

**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 HUMBLE & FUME INC. (ONTARIO), HUMBLE &  
FUME INC. (MANITOBA), B.O.B. HEADQUARTERS INC., FUME LABS  
INC., HUMBLE CANNABIS SOLUTIONS INC., PWF HOLDCO INC., and  
WINDSHIP TRADING LLC

(the “Applicants”)

**MOTION RECORD  
(RETURNABLE JANUARY 24, 2024)**

January 23, 2024

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Court File No.: CV-24-00712366-00CL

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WINDSHIP TRADING LLC

The Applicants

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(as of January 18, 2024)

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# TAB 1

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**NOTICE OF MOTION**

The Applicants will make a Motion to the court on Wednesday, January 24, 2024 at 9:30 a.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) because it is;
- ☐ In writing as an opposed motion under subrule 37.12.1(4);
- ☐ In person;
- ☐ By telephone conference;
- ☒ By video conference.

at the following location

<https://ca01web.zoom.us/j/61804264297?pwd=MEpzRUtlUVB0UGc4eStsVGNTYmKxUT09#success>

Meeting ID: 618 0426 4297 Passcode: 057603

**THE MOTION IS FOR**

- (a) an amended and restated initial order substantially in the form attached at Tab 3 of the Applicants' motion record, among other things:
- i. abridging the time for and validating service of this notice of motion and the motion record and dispensing with service on any person other than those served;
  - ii. extending the stay of proceedings granted pursuant to the order, dated January 5, 2024 (the "**Initial Order**"), to and including April 5, 2024;
  - iii. approving an increase to the Administration Charge to the maximum amount of \$500,000;
  - iv. approving a second-ranking directors' and officers' charge in the maximum amount of \$475,000 (the "**Directors' Charge**");
  - v. approving the execution of the DIP Term Sheet (as defined below), the DIP Loan (as defined below), the authority to borrow up to USD\$2,500,000, and granting a third-ranking charge in favour of 1000760498 Ontario Inc. (the "**DIP Lender**") in the maximum amount of USD\$2,500,000;
  - vi. approving a Key Employee Retention Plan ("**KERP**") and authorizing the Applicants to make payments in accordance with the terms of the KERP; and
  - vii. a sealing order in respect of the unredacted KERP; and

- (b) an order (the “**SISP Approval Order**”), substantially in the form attached at Tab 4 of the Applicants’ motion record, among other things:
  - i. approving Humble & Fume Inc.’s (the “**Vendor**”) execution of the stalking horse purchase agreement dated January 23, 2024 (the “**Stalking Horse SPA**”) between the Vendor and the DIP Lender;
  - ii. approving the sale and investment solicitation process (“**SISP**”) and the Stalking Horse SPA; and
  - iii. confirming that the Stalking Horse SPA represents the “Stalking Horse Bid” as defined in and for purposes of the SISP Approval Order; and
- (c) Such further and other Relief as to this Honourable Court may deem just.

#### **THE GROUNDS FOR THE MOTION ARE**

##### **A. Background**

- (a) The Honourable Justice Cavanagh granted the Initial Order in these CCAA proceedings on January 5, 2024. On January 12, 2024 the Honourable Justice Cavanagh granted an order extending the stay of proceedings in these CCAA proceedings up to and including January 26, 2024.
- (b) The Applicants distribute cannabis and cannabis accessories in Canada and the United States. The Applicants applied for urgent relief under the CCAA on January 5, 2024 because they had insufficient capital to sustain operations on a go-forward basis.



- (c) The Applicants have continued to operate in the ordinary course since the Initial Order was granted. Among other things, the Applicants have, with the assistance of the Monitor and their advisors:
- (i) worked to stabilize operations, negotiate the DIP Term Sheet, negotiate the Stalking Horse SPA, and develop the SISP;
  - (ii) created and implemented a communication plan to advise key stakeholders of the CCAA proceeding;
  - (iii) prepared a 13-week cash flow forecast (the “**Cash Flow Forecast**”) and realized a number of cash flow efficiencies;
  - (iv) communicated extensively with various stakeholders including, among others: key creditors, customers, suppliers, and employees, which are critical to the Applicants’ ongoing operations; and
  - (v) worked with the Monitor to develop the KERP.
- (d) The Applicants currently hold 25% of HC Solutions Holdings, Inc. (“**HCSHI**” and the “**HCSHI Minority Interest**”, respectively), a Delaware corporation. HCSHI is a joint venture between the Applicants and Green Acre Capital Distribution Corp. (“**GACDC**”). GACDC is beneficially owned and controlled by JThree Investments LLC (“**JThree**”).

