applicable to any of the Vendor Parties, or (iii) any contractual, regulatory, legal or equitable obligations of any kind applicable to any of the Vendor Parties;

(c) this Settlement Agreement has been duly executed and delivered by each of the Vendor Parties and this Settlement Agreement constitutes a legal, valid and binding obligation of each of the Vendor Parties, enforceable in accordance with its terms; and

(d) none of the Vendor Parties shall take any further actions in respect of any deposits or funds held on account of TJAC under the Trillium Lease (as defined in the Sale Agreement) without the consent of the Purchaser Parties, acting reasonably.

8. **Representations of the Purchaser Parties:** Each of the Purchaser Parties represents and warrants to the Vendor Parties, and acknowledges that the Vendor Parties are relying upon such representations and warranties in connection with this Settlement Agreement:

(a) the execution and delivery by each of the Purchaser Parties of this Settlement Agreement and the performance of all of their obligations hereunder has, to the extent applicable, been authorized by all necessary corporate action on the part of each of the applicable Purchaser Parties;

(b) the execution and delivery by each of the Purchaser Parties of this Settlement Agreement and the performance of all of their obligations hereunder, does not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition), and at no point will, result in any breach or violation of, or conflict with (i) any terms or provisions of any of the Purchaser Parties' organizational documents, (ii) any laws, regulations or orders applicable to any of the Purchaser Parties, or (iii) any contractual, regulatory, legal or equitable obligations of any kind applicable to any of the Purchaser Parties;

(c) this Settlement Agreement has been duly executed and delivered by each of the Purchaser Parties and this Settlement Agreement constitutes a legal, valid and binding obligation of each of the Purchaser Parties, enforceable in accordance with its terms; and

(d) each of the Purchaser Parties, to the extent applicable: (i) has, to the best of its knowledge, deleted the Emails; (ii) has not, to the best of its knowledge, made or caused to be made, and will not make any copies of the Emails; (iii) has not sought, and will not seek, to recover nor cause to be recovered any of the Emails; (iv) does not knowingly have any of the Emails in its power, possession or control and will not share, disclose, produce, distribute, circulate or otherwise release any of the Emails; and (v) has not knowingly shared, disclosed, produced, distributed, circulated or otherwise released any of the Emails. For the avoidance of doubt, references to the Purchaser Parties' knowledge in this Section 8(d) shall include the knowledge of each of (x) the Purchaser Parties' directors and officers; (y) Kenneth Schaller; and (z) Corry Van Iersel.

9. **Court Approval:** Nothing in this Settlement Agreement shall preclude the Vendor Parties from applying to the Court for an order approving this Settlement Agreement, including the Schedules attached hereto, *nunc pro tunc*, and the Vendor Parties shall be entitled to

disclose this Settlement Agreement, including the Schedules attached hereto, to the Court and the parties in interest in the CCAA Proceedings.

10. **No Admission of Liability:** This Settlement Agreement is entered into for the purposes of settlement and compromise only. This Settlement Agreement will not in any way be construed as an admission by any Party, and the Parties each specifically disclaim any liability in connection with this Settlement Agreement.

11. **Legal Advice:** The Parties hereby declare, represent and warrant that they have consulted with, and been advised by independent legal counsel with respect to the terms of this Settlement Agreement, that they have read and fully understand all of the terms and consequences of this Settlement Agreement, including all of the Schedules attached hereto, and that they enter into this Settlement Agreement freely and voluntarily, without coercion or duress, and without reliance upon any representation, warranty, condition or agreement, whether written or oral, other than as expressly set out or referred to herein.

12. **Further Assurances:** The Parties shall execute all documents, take all commercially reasonable steps, furnish the other Party such further information or assurances, and take such other actions and do such other things, as are necessary to accomplish the objectives of this Settlement Agreement, including its Schedules, and give effect thereto. The Parties shall bear their own costs and expenses incurred in connection with this Settlement Agreement.

13. **Amendment:** This Settlement Agreement may not be altered, amended or modified except by written agreement of the Parties, and provided the Monitor has not been discharged in the CCAA Proceedings, with the consent of the Monitor, acting reasonably.

14. **Governing Law and Forum:** This Settlement Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Any dispute arising out of or in connection with this Settlement Agreement shall be exclusively and finally determined by the Court in Toronto, Ontario.

15. **Successors and Assigns:** The terms of this Settlement Agreement shall enure to the benefit of, and be binding upon, the Parties and their respective heirs, successors, assigns, executors, administrators, trustees, legal or personal representatives, insurers and predecessors, as applicable.

16. **Entire Agreement:** This Settlement Agreement, including the Schedules attached hereto, constitutes the entire agreement among the Parties, and supersedes all other prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof.

17. **Counterparts:** This Settlement Agreement, including the Schedules attached hereto, may be executed in counterparts, all of which taken together shall be deemed to constitute one and the same instrument, and a facsimile, email or electronically transmitted signature shall be deemed an original signature and of equally binding force and effect.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Settlement Agreement on the date first written above.

TRICHOME FINANCIAL CORP.

Per: DocuSigned by: Michael Ruscetta 0000CB85FF984EC...
Name: Michael Ruscetta
Title: Director

I have authority to bind the corporation

1000491916 ONTARIO INC.

Per: DocuSigned by: Michael Ruscetta 0000CB85FF984EC...
Name: Michael Ruscetta
Title: Director

I have authority to bind the corporation

1000492008 ONTARIO INC.

Per: DocuSigned by: Michael Ruscetta 0000CB85FF984EC...
Name: Michael Ruscetta
Title: Director

I have authority to bind the corporation

1000491929 ONTARIO INC.

Per: DocuSigned by: Howard Steinberg 81B44C2E4E4E4BA...
Name: Howard Steinberg
Title: Director

I have authority to bind the corporation

1000492005 ONTARIO INC.

Per: DocuSigned by: Howard Steinberg 81B44C2E4E4E4BA...
Name: Howard Steinberg
Title: Director

I have authority to bind the corporation

1000492023 ONTARIO INC.

Per: DocuSigned by: Howard Steinberg 81B44C2E4E4E4BA...
Name: Howard Steinberg
Title: Director

I have authority to bind the corporation

TRICHOME JWC ACQUISITION CORP.

Per: _____
Name: Kuldip Bening
Title: President

I have authority to bind the corporation

TRICHOME RETAIL CORP.

Per: _____
Name: Kuldip Bening
Title: President

I have authority to bind the corporation

MYM NUTRACEUTICALS INC.

Per: _____

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

MYM INTERNATIONAL BRANDS INC.

Per: _____

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

HIGHLAND GROW INC.

Per: _____

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

1000370759 ONTARIO INC.

Per: _____

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

2767888 ONTARIO INC.

Per: _____

Name: Kenneth Schaller
Title: President

I have authority to bind the corporation

1000492005 ONTARIO INC.

Per: _____

Name: Howard Steinberg
Title: Director

I have authority to bind the corporation

1000492023 ONTARIO INC.

Per: _____

Name: Howard Steinberg
Title: Director

I have authority to bind the corporation

TRICHOME JWC ACQUISITION CORP.

Per: DocuSigned by: Kuldip S. Bening 1E8CD77B50984F7...

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

TRICHOME RETAIL CORP.

Per: DocuSigned by: Kuldip S. Bening 1E8CD77B50984F7...

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

MYM NUTRACEUTICALS INC.

Per: DocuSigned by: Kuldip S Bening 1E8CD77B50984F7...

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

MYM INTERNATIONAL BRANDS INC.

Per: DocuSigned by: Kuldip S Bening 1E8CD77B50984F7...

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

HIGHLAND GROW INC.

Per: DocuSigned by: Kuldip S Bening 1E8CD77B50984F7...

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

1000370759 ONTARIO INC.

Per: DocuSigned by: Kuldip S Bening 1E8CD77B50984F7...

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

2767888 ONTARIO INC.

Per: DocuSigned by: Kenneth Schaller D3DB18C243A144E...

Name: Kenneth Schaller
Title: President

I have authority to bind the corporation

SCHEDULE "A"
JOINT DIRECTION

See attached.

JOINT DIRECTION

TO: **KSV Restructuring Inc.**

AND TO: **Cassels Brock & Blackwell LLP**

This Joint Direction is being provided pursuant to Section 3 of the Settlement Agreement (the "**Settlement Agreement**") dated June ___, 2023, between, *inter alios*, Trichome Financial Corp. ("**Trichome**"), 1000491916 Ontario Inc. ("**TJAC Residual Co.**") and Trichome JWC Acquisition Corp. ("**TJAC**"). Capitalized terms used but not otherwise defined herein shall be deemed to have the meaning ascribed to them in the Settlement Agreement.

In accordance with Section 3 of the Settlement Agreement, TJAC and TJAC Residual Co. hereby irrevocably authorize and direct KSV Restructuring Inc., in its capacity as the Court-appointed Monitor of the Vendor Parties under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, to:

(a) pay to TJAC, in accordance with the wire instructions set forth in Schedule "A" hereto, the aggregate amount of CDN$222,534.80 from the Rose Life AR; and

(b) pay to Trichome, in accordance with the wire instructions set forth in Schedule "B" hereto, the aggregate amount of CDN$199,461.77 from the Rose Life AR.

The addressees and their respective agents are hereby irrevocably and unconditionally authorized, instructed and directed by the undersigned to act in accordance with this Joint Direction and, for so doing, this shall be your good and sufficient authority.

This Joint Direction may be executed in any number of counterparts, each of which when so executed shall be an original and all of them when taken together shall constitute one and the same instrument.

[*Remainder of page intentionally left blank. Signature page follows.*]

DATED as of the __th day of June, 2023.

TRICHOME JWC ACQUISITION CORP.

Per: _____

Name: Kuldip Bening
Title: President

1000491916 ONTARIO INC.

Per: _____

Name: Michael Ruscetta
Title: Director

SCHEDULE "A"
TRICHOME JWC ACQUISITION CORP.'S WIRE INSTRUCTIONS

See attached.

SCHEDULE "B"
TRICHOME FINANCIAL CORP.'S WIRE INSTRUCTIONS

See attached.

SCHEDULE "B"
RELEASE AND DISCHARGE

See attached.

RELEASE AND DISCHARGE

TO: 1000370759 Ontario Inc. (the "**Debtor**")

AND TO: Torkin Manes LLP ("**Torkin Manes**")

AND TO: Bennett Jones LLP ("**Bennett Jones**")

DATE: June ___, 2023

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Trichome Financial Corp. (the "**Secured Party**") confirms and agrees as follows:

1. The Secured Party is party to a Settlement Agreement dated June ___, 2023 (the "**Settlement Agreement**"), among, *inter alios*, the Secured Party and the Debtor.