- (e) HCSHI is the ultimate corporate parent of a solely-owned corporation, Cabo Connection (“**Cabo**”). Cabo is a California corporation that is licensed to manufacture and distribute cannabis products in California.
- (f) On August 22, 2023 Humble Parent entered into an option agreement (the “**Cabo Option**”) with GACDC to purchase up to 93.8447 shares of HCSHI from GACDC at the price of \$21,311.80 per share. The Option is exercisable, in whole or in part, at Humble Parent’s election. The Option terminates on February 22, 2024.
- (g) HCSHI requires ongoing funding from JThree and the Applicants to maintain operations. The Applicants and JThree, in consultation with the Monitor, are working towards a solution that ensures that HCSHI is adequately capitalized for its working capital while also providing protection from a potential dilution of the HCSHI Minority Interest.

**B. Stay of Proceedings**

- (h) The Applicants have acted, and continue to act, in good faith and with due diligence to communicate with stakeholders and to develop the SISP. The Applicants seek a stay extension up to and including April 5, 2024 (“**Extended Stay Period**”) to provide stability and to allow sufficient time to complete the SISP without having to incur additional costs during that process to return to Court to seek further extension.
- (i) As indicated in the Cash Flow Forecast appended to the Monitor’s first report, to be filed, (the “**Monitor’s First Report**”) the Applicants are projected to have

sufficient liquidity during the Extended Stay Period to fund obligations including the costs of the CCAA proceedings and ongoing obligations related to the Cabo Minority Interest, assuming that the DIP Term Sheet is approved.

- (j) The Monitor has advised that it supports the extension of the stay for the Extended Stay Period.

**C. Administration Charge**

- (k) The Applicants seek an increase in the Administration Charge to \$500,000 to remain consistent with the projected fee and disbursements of the Monitor, counsel for the Monitor, and counsel for the Applicants during the Extended Stay Period.
- (l) The Applicants are of the view that the proposed increase to the Administration Charge is reasonable and necessary at this time. The Monitor and the DIP Lender support the increase to the Administration Charge.

**D. DIP Loan and DIP Lender's Charge**

- (m) The Applicants, following consultation with the Monitor, have determined that they require interim financing to ensure that they have access to sufficient working capital to fund their ongoing operations and obligations during the SISF, including obligations related to the HCSHI Minority Interest and maintaining the ability to execute the Cabo Option.
- (n) Following the granting of the Initial Order the Applicants began discussions with their existing senior secured creditors DGC Investments Inc. and a group of secured debentureholders regarding interim financing. The existing senior secured

creditors, through a newly-incorporated affiliate 1000760498 Ontario Inc. (the “**DIP Lender**”) on the possibility of those secured creditors extending interim financing to the Applicants. The existing secured creditors, through their affiliate the DIP Lender, have offered to extend interim financing (the “**DIP Loan**”) to the Applicants on the terms set out in a term sheet executed by the DIP Lender and the Applicants on January 23, 2024 (the “**DIP Term Sheet**”). The DIP Term Sheet is appended to the affidavit of Jakob Ripshtein sworn January 23, 2024 (the “**Third Ripshtein Affidavit**”) and the material terms are described therein.

- (o) As security for the DIP Loan the Applicants have agreed to provide the DIP Lender with a third-ranking charge in the maximum amount of USD\$2,500,000 over all present and future properties, assets, and undertakings of the Applicants, real and personal, tangible and intangible, whether now owned or hereafter acquired, and the proceeds thereof, subject only to the Administration Charge.
- (p) The Monitor was involved in the negotiation of the DIP Loan and supports this Court’s approval of the DIP Loan and the DIP Lender’s Charge. The DIP Lender’s Charge will not secure any pre-filing obligations of the Applicants.

**E. Directors’ Charge**

- (q) The Applicants are seeking a Directors’ Charge on the Property, as defined in the Initial Order, in the amount of \$475,000. The Directors’ Charge is intended to be a second-ranking Charge on the Property, ranking behind the Administration Charge and the DIP Lender’s Charge.

- (r) To ensure the ongoing stability of the Applicants during the CCAA proceeding, the Applicants require the continued participation of their officers and directors. The officers and directors have important industry knowledge, expertise, and skills, as well as established relationships with key stakeholders, all of which will contribute to a successful outcome of the CCAA proceedings.
- (s) The Applicants' directors have an insurance policy which I understand provides coverage for certain claims and liabilities that may arise. However, the policy contains exclusions and exceptions to such coverage as provided. The quantum of the Directors' Charge was developed with the assistance and support of the Monitor.

**F. Key Employee's Retention Plan**

- (t) The purpose of the KERP is to facilitate and encourage the continued participation of senior management and key employees of the Applicants who are required to guide the business through these CCAA proceedings and preserve value for stakeholders. The KERP will provide participants with additional payments as an incentive to continue their employment through the CCAA proceedings.
- (u) The KERP incentives are designed to provide the appropriate incentives for identified employees to remain in their current positions throughout the intended SISF. If approved, the KERP should ensure a level of employee continuity and stability that could otherwise be placed at risk by key employee departures.