2. The Debtor has issued a secured promissory note in favour of the Secured Party dated April 6, 2023 (as amended, modified, supplemented, restated or replaced from time to time, the "**Promissory Note**").

3. The Secured Party hereby acknowledges and agrees that, upon receipt by the Secured Party of payment of the Secured Note Repayment (as defined in the Settlement Agreement):

   (a) all obligations and commitments by the Secured Party to the Debtor under the Promissory Note are terminated, cancelled and of no further force and effect and the Debtor shall have no further obligations or liability under or in respect of the Promissory Note;

   (b) the Secured Party fully and unconditionally releases and discharges (to the extent not already released and discharged) any guarantees provided by any guarantors and all mortgages, liens, encumbrances, charges, covenants, liabilities, obligations and security interests which it holds in respect of the Debtor, and any such guarantors and their respective properties and assets under or in connection with the Promissory Note (collectively, the "**Security**");

   (c) the Secured Party forever releases its interests in all insurance policies held in respect of the Debtor or any guarantors and their respective properties and assets, and agrees that any notation of the Secured Party's interests in such insurance policies may be deleted from them; and

   (d) the Secured Party agrees to promptly authorize the filing of, or execute and deliver to the Debtor, any discharge documentation prepared by or on behalf of the Debtor in order to discharge all registrations and filings made by or on behalf of the Secured Party in respect of the Security, including but not limited to: (i) discharges of any real property mortgages and charges which comprise part of the Security, and (ii) any financing change (discharge) statements in respect of all financing statements registered against the Debtor in respect of the Security under the *Personal Property Security Act* (Ontario) or any equivalent personal property security law in any jurisdiction. The Secured Party also agrees that it will promptly execute and deliver

such additional releases, discharges, documents and further assurances as may be reasonably required by the Debtor from time to time, and acceptable to the Secured Party, acting reasonably; provided, that all reasonable out-of-pocket expenses incurred by the Secured Party in that regard are paid by the Debtor.

4. The Secured Party represents and warrants that it has not sold, assigned, or transferred any interest in the Promissory Note or the Security.

5. Without limiting the Secured Party's obligation to execute and deliver discharges and financing change statements as set out in paragraph 3(d) above, the Secured Party irrevocably authorizes each of the Debtor, Bennett Jones, and Torkin Manes, and their respective agents, to execute and register all such discharges and financing change statements.

6. This Release and Discharge will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. This Release and Discharge will enure to the benefit of the Debtor and its successors and assigns, and shall be binding upon the Secured Party and its successors and assigns.

8. A signed copy of this Release and Discharge delivered by email or other means of electronic transmission, including electronic signatures, will be deemed to have the same legal effect as delivery of an original signed copy of this Release and Discharge.

[Signature page follows]

IN WITNESS WHEREOF the Secured Party has duly executed this Release and Discharge as of the date first written above.

TRICHOME FINANCIAL CORP.

Per: _____
Name: Michael Ruscetta
Title: Director

RELEASE AND DISCHARGE

TO: Trichome JWC Acquisition Corp. (the "**Debtor**")

AND TO: Torkin Manes LLP ("**Torkin Manes**")

AND TO: Bennett Jones LLP ("**Bennett Jones**")

DATE: June ___, 2023

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, 1000491916 Ontario Inc. (the "**Secured Party**") confirms and agrees as follows:

1. The Secured Party is party to a Settlement Agreement dated June ___, 2023 (the "**Settlement Agreement**"), among, *inter alios*, the Secured Party and the Debtor.

2. The Debtor has issued a secured promissory note in favour of the Secured Party dated April 6, 2023 (as amended, modified, supplemented, restated or replaced from time to time, the "**Promissory Note**").

3. The Secured Party hereby acknowledges and agrees that, upon payment of the Deferred Notes Repayment (as defined in the Settlement Agreement):

   (a) all obligations and commitments by the Secured Party to the Debtor under the Promissory Note are terminated, cancelled and of no further force and effect and the Debtor shall have no further obligations or liability under or in respect of the Promissory Note;

   (b) the Secured Party fully and unconditionally releases and discharges (to the extent not already released and discharged) any guarantees provided by any guarantors and all mortgages, liens, encumbrances, charges, covenants, liabilities, obligations and security interests which it holds in respect of the Debtor, and any such guarantors and their respective properties and assets under or in connection with the Promissory Note (collectively, the "**Security**");

   (c) the Secured Party forever releases its interests in all insurance policies held in respect of the Debtor or any guarantors and their respective properties and assets, and agrees that any notation of the Secured Party's interests in such insurance policies may be deleted from them; and

   (d) the Secured Party agrees to promptly authorize the filing of, or execute and deliver to the Debtor, any discharge documentation prepared by or on behalf of the Debtor in order to discharge all registrations and filings made by or on behalf of the Secured Party in respect of the Security, including but not limited to: (i) discharges of any real property mortgages and charges which comprise part of the Security, and (ii) any financing change (discharge) statements in respect of all financing statements registered against the Debtor in respect of the Security under the *Personal Property Security Act* (Ontario) or any equivalent personal property security law in any jurisdiction. The Secured Party also agrees that it will promptly execute and deliver

such additional releases, discharges, documents and further assurances as may be reasonably required by the Debtor from time to time, and acceptable to the Secured Party, acting reasonably; provided, that all reasonable out-of-pocket expenses incurred by the Secured Party in that regard are paid by the Debtor.

4. The Secured Party represents and warrants that it has not sold, assigned, or transferred any interest in the Promissory Note or the Security.