- (v) The KERP, as further discussed in the Third Ripshtein Affidavit, will provide payouts of between 6% and 25% of base salary to certain key employees upon certain events occurring. The KERP will provide a maximum of \$108,400 of payments. The KERP amounts are built into the Cash Flow Projection and have been approved by the Monitor and the DIP Lender.
- (w) The Applicants also seek to have the unredacted KERP sealed as it reveals individually identifiable information, including, among other things, compensation information. Disclosure of such sensitive personal and compensation information may cause harm to the beneficiaries of the KERP and to the Applicants, and the protection of such information is an important commercial and privacy interest that should be protected.
- (x) The Monitor is supportive of the sealing of the unredacted KERP.

**G. Stalking Horse Purchase Agreement**

- (y) The Applicants and the DIP Lender, with the assistance of the Monitor, have negotiated the Stalking Horse SPA, pursuant to which the DIP Lender intends to (i) act as a stalking horse bidder in the SISF; and (ii) acquire 100% direct and indirect ownership of the Applicants within the CCAA proceedings by way of a reverse approval and vesting order that would result in the DIP Lender becoming the sole owner of 100% of the issued and outstanding shares of Humble Parent.
- (z) The DIP Lender is an affiliate of the Applicants' secured creditors.

- (aa) The Stalking Horse SPA will serve as a baseline for any bids received in the SISP to be measured against, and will signal to customers, employees and other stakeholders that the business will continue as a going concern following the conclusion of these CCAA proceedings. The principal terms of the Stalking Horse SPA are summarized in the Third Ripshtein Affidavit and the Stalking Horse SPA is appended thereto.
- (bb) The Stalking Horse SPA is conditional upon this Court granted a reverse-vesting order. The Applicants are not seeking approval of a reverse-vesting order at this time. The purpose of a reverse-vesting structure is to ensure an efficient operational transition of the Applicants' assets and business, including tax losses and key agreements.

#### **H. SISP**

- (cc) The Applicants seek approval of the SISP in which the Stalking Horse SPA will establish a baseline price and govern the solicitation of higher and more favourable offers. The SISP was developed in consultation with the Monitor and takes into account the current financial circumstances of the Applicants
- (dd) The approval of the SISP will allow the Applicants to test the market for higher and better offers in order to maximize the value obtained for the Applicants' assets for the benefit of the various stakeholders.
- (ee) Subject to the approval of the Court, the SISP will be administered by the Monitor in consultation with the Applicants. In addition, the Monitor will have certain rights

in connection with material decisions related to the process, including with respect to the extension of certain deadlines.

(ff) The SISP will proceed in a one-phase process and is anticipated to run for a duration of thirty days. The Monitor will select the Successful Bid on the basis of a number of factors set out in the SISP, including the highest or otherwise best bid at an auction, if necessary. Following the conclusion of the SISP the Applicants or the Monitor shall seek this Honourable Court's approval of the Successful Bid, as defined in the SISP.

(gg) And, such further and other grounds as counsel for the parties may advise.

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

- (a) The Affidavit of Jakob Ripshtein sworn January 4, 2024, filed;
- (b) The Affidavit of Jakob Ripshtein sworn January 23, 2024, filed;
- (c) The Monitor's First Report, to be filed; and
- (d) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.



January 23, 2024

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INC., HUMBLE CANNABIS SOLUTIONS INC., P.W.F. HOLDCO INC., and  
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The Applicants

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(as of January 18, 2024)

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

Court File No.: CV-24-00712366-00CL

AS AMENDED

HUMBLE & FUME INC. (ONTARIO), HUMBLE & FUME INC. (MANITOBA), BOB  
HEADQUARTERS INC., FUME LABS INC., HUMBLE CANNABIS SOLUTIONS INC., PWF  
HOLDCO INC., and WINDSHIP TRADING LLC.

(the "Applicants")

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE -**  
**COMMERCIAL LIST**

Proceeding commenced at Toronto

**NOTICE OF MOTION**  
**(RETURNABLE JANUARY 24, 2024)**

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# TAB 2

Court File No.: CV-24-00712366-00CL

**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 HUMBLE & FUME INC. (ONTARIO), HUMBLE &  
FUME INC. (MANITOBA), B.O.B. HEADQUARTERS INC., FUME LABS  
INC., HUMBLE CANNABIS SOLUTIONS INC., PWF HOLDCO INC., and  
WINDSHIP TRADING LLC

(the “Applicants”)

**AFFIDAVIT OF JAKOB RIPSZTEIN  
(sworn January 23, 2024)**

January 23, 2024

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Court File No.: CV-24-00712366-00CL

**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 HUMBLE & FUME INC. (ONTARIO), HUMBLE &  
FUME INC. (MANITOBA), B.O.B. HEADQUARTERS INC., FUME LABS  
INC., HUMBLE CANNABIS SOLUTIONS INC., PWF HOLDCO INC., and  
WINDSHIP TRADING LLC

(the “**Applicants**”)

**AFFIDAVIT OF JAKOB RIPSSTEIN  
(sworn January 23, 2024)**

**I, Jakob Ripshtein**, of the City of Toronto, in the Province of Ontario, **MAKE OATH  
AND SAY AS FOLLOWS:**

**I. OVERVIEW**

1. I am the chief executive officer (“**CEO**”) and chairman of the board of Humble & Fume Inc. (“**Humble Parent**”), Humble & Fume Inc. (Manitoba) (“**Humble Manitoba**”), B.O.B. Headquarters Inc. (“**BOBHQ**”), Humble Cannabis Solutions Inc. (“**HCS**”), Fume Labs Inc. (“**Fume Labs**”), PWF Holdco Inc. (“**PWF**”), and Windship Trading LLC (“**Windship**”, and, collectively, the “**Applicants**”) and as such, I have knowledge of the matters hereinafter deposed to.
2. As the CEO of the Applicants, my primary responsibilities include managing the Applicants’ overall operations and resources and making strategic business decisions.

3. I became CEO of Humble Parent and the other Applicants on January 13, 2023. I joined the Humble Parent board on June 16, 2021 and became chairman of the board on November 30, 2021. I also sit on the board of each of the other Applicants.
4. I have personal knowledge of the matters to which I depose in this affidavit, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.
5. I swear this affidavit in support of a motion pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "CCAA"), requesting, among other things:
  - (a) an amended and restated initial order ("**Amended and Restated Initial Order**") substantially in the form attached at Tab 3 of the Applicants' motion record, among other things:
    - i. abridging the time for and validating service of this notice of motion and the motion record and dispensing with service on any person other than those served;
    - ii. extending the stay of proceedings granted pursuant to the order, dated January 5, 2024 (the "**Initial Order**"), to and including April 5, 2024;
    - iii. approving an increase to the Administration Charge to the maximum amount of \$500,000;
    - iv. approving a second-ranking directors' and officers' charge in the maximum amount of \$475,000 (the "**Directors Charge**");

- v. approving the execution of the DIP Term Sheet (as defined below), the DIP Loan (as defined below), the authority to borrow up to USD\$2,500,000, and granting a third-ranking charge in favour of 1000760498 Ontario Inc. (the “**DIP Lender**”) in the maximum amount of USD\$2,500,000 (the “**DIP Lender’s Charge**”);
  - vi. approving a Key Employee Retention Plan (“**KERP**”) and authorizing the Applicants to make payments in accordance with the terms of the KERP; and
  - vii. a sealing order in respect of the unredacted KERP.
- (b) an order (the “**SISP Approval Order**”), substantially in the form attached at Tab 4 of the Applicants’ motion record, among other things:
- i. approving Humble Parent’s execution and entry into a stalking horse purchase agreement dated January 23, 2024 (the “**Stalking Horse SPA**”) between Humble Parent and the DIP Lender;
  - ii. approving the sale and investment solicitation process (“**SISP**”) and the Stalking Horse SPA; and
  - iii. confirming that the Stalking Horse SPA represents the “Stalking Horse Bid” as defined in and for purposes of the SISP Approval Order.

## II. **BACKGROUND AND UPDATE ON CCAA PROCEEDINGS**

### A. **Background**

6. My first affidavit in these CCAA proceedings was sworn on January 4, 2024 (the “**First Ripshtein Affidavit**”). A copy of the First Ripshtein Affidavit, without exhibits, is attached

hereto as **Exhibit “A”**. On January 11, 2024 I swore a short affidavit (the “**Second Ripshtein Affidavit**”) in support of a motion by the Applicants for a stay extension from January 15, 2024 to January 26, 2024. A copy of the Second Ripshtein Affidavit, without exhibits, is attached hereto as **Exhibit “B”**.

7. The Applicants distribute cannabis and cannabis accessories in Canada and the United States. The Applicants applied for urgent relief under the CCAA on January 5, 2024 because they had insufficient capital to sustain operations on a go-forward basis. Attached hereto as **Exhibit “C”** is a copy of the Applicants’ organizational chart.
8. On January 5, 2024, the Honourable Justice Cavanagh granted the Initial Order, which, among other things:
  - (a) granted an initial stay of proceedings in favour of the Applicants and their directors and officers up to and including January 15, 2024;
  - (b) appointed Deloitte Restructuring Inc. as the monitor of the Applicants (in such capacity, the “**Monitor**”);
  - (c) granted a first-ranking administration charge in the amount of \$150,000 in favour of counsel for the Applicants, the Monitor and its counsel (the “**Administration Charge**”);
  - (d) authorized the Applicants to incur no further expenses in relation to the Securities Filings (as defined in the First Ripshtein Affidavit) and declared that none of the directors, officers, employees, and other representatives of the Applicants, or the Monitor (and its directors, officers, employees and representatives) shall have any personal liability for any failure by the Applicants to make Securities Filings; and

(e) authorized the Applicants to continue utilizing their cash management system (the “**Cash Management System**”).