5. Without limiting the Secured Party's obligation to execute and deliver discharges and financing change statements as set out in paragraph 3(d) above, the Secured Party irrevocably authorizes each of the Debtor, Bennett Jones, and Torkin Manes, and their respective agents, to execute and register all such discharges and financing change statements.

6. This Release and Discharge will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. This Release and Discharge will enure to the benefit of the Debtor and its successors and assigns, and shall be binding upon the Secured Party and its successors and assigns.

8. A signed copy of this Release and Discharge delivered by email or other means of electronic transmission, including electronic signatures, will be deemed to have the same legal effect as delivery of an original signed copy of this Release and Discharge.

[Signature page follows]

IN WITNESS WHEREOF the Secured Party has duly executed this Release and Discharge as of the date first written above.

1000491916 ONTARIO INC.

Per: _____
Name: Howard Steinberg
Title: Director

RELEASE AND DISCHARGE

TO: Highland Grow Inc. (the "**Debtor**")

AND TO: Torkin Manes LLP ("**Torkin Manes**")

AND TO: Bennett Jones LLP ("**Bennett Jones**")

DATE: June ___, 2023

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, 1000492023 Ontario Inc. (the "**Secured Party**") confirms and agrees as follows:

1. The Secured Party is party to a Settlement Agreement dated June ___, 2023 (the "**Settlement Agreement**"), among, *inter alios*, the Secured Party and the Debtor.

2. The Debtor has issued a secured promissory note in favour of the Secured Party dated April 6, 2023 (as amended, modified, supplemented, restated or replaced from time to time, the "**Promissory Note**").

3. The Secured Party hereby acknowledges and agrees that:

   (a) all obligations and commitments by the Secured Party to the Debtor under the Promissory Note are terminated, cancelled and of no further force and effect and the Debtor shall have no further obligations or liability under or in respect of the Promissory Note;

   (b) the Secured Party fully and unconditionally releases and discharges (to the extent not already released and discharged) any guarantees provided by any guarantors and all mortgages, liens, encumbrances, charges, covenants, liabilities, obligations and security interests which it holds in respect of the Debtor, and any such guarantors and their respective properties and assets under or in connection with the Promissory Note (collectively, the "**Security**");

   (c) the Secured Party forever releases its interests in all insurance policies held in respect of the Debtor or any guarantors and their respective properties and assets, and agrees that any notation of the Secured Party's interests in such insurance policies may be deleted from them; and

   (d) the Secured Party agrees to promptly authorize the filing of, or execute and deliver to the Debtor, any discharge documentation prepared by or on behalf of the Debtor in order to discharge all registrations and filings made by or on behalf of the Secured Party in respect of the Security, including but not limited to: (i) discharges of any real property mortgages and charges which comprise part of the Security, and (ii) any financing change (discharge) statements in respect of all financing statements registered against the Debtor in respect of the Security under the *Personal Property Security Act* (Ontario) or any equivalent personal property security law in any jurisdiction. The Secured Party also agrees that it will promptly execute and deliver such additional releases, discharges, documents and further assurances as may be

reasonably required by the Debtor from time to time, and acceptable to the Secured Party, acting reasonably; provided, that all reasonable out-of-pocket expenses incurred by the Secured Party in that regard are paid by the Debtor.

4. The Secured Party represents and warrants that it has not sold, assigned, or transferred any interest in the Promissory Note or the Security.

5. Without limiting the Secured Party's obligation to execute and deliver discharges and financing change statements as set out in paragraph 3(d) above, the Secured Party irrevocably authorizes each of the Debtor, Bennett Jones, and Torkin Manes, and their respective agents, to execute and register all such discharges and financing change statements.

6. This Release and Discharge will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

7. This Release and Discharge will enure to the benefit of the Debtor and its successors and assigns, and shall be binding upon the Secured Party and its successors and assigns.

8. A signed copy of this Release and Discharge delivered by email or other means of electronic transmission, including electronic signatures, will be deemed to have the same legal effect as delivery of an original signed copy of this Release and Discharge.

[Signature page follows]

IN WITNESS WHEREOF the Secured Party has duly executed this Release and Discharge as of the date first written above.

1000492023 ONTARIO INC.

Per: _____
Name: Howard Steinberg
Title: Director

SCHEDULE "C"
FULL AND FINAL RELEASE

See attached.

FULL AND FINAL RELEASE

WHEREAS this is a mutual Full and Final Release between:

> Trichome Financial Corp., 1000491916 Ontario Inc., 1000492008 Ontario Inc., 1000491929 Ontario Inc., 1000492005 Ontario Inc. and 1000492023 Ontario Inc. (collectively, the "**Vendor Parties**")
>
> -and-
>
> 1000370759 Ontario Inc., 2767888 Ontario Inc., Trichome JWC Acquisition Corp., Trichome Retail Corp., MYM Nutraceuticals Inc., MYM International Brands Inc., and Highland Grow Inc. (collectively, the "**Purchaser Parties**", and together with the Vendor Parties, the "**Parties**", and each a "**Party**");

AND WHEREAS the Vendor Parties, on the one hand, and the Purchaser Parties, on the other hand, wish to fully and finally resolve and settle the Vendor Party Released Claims and Purchaser Party Released Claims (each as defined below) insofar as they relate to the Purchaser Released Parties and Vendor Released Parties (each as defined below), subject to the terms and conditions of the Settlement Agreement to which this Full and Final Release is attached (the "**Settlement Agreement**") and the terms hereof.

NOW THEREFORE in consideration of the mutual covenants contained in this Full and Final Release and the terms set out in the Settlement Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby irrevocably acknowledged by the Parties, the Parties hereby agree as follows:

1. The recitals set out above are true and accurate, and form part of this Full and Final Release.

2. The Vendor Parties hereby fully and forever release, remise, acquit and discharge the Purchaser Parties and their respective present and former affiliates, direct and indirect subsidiaries and associated and related corporations, associated and related partnerships and their respective present and former officers, directors, employees, servants, agents, consultants, contractors, counsel, shareholders, beneficiaries, trustees, heirs, predecessors, successors, and assigns (collectively, the "**Purchaser Released Parties**"), from any and all manners of action, causes of action, suits, claims, proceedings, debts, covenants, obligations, penalties, indemnities, demands, issues, damages, restitution, an accounting, disgorgement, interest, costs, or any other monetary relief, losses, injuries and liabilities of any and every nature whatsoever (collectively, "**Claims**", and each, a "**Claim**"), whether in law or in equity, that the Vendor Parties (or any of them) had or now have against any of the Purchaser Released Parties, by reason of, or arising out of, or in connection with the Sale Agreement, the Transaction, the Secured Promissory Note, the Guarantee and GSA, the Mortgages, the Secured Note Obligations, the Deferred Consideration Notes, the Deferred Note Obligations and the Proposed Motion (each as defined in the Settlement Agreement) (collectively, the "**Vendor Party Released Claims**", and each, a "**Vendor Party Released Claim**"). For greater certainty and notwithstanding any of the foregoing, nothing in this Full and Final Release releases any of the Purchaser Released Parties from: (i) any of their obligations and liabilities under this Full and Final Release, the Settlement

Agreement or any of the other documents and agreements delivered in connection therewith; (ii) any fraud on the part of the Purchaser Released Parties; and (iii) any Claims pursuant to the following sections of the Sale Agreement: the final sentence of section 4.2, section 5.4, section 6.6, section 10.1, section 10.3, section 10.4, section 10.5, section 10.9, section 10.12, section 10.13, section 10.14, section 10.15, section 10.16, section 10.17, section 10.18 and section 10.21 and the corresponding interpretation provisions in article 1 of the Sale Agreement.

3. The Purchaser Parties hereby fully and forever release, remise, acquit and discharge the Vendor Parties and their respective present and former affiliates, direct and indirect subsidiaries and associated and related corporations, associated and related partnerships and their respective present and former officers, directors, employees, servants, agents, consultants, contractors, counsel, shareholders, beneficiaries, trustees, heirs, predecessors, successors, and assigns (collectively, the "**Vendor Released Parties**"), from any and all Claims, whether in law or in equity, that the Purchaser Parties (or any of them) had or now have against any of the Vendor Released Parties, by reason of, or arising out of, or in connection with the Sale Agreement, the Transaction, the Secured Promissory Note, the Guarantee and GSA, the Mortgages, the Secured Note Obligations, the Deferred Consideration Notes, the Deferred Note Obligations and the Proposed Motion (each as defined in the Settlement Agreement) (collectively, the "**Purchaser Party Released Claims**", and each, a "**Purchaser Party Released Claim**"). For greater certainty and notwithstanding any of the foregoing, nothing in this Full and Final Release releases any of the Vendor Released Parties from: (i) any of their obligations and liabilities under this Full and Final Release, the Settlement Agreement or any of the other documents and agreements delivered in connection therewith; (ii) any fraud on the part of the Vendor Released Parties; and (iii) any Claims pursuant to the following sections of the Sale Agreement: the final sentence of section 4.2, section 5.4, section 6.6, section 10.1, section 10.3, section 10.4, section 10.5, section 10.9, section 10.12, section 10.13, section 10.14, section 10.15, section 10.16, section 10.17, section 10.18 and section 10.21 and the corresponding interpretation provisions in article 1 of the Sale Agreement.

4. If any Vendor Party Released Claim or Purchaser Party Released Claim is advanced, this Full and Final Release may be raised as a complete bar to any such Vendor Party Released Claim or Purchaser Party Released Claim and may be relied upon in any effort to dismiss such Vendor Party Released Claim or Purchaser Party Released Claim on a summary basis.

5. The Parties warrant that they have not assigned to any person, firm, corporation or other entity any Claim that is released by this Full and Final Release.

6. Without limiting the generality of the foregoing, the Parties declare that the intent of this Full and Final Release is to conclude all issues in respect of, relating to or arising out of the Vendor Party Released Claims and Purchaser Party Released Claims.

7. Each of the Parties represents and warrants that no consent, approval, waiver or other intervention or involvement of any kind by any other person is required for the effective release of the Vendor Party Released Claims and Purchaser Party Released Claims or the effective execution of this Full and Final Release.

8. This Full and Final Release will not in any way be construed as an admission by any Party, and the Parties each specifically disclaim any liability in connection with this Full and Final Release.

9. The Parties each covenant and agree that this Full and Final Release shall be binding upon and shall enure to the benefit of the respective successors, assigns and legal or personal representatives of the Parties, as applicable.

10. The Parties understand, acknowledge and agree that this Full and Final Release shall only become effective upon the Parties having fully satisfied the terms of the Settlement Agreement and having paid the Secured Note Repayment and the Deferred Notes Repayment (each as defined in the Settlement Agreement) in full.