9. On January 12, 2024 the Honourable Justice Cavanagh granted an order (the “**Stay Extension Order**”) further extending the stay of proceedings up to and including January 26, 2024.

10. The Applicants have continued to operate in the ordinary course since the Initial Order was granted. Among other things, the Applicants have, with the assistance of the Monitor and their advisors:

- (a) worked to stabilize operations, negotiate the DIP Term Sheet (defined below), negotiate the Stalking Horse SPA, and develop the SISP;
- (b) created and implemented a communication plan to advise key stakeholders of the CCAA proceeding;
- (c) prepared a 13-week cash flow forecast (the “**Cash Flow Forecast**”) and realized a number of cash flow efficiencies;
- (d) communicated extensively with various stakeholders including, among others: key creditors, customers, suppliers, and employees, which are critical to the Applicants’ ongoing operations; and
- (e) worked with the Monitor to develop the KERP.

## **B. Update on CCAA Proceedings**

### ***i. HCSHI and the Cabo Option***

11. As discussed in the First Ripshtein Affidavit at paragraphs 42-45, the Applicants currently hold 25% of HC Solutions Holdings, Inc. (“**HCSHI**” and the “**HCSHI Minority Interest**”, respectively), a Delaware corporation. HCSHI is a joint venture between the Applicants



and Green Acre Capital Distribution Corp. (“**GACDC**”). GACDC is beneficially owned and controlled by JThree Investments LLC (“**JThree**”).

12. HCSHI is the ultimate corporate parent of a solely-owned corporation, Cabo Connection (“**Cabo**”). Cabo is a California corporation that is licensed to manufacture and distribute cannabis products in California.
13. As discussed in paragraph 45 of the First Ripshtein Affidavit, on August 22, 2023 Humble Parent entered into an option agreement (the “**Cabo Option**”) with GACDC to purchase up to 93.8447 shares of HCSHI from GACDC at the price of \$21,311.80 per share. The Option is exercisable, in whole or in part, at Humble Parent’s election. The Option terminates on February 22, 2024.
14. Additionally, HCSHI requires ongoing funding from JThree and the Applicants to maintain operations. The Applicants and JThree, in consultation with the Monitor, have agreed to a process that ensures that HCSHI is adequately capitalized for its working capital needs while also providing protection from a potential dilution of the HCSHI Minority Interest.
15. The Applicants’ and GACDC’s relationship with respect to their joint ownership of HCSHI is governed by a stockholder agreement (the “**Stockholder Agreement**”). Subsequent to August 22, 2023 GACDC conveyed its shares in HCSHI to Green Acre Capital Distribution Corp II (“**GACDC II**”), a related entity. GACDC II, guided by its beneficial owner JThree, and Humble Parent are in the process of negotiating a new stockholder agreement as between them.
16. Since the Initial Order was granted, the Applicants have worked with JThree, the Monitor, and the DIP Lender to ensure that:

- (a) The SISP provides sufficient flexibility in allowing the Applicants to market the HCSHI Minority Interest and the Cabo Option while ensuring that JThree is sufficiently consulted and is comfortable with JThree's new JV Partner; and
- (b) the DIP provides the Applicants with capital to allow Humble Parent to continue to fund Cabo with the DIP Lender's consent, and to exercise the Cabo Option.

17. Humble Parent, the DIP Lender, and GACDC II have entered into an agreement that will govern funding Cabo through to either the sale of the HCSHI Minority Interest or the termination of these CCAA proceedings. The agreement categorizes Cabo's funding needs into "operating expenses" and expenses related to "new opportunities" and provides for a committee of stakeholders involved in Cabo, comprised of myself, a representative of the DIP Lender, and a representative of J3 to make funding requests to the DIP Lender to fund Humble Parent's proportion of Cabo's funding needs. The agreement also provides a mechanism to provide for funding solely by J3 in the event that the DIP Lender exercises its discretion to not fund Cabo.

### III. RELIEF SOUGHT

#### A. Stay Extension

18. The Applicants have acted, and continue to act, in good faith and with due diligence to communicate with stakeholders and to develop the SISP. The Applicants seek a stay extension up to and including April 5, 2024 ("**Extended Stay Period**") to provide stability and to allow sufficient time to complete the SISP without having to incur additional costs during that process to return to Court to seek further extension.