11. The Parties agree that this Full and Final Release shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Any dispute arising from or relating to the interpretation, application or enforcement of this Full and Final Release shall be exclusively within the jurisdiction of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), and the Parties hereby irrevocably agree to the exclusive jurisdiction of the Court in Toronto, Ontario with respect to any and all matters covered by, or in any way relating to, this Full and Final Release.

12. The Parties each covenant and agree that each part and provision of this Full and Final Release is distinct and severable and if any part or provision of this Full and Final Release or its application to any Party or circumstance is restricted, prohibited or unenforceable that that part or provision shall be interpreted in a manner so as to not make it unenforceable at law, but if such interpretation is not possible, the Parties agree that the part or provision shall be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining parts and provisions hereof and without affecting the application of such part or provision to other Parties or circumstances.

13. The Parties each hereby expressly acknowledge, declare and agree that they have had an opportunity to fully review this Full and Final Release and they have consulted with independent legal counsel. The Parties each acknowledge, declare and agree that they fully understand the meaning and effect of each paragraph of this Full and Final Release and freely and voluntarily agree to its terms for the purpose of making full and final compromise, adjustment and settlement of the Vendor Party Released Claims and Purchaser Party Released Claims. The Parties each further expressly acknowledge, declare and agree that there is no condition, express or implied, or collateral agreement affecting their respective abilities to enter into this Full and Final Release, other than those set out in the Settlement Agreement. The Parties further acknowledge and agree that any statute, case law, or rule of interpretation or construction that would or might cause any part or provision of this Full and Final Release to be construed against the drafters of this Full and Final Release shall be of no force or effect.

14. The Parties each agree that this Full and Final Release may be executed in any number of counterparts, all of which taken together shall be deemed to constitute one and the same

instrument, and a facsimile, email or electronically transmitted or electronically executed signature shall be deemed an original signature and of equally binding force and effect.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Full and Final Release this ___th day of June, 2023.

TRICHOME FINANCIAL CORP.

Per:

_____
Name: Michael Ruscetta
Title: Director

I have authority to bind the corporation

1000491916 ONTARIO INC.

Per:

_____
Name: Michael Ruscetta
Title: Director

I have authority to bind the corporation

1000492008 ONTARIO INC.

Per:

_____
Name: Michael Ruscetta
Title: Director

I have authority to bind the corporation

1000491929 ONTARIO INC.

Per:

_____
Name: Howard Steinberg
Title: Director

I have authority to bind the corporation

1000492005 ONTARIO INC.

Per:

_____

Name: Howard Steinberg
Title: Director

I have authority to bind the corporation

1000492023 ONTARIO INC.

Per:

_____

Name: Howard Steinberg
Title: Director

I have authority to bind the corporation

TRICHOME JWC ACQUISITION CORP.

Per:

_____

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

TRICHOME RETAIL CORP.

Per:

_____

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

MYM NUTRACEUTICALS INC.

Per: _____

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

MYM INTERNATIONAL BRANDS INC.

Per: _____

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

HIGHLAND GROW INC.

Per: _____

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

1000370759 ONTARIO INC.

Per: _____

Name: Kuldip Bening
Title: President

I have authority to bind the corporation

2767888 ONTARIO INC.

Per: _____

Name: Kenneth Schaller
Title: President

I have authority to bind the corporation

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., 1000491916 ONTARIO INC., 1000492008 ONTARIO INC., 1000491929 ONTARIO INC., 1000492005 ONTARIO INC. AND 1000492023 ONTARIO INC.

Court File No.: CV-22-00689857-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT OF MICHAEL RUSCETTA
(Sworn September 5, 2023)

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

Court File No.: CV-22-00689857-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	THURSDAY, THE 14TH
	)	
JUSTICE OSBORNE	)	DAY OF SEPTEMBER, 2023

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., 1000491916 ONTARIO INC., 1000492008 ONTARIO INC., 1000491929 ONTARIO INC., 1000492005 ONTARIO INC. AND 1000492023 ONTARIO INC. (collectively the "**Applicants**")

CCAA TERMINATION ORDER

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, *inter alia* (i) approving the Fifth Report of KSV Restructuring Inc. ("**KSV**"), in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**") dated April 3, 2023 (the "**Fifth Report**"), the Sixth Report of the Monitor dated September [●], 2023 (the "**Sixth Report**"), and the fees and activities referred to therein, (ii) approving the Fee Accrual (as defined in the Sixth Report) of the Monitor and its counsel, Cassels Brock & Blackwell LLP (the "**Monitor's Counsel**"), for the completion of the remaining activities in these CCAA proceedings, (iii) authorizing and directing Trichome Financial Corp. ("**Trichome**") to transfer the Bankruptcy Reserve to the Trustee (each as defined below), (iv) authorizing and directing the Applicants to transfer all of their cash on hand to Cortland Credit Lending Corporation ("**Cortland**"), (v) authorizing and directing the Trustee to transfer any available remainder from the Bankruptcy Reserve following the administration of the bankruptcy to Cortland, (vi) authorizing Trichome to file an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.

B-3, as amended (the "**BIA**"), (vii) terminating these CCAA proceedings, (viii) discharging KSV as the Monitor, and (ix) granting certain related relief, was heard this day by judicial videoconference via Zoom.