19. As discussed below, it is anticipated that the SISP will have a bid deadline of February 23, 2024, with an auction to be held, if necessary, by February 29, 2024, with a sale approval hearing to be scheduled shortly thereafter, subject to court availability.
20. As indicated in the cash flow forecast (the “**Cash Flow Forecast**”) attached hereto as **Exhibit “D”** and appended to the Monitor’s first report, to be filed, (the “**Monitor’s First Report**”) the Applicants are projected to have sufficient liquidity during the Extended Stay Period to fund obligations including the costs of the CCAA proceedings and the funding of Humble Parent’s pro rata portion of Cabo’s working capital requirements during the SISP, assuming that the DIP Term Sheet is approved.
21. The Monitor has advised that it supports the extension of the stay for the Extended Stay Period.

**B. Increase to Administration Charge**

22. The Applicants seek an increase in the Administration Charge to \$500,000 to appropriately secure and remain consistent with the projected fee and disbursements of the Monitor, counsel for the Monitor, and counsel for the Applicants during the Extended Stay Period.
23. The Applicants are of the view that the proposed increase to the Administration Charge is reasonable and necessary at this time. The Monitor and the DIP Lender support the increase to the Administration Charge.

**C. DIP Financing and Charge**

24. The Applicants, following consultation with the Monitor, have determined that they require interim financing to ensure that they have access to sufficient working capital to fund their ongoing operations and obligations during the SISP, including obligations related to the Cabo Minority Interest and maintaining the ability to execute the Cabo Option.

25. Following the granting of the Initial Order the Applicants began discussions with their existing secured creditors on the possibility of those secured creditors extending interim financing to the Applicants. The existing secured creditors, via their affiliate the DIP Lender, have offered to extend interim financing (the “**DIP Loan**”) to the Applicants on the terms set out in a term sheet executed by the DIP Lender and the Applicants on January 23, 2024 (the “**DIP Term Sheet**”). A copy of the DIP Term Sheet is attached hereto as **Exhibit “E”**.
26. The materials terms of the DIP Term Sheet are as follows:
- (a) Principal Amount: USD\$2,500,000.
  - (b) Purpose of DIP Loan: to fund (i) working capital needs of the Borrowers; (ii) professional fees and expenses incurred by the Borrowers and the Monitor in respect of the CCAA Proceedings, in each case in accordance with the Cash Flow Projection; (iii) the Recoverable Expenses (as defined below); and (iv) a portion of the operating expenses of HCSHI and Cabo; (v) the exercise of the Cabo Option at the sole discretion of the DIP Lender; and (vi) such other costs and expenses of the Borrowers as may be agreed to by the DIP Lender and the Monitor.
  - (c) Maturity Date: the earliest of (i) April 15, 2024; (ii) the closing of a sale or investment transaction resulting from the SISP; (iii) the implementation of a plan of compromise or arrangement within these CCAA proceedings; (iv) the date on which these CCAA proceedings are terminated for any reason; and (v) the occurrence of an Event of Default (as defined in the DIP Term Sheet) subject to a three day cure period.

- (d) Interest Rate: 12% per annum, calculated daily on the outstanding balance owing under the DIP Loan, not in advance, and accruing and paid on the Maturity Date.
- (e) Recoverable Expenses: all reasonable fees and expenses incurred by the DIP Lender in connection with these CCAA proceedings and all court attendances in respect thereof, including but not limited to all fees and expenses incurred by the DIP Lender in connection with the preparation, registration and ongoing administration of the DIP, the Initial Order, the ARIO, the SISP Order, the DIP Lender's Charge and with the enforcement of the DIP Lender's rights and remedies thereunder.
- (f) DIP Lender's Charge and Court Approval: The DIP Loan is to be secured by a court-ordered priority charge in the maximum amount of USD\$2,500,000 over all present and future properties, assets, and undertakings of the Applicants, real and personal, tangible and intangible, whether now owned or hereafter acquired, and the proceeds thereof, subject only to the Administration Charge and the Directors' Charge (as defined above, the "**DIP Lender's Charge**"). The DIP Loan will be available to the Applicants upon the issuance of the proposed ARIO approving the DIP Term Sheet, the DIP Loan and the DIP Lender's Charge.

27. I believe that the DIP Loan is both reasonable and necessary for the Applicants to continue as a going concern, to maintain the possibility of meeting funding obligations to Cabo, and to maintain the possibility of exercising the Cabo Option, as evidenced by the Cash Flow Forecast. The DIP Loan ensures that the Applicants will have sufficient liquidity to fund their ongoing operations and avoid a dilution of the HCSHI Minority Interest while also maintaining the ability to exercise the Cabo Option.

28. The Monitor was involved in the negotiation of the DIP Loan and supports this Court's approval of the DIP Loan and the DIP Lender's Charge.
29. The DIP Lender's Charge will not secure any pre-filing obligations of the Applicants. As indicated in the Cash Flow Forecast, the DIP Loan will provide the Applicants with sufficient liquidity to continue operations during the SISP and protect the Cabo Option. In the absence of the DIP Loan, the Applicants may suffer a severe erosion of value and be unable to sustain operations.