ON READING the Notice of Motion of the Applicants, the affidavit of Michael Ruscetta sworn September 5, 2023 (the "**Ruscetta Affidavit**") and the Exhibits thereto, and the Sixth Report, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for Cortland, as agent for and on behalf of certain lenders, and such other counsel that were present, no one else appearing although duly served as appears from the affidavits of service of Joshua Foster, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein have the meaning ascribed to them in the Ruscetta Affidavit or the Initial Order of the Honourable Madam Justice Conway dated November 7, 2022 (as amended and restated on November 17, 2022, the "**Initial Order**").

APPROVAL OF THE MONITOR'S REPORTS, ACTIVITIES AND FEES

3. **THIS COURT ORDERS** that the Fifth Report, the Sixth Report, and the activities of the Monitor referred to therein be and are hereby approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

4. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and the Monitor's Counsel, as set out in the Sixth Report, be and are hereby approved.

5. **THIS COURT ORDERS** that the Fee Accrual for the Monitor and the Monitor's Counsel in connection with the completion of the Monitor's remaining duties in these CCAA proceedings, as set out in the Sixth Report, be and is hereby approved.

BANKRUPTCY RESERVE & DISTRIBUTIONS

6. **THIS COURT ORDERS** that Trichome is hereby authorized and directed to transfer $12,000, plus HST (the "**Bankruptcy Reserve**") to Goldhar & Associates Ltd. for the fees and disbursements of the Trustee and its counsel to be incurred in connection with Trichome's intended assignment in bankruptcy pursuant to the BIA.

7. **THIS COURT ORDERS** that, subject to the Monitor's confirmation that all matters to be attended to in connection with these CCAA proceedings have been completed to the satisfaction of the Monitor (including, without limitation, the payment of all fees and disbursements secured by the Administration Charge (including the Fee Accrual), and establishment of the Bankruptcy Reserve), the Applicants are hereby authorized and directed to transfer the remainder of all of their available cash on hand to Cortland (the "**Cash Distribution**").

8. **THIS COURT ORDERS** that, following the completion of the administration of Trichome's bankruptcy pursuant to the BIA (or promptly following the CCAA Termination Time (as defined below) in the event that Trichome does not make an assignment in bankruptcy prior to such time), the Trustee is hereby authorized and directed to pay any available remainder from the Bankruptcy Reserve to Cortland (the "**Residual Distribution**").

9. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these CCAA proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of any of the Applicants and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of any of the Applicants;

the Cash Distribution and the Residual Distribution authorized herein shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Applicants and shall not be void or voidable by creditors of any of the Applicants nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

TERMINATION OF THESE CCAA PROCEEDINGS

10. **THIS COURT ORDERS** that upon service on the Service List by the Monitor of an executed certificate in substantially the form attached hereto as Schedule "A" certifying that the Cash Distribution has been made pursuant to the terms of this Order and all matters to be attended to in connection with these CCAA proceedings have been completed to the satisfaction of the Monitor (the "**Monitor's Certificate**"), these CCAA proceedings and the Stay Period shall be terminated without any further act or formality (the "**CCAA Termination Time**"), provided that nothing herein impacts the validity of any Orders made in these CCAA proceedings or any actions or steps taken by any Person pursuant thereto.

11. **THIS COURT ORDERS AND DIRECTS** the Monitor to file a copy of the Monitor's Certificate with the Court as soon as practical following the CCAA Termination Time.

12. **THIS COURT ORDERS** that the Charges shall be and are hereby terminated, released and discharged effective as of the CCAA Termination Time without any further act or formality.

DISCHARGE OF THE MONITOR

13. **THIS COURT ORDERS** that effective as of the CCAA Termination Time, KSV shall be discharged as the Monitor and shall have no further duties, obligations or responsibilities as Monitor from and after the CCAA Termination Time; provided that, notwithstanding its discharge as Monitor, KSV shall have the authority from and after the CCAA Termination Time to carry out, complete or address any matters in its role as Monitor that are ancillary or incidental to these CCAA proceedings, as may be required or appropriate.

14. **THIS COURT ORDERS** that, notwithstanding the Monitor's discharge, the termination of these CCAA proceedings or any other provision of this Order, nothing herein shall affect, vary, derogate from, limit or amend, and the Monitor shall continue to have the benefit of, any and all rights, approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the Initial Order, any other Order of this Court granted in these CCAA proceedings or otherwise, all of which are expressly continued and confirmed from and after the CCAA Termination Time, including in connection with any actions that may be taken by the Monitor following the CCAA Termination Time with respect to any of the Applicants or these CCAA proceedings.

BANKRUPTCY

15. **THIS COURT ORDERS** that Trichome is hereby authorized to make an assignment in bankruptcy pursuant to the BIA prior to the CCAA Termination Time naming Goldhar & Associates Ltd. as its licensed insolvency trustee (the "**Trustee**"). Michael Ruscetta is hereby authorized to execute such documents in the name of Trichome and take all such steps as are necessary to make Trichome's assignment in bankruptcy pursuant to the BIA.

RELEASES

16. **THIS COURT ORDERS** that, effective as of the CCAA Termination Time, (i) the Purchased Entities' directors, officers, and advisors immediately prior to the Closing Time (as defined in the Sale Agreement), (ii) the current and former directors, officers, and advisors of the Applicants, and (iii) the Monitor, the Monitor's Counsel, the DIP Lender, counsel to the DIP Lender, the Purchased Entities' legal counsel immediately prior to the Closing Time, counsel to the Applicants and each of their respective present and former affiliates and officers, directors, partners, employees, agents and advisors (the persons listed in clauses (i) to (iii) being collectively, the "**Released Parties**" and each a "**Released Party**") shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including, without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of actions, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries and obligations of any nature or kind whatsoever that any Person may have or be entitled to assert against the Released Parties (whether direct or indirect, known or unknown, absolute or contingent, accrued or unassured, liquidated or unliquidated,

matured or unmatured, due or not yet due, foreseen or unforeseen, in law or equity and whether based in statute or otherwise) based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the CCAA Termination Time or undertaken or completed in connection with or in respect of, relating to, or arising out of (x) the Purchased Entities, the Applicants, the business, operations, assets, property and affairs of the Purchased Entities or the Applicants, wherever or however conducted or governed, the administration and/or management of the Purchased Entities or the Applicants, these CCAA proceedings or their respective conduct in these CCAA proceedings or (y) the Sale Agreement, any document, instrument, matter or transaction involving the Purchased Entities or the Applicants arising in connection with or pursuant to any of the foregoing, and/or the consummation of the Transactions (collectively, subject to the excluded matters below, the "**Released Claims**"), which Released Claims shall be deemed to be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties; provided that, nothing in this paragraph shall waive, discharge, release, cancel or bar (A) any claim against a Released Party that is not permitted to be released pursuant to subsection 5.1(2) of the CCAA or with respect to any act or omission that is finally determined by a court of competent jurisdiction to have constituted actual fraud, wilful misconduct or gross negligence or (B) any obligations of any of the Released Parties under or pursuant to the Sale Agreement not otherwise released pursuant to the Settlement Agreement.

17. **THIS COURT ORDERS** that all Persons are permanently and forever barred, estopped, stayed and enjoined, on and after the CCAA Termination Time, with respect to any and all Released Claims from commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any of the Released Parties.

GENERAL

18. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

19. **THIS COURT ORDERS** that the Applicants or the Monitor may apply to the Court as necessary to seek further orders and directions to give effect to this Order.

20. **THIS COURT ORDERS** that the Applicants and the Monitor shall be authorized to apply as they may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement this Order.

21. **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 the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order.

22. **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.

_____

SCHEDULE "A"

FORM OF MONITOR'S CERTIFICATE

Court File No.: CV-22-00689857-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TRICHOME FINANCIAL CORP., 1000491916 ONTARIO INC., 1000492008 ONTARIO INC., 1000491929 ONTARIO INC., 1000492005 ONTARIO INC. AND 1000492023 ONTARIO INC.

Applicants

MONITOR'S CERTIFICATE

RECITALS

A. Trichome, Trichome JWC Acquisition Corp., Trichome Retail Corp., MYM Nutraceuticals Inc., MYM International Brands Inc. and Highland Grow Inc. (collectively, the "**Initial Applicants**") commenced these proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA Proceedings**") pursuant to an initial order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated November 7, 2022 (as amended and restated, the "**Initial Order**"). Among other things, the Initial Order appointed KSV Restructuring Inc. ("**KSV**") as monitor in the CCAA Proceedings (in such capacity, the "**Monitor**").

B. On April 6, 2023, the Court granted an order (the "**RVO**"), among other things: (i) approving the Initial Applicants' entrance into a Share Purchase Agreement dated March 28, 2023 and the transactions contemplated therein, including the Purchaser's (as defined in the RVO) acquisition of all of the issued and outstanding shares in the capital of Trichome JWC Acquisition Corp. and MYM Nutraceuticals Inc. owned by Trichome; (ii) adding 1000491916 Ontario Inc.,

1000492008 Ontario Inc., 1000491929 Ontario Inc., 1000492005 Ontario Inc. and 1000492023 Ontario Inc. as Applicants in the CCAA Proceedings; and (iii) removing Trichome JWC Acquisition Corp., Trichome Retail Corp., MYM Nutraceuticals Inc., MYM International Brands Inc. and Highland Grow Inc. as Applicants in the CCAA Proceedings.

C. Pursuant to an order of the Court dated September 14, 2023 (the "**CCAA Termination Order**"), KSV is to be discharged as the Monitor effective upon service on the Service List of a certificate confirming that the Cash Distribution has been made in accordance with the CCAA Termination Order and that all matters to be attended to in connection with the CCAA Proceedings have been completed to the satisfaction of the Monitor.

C. Capitalized terms used but not defined herein have the meanings ascribed to them in the CCAA Termination Order.

THE MONITOR CERTIFIES the following:

1. The Cash Distribution has been made pursuant to the terms of the CCAA Termination Order.

2. All matters to be attended to in connection with the CCAA Proceedings have been completed to the satisfaction of the Monitor.

ACCORDINGLY, the CCAA Termination Time has occurred.

DATED at Toronto, Ontario this ____ day of _____, 2023.

KSV RESTRUCTURING INC., solely in its capacity as Monitor of the Applicants, and not in its personal or corporate capacity

Per: _____
Name:
Title:

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., 1000491916 ONTARIO INC., 1000492008 ONTARIO INC., 1000491929 ONTARIO INC., 1000492005 ONTARIO INC. AND 1000492023 ONTARIO INC.

Court File No.: CV-22-00689857-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

CCAA TERMINATION ORDER

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TRICHOME FINANCIAL CORP., 1000491916 ONTARIO INC., 1000492008 ONTARIO INC., 1000491929 ONTARIO INC., 1000492005 ONTARIO INC. AND 1000492023 ONTARIO INC.

Court File No.: CV-22-00689857-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

MOTION RECORD
(Returnable September 14, 2023)

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