**D. Directors' Charge**

30. The Applicants are seeking a Directors' Charge on the Property, as defined in the Initial Order, in the amount of \$475,000.
31. To ensure the ongoing stability of the Applicants during the CCAA proceeding, the Applicants require the continued participation of their officers and directors. The officers and directors have important industry knowledge, expertise, and skills, as well as established relationships with key stakeholders, all of which will contribute to a successful outcome of the CCAA proceedings.
32. The Applicants' directors have an insurance policy which I understand provides coverage for certain claims and liabilities that may arise (the "**D&O Policy**"). However, the policy contains exclusions and exceptions to such coverage as provided. The Applicants' ordinary course operations give rise to potential director or officer liability, including sales tax and payroll. To address legitimate concerns with respect to their potential exposure, the directors and officers have requested reasonable protection against personal liability that might arise during the post-filing period.

33. The quantum of the Directors' Charge was developed with the assistance and support of the Monitor. The Applicants are of the view that the quantum of the Directors' Charge is reasonable, and that the charge is necessary at this time to address circumstances that could lead to potential directors' liability prior to the termination of these CCAA proceedings.
34. It is proposed that the Directors' Charge be a second-priority charge, ranking behind the Administration Charge and ahead of the DIP Lender's Charge.

**E. Key Employee Retention Plan**

35. The Applicants have developed a KERP with input from the Monitor.
36. The purpose of the KERP is to facilitate and encourage the continued participation of senior management and key employees of the Applicants who are required to guide the business through these CCAA proceedings and preserve value for stakeholders.
37. The KERP will provide participants with additional payments as an incentive to continue their employment through the CCAA proceedings. These employees have significant experience and specialized expertise that cannot easily be replicated or replaced. There is also a recognition that these key employees will likely have other, more certain employment opportunities, and may be faced with a significantly increased workload during the CCAA process.
38. I believe that the KERP is very important for the stability of the business. The KERP has been designed to provide the necessary incentives for identified employees to remain in their current positions throughout the intended SISF. If approved, the KERP should ensure a level of employee continuity and stability that could otherwise be placed at risk by key employee departures.

39. Three employees, along with myself (I am a consultant and not an employee of any of the Applicants) are proposed as beneficiaries of the KERP (the “**KERP Beneficiaries**”). I verily believe that the Applicants will not be able to maintain their operations during the SISF and through to a successful closing without offering these employees an incentive. The KERP Beneficiaries will receive their respective KERP payments upon the closing of a successful transaction within the SISF or otherwise at the termination of the KERP Beneficiary’s employment with the Applicants.
40. The KERP payment amounts provide the KERP Beneficiaries with a payment of between approximately 6% and 25% of their base salary upon satisfaction of the KERP Conditions. The maximum amount payable under the KERP is \$108,400.
41. The Applicants are seeking to seal the unredacted KERP, which will be attached as a confidential appendix to the Monitor’s First Report. The KERP contains sensitive personal and compensation information which I believe may cause harm to the KERP Beneficiaries and to the Applicants if such information became public.
42. The KERP amounts are built into the Cash Flow Projection and have been approved by the Monitor and the DIP Lender. The Monitor is also supportive of having the unredacted KERP sealed and not form part of the public record.

## **F. Stalking Horse SPA**

### ***i. Stalking Horse SPA***

43. The Applicants and the DIP Lender, with the assistance of the Monitor, have negotiated a purchase agreement (the “**Stalking Horse SPA**”) pursuant to which the DIP Lender intends to (i) act as a stalking horse bidder in the SISF; and (ii) acquire 100% direct and indirect ownership of the Applicants within the CCAA proceedings by way of a reverse approval



and vesting order that would result in the DIP Lender becoming the sole owner of 100% of the issued and outstanding shares of Humble Parent.

44. As mentioned, the DIP Lender is an affiliate of the Applicants' secured creditors.
45. The Stalking Horse SPA will serve as a baseline for any bids received in the SISP to be measured against, and will signal to customers, employees and other stakeholders that the business will continue as a going concern following the conclusion of these CCAA proceedings. Due to the nature of this business (being the timely fulfilment of significant orders from industry leading customers) it is critical to the preservation of stakeholder value that going concern operations be preserved.
46. The principal terms of the Stalking Horse SPA are summarized below. A copy of the Stalking Horse SPA is attached hereto as **Exhibit "F"**. All capitalized terms not defined in this Affidavit take their definitions from the Stalking Horse SPA:

<b>Term</b>	<b>Details</b>
<b>Seller</b>	Humble Parent
<b>Purchaser</b>	1000760498 Ontario Inc.
<b>Transaction Structure</b>	Reverse-vesting share purchase transaction.
<b>Purchase Price</b>	The assumption by the DIP Lender of all indebtedness owing by the Applicants owing under the DIP Loan, the DGC Debt and the Debenture Debt, (collectively, the " <b>Secured Debt</b> ") plus the value of the Retained Liabilities. As of the date on which the Stalking Horse SPA was executed (the " <b>Effective Date</b> ") the Secured Debt totaled \$3,727,978.
<b>Purchased Shares</b>	The DIP Lender will purchase the common shares of Humble Parent in accordance with the Pre-Closing Reorganization.
<b>Closing Payment</b>	On the Closing Date, the Purchaser shall pay to the Monitor an amount equal to the sum of (i) Priority Payments, (ii) cash in an amount sufficient to satisfy any amounts owing that are secured by the Administration Charge and the Directors' Charge, and (iii) the Administrative Wind-down Amount (defined below). Any unused portion of the Closing Payment shall be returned to the DIP Lender.

<b>Administrative Wind-down Amount</b>	\$50,000 to be used to satisfy costs incurred by the Monitor and its advisors to administer ResidualCo, the Excluded Assets, the Excluded Liabilities and to wind-down and/or dissolve ResidualCo.
<b>Professional Fees</b>	The DIP Lender shall be entitled to repayment of all professional fees and disbursements incurred in connection with the Stalking Horse SPA to a maximum amount of \$75,000.
<b>Retained Assets</b>	All assets owned by the Applicants on the Effective Date and any assets acquired up to and including Closing, including the HCSHI Shares, equipment and personal property, Assumed Contracts, Permits and Licenses, Books and Records, Business and undertakings.
<b>Excluded Assets</b>	<ol style="list-style-type: none"> <li>1. Inventory sold in the ordinary course of Business in the Interim Period in accordance with the Initial Order; and</li> <li>2. Excluded Contracts (as may be determined prior to Closing).</li> </ol>
<b>Retained Liabilities</b>	<ol style="list-style-type: none"> <li>1. Such Liabilities as may be confirmed by the Purchaser prior to Closing;</li> <li>2. any Claim or Encumbrance by or in favour of a Person arising under or in connection with an HCSHI Document or relating to the HCSHI Shares;</li> <li>3. The DIP Loan, the DGC Debt and the Debenture Debt; and</li> <li>4. All liabilities related to the Business under any Assumed Contracts or Permits and Licenses forming part of the Retained Assets;</li> </ol> <p>in each case solely in respect of the period from and after the Closing Time.</p>
<b>Excluded Liabilities</b>	<ol style="list-style-type: none"> <li>1. All debts, obligations, Liabilities, Encumbrances (other than Permitted Encumbrances), indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the Humble Group or the Purchased Shares or against, relating to or affecting any of the Retained Assets, or any Excluded Assets or Excluded Contracts;</li> <li>2. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Company may be bound as at the Closing Time;</li> </ol>

	<ol style="list-style-type: none"> <li>3. Any and all Liabilities pertaining to the administration of the CCAA Proceedings including, without limitation, under any court-ordered charge granted therein;</li> <li>4. All Liabilities relating to or under the Excluded Contracts and Excluded Assets;</li> <li>5. All Liabilities to Terminated Employees whose employment with the Company is terminated on or before Closing, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law;</li> <li>6. Any Liabilities for commissions, fees or other compensation payable to any finder, broker or similar intermediary in connection with the negotiation, execution or delivery of this Agreement or the consummation of the Transaction; and</li> <li>7. Any and all Liabilities that are not Retained Liabilities.</li> </ol>
<b>As is, Where is</b>	The Purchased Shares and the Retained Assets will be sold to the DIP Lender on an “as is, where is” basis, subject only to the representations and warranties contained in the Purchase Agreement.
<b>Key Conditions to Closing</b>	<ol style="list-style-type: none"> <li>1. The Court shall have issued and entered the Approval and Vesting Order and the Assignment Order, which orders shall not have been stayed, set aside, or vacated and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably; and</li> <li>2. The Permits and Licenses shall be in good standing at the Closing Time and no material default shall have occurred under such Licenses and Permits and such Licenses and Permits shall remain in good standing immediately following and notwithstanding closing.</li> </ol>
<b>Closing Date</b>	No later than (10) ten Business Days after the conditions to Closing have been satisfied or waived, other than those that are to be satisfied or waived at the Closing.

47. The Stalking Horse SPA is conditional upon this Court granted a reverse-vesting order.

The Applicants are not seeking approval of a reverse-vesting order at this time.

48. The purpose of a reverse-vesting structure is to ensure an efficient operational transition of the Applicants' assets and business, including tax losses and key agreements.
49. As of June 30, 2023 (being the most recent date on which this amount was calculated) the Applicants have over \$39 million in operating tax losses. These tax losses can only be maintained in a share purchase transaction. Additionally, the Applicants are party to key agreements, including the Consignment Agreement discussed at paragraphs 73 to 74 of the First Ripshtein Affidavit, which can only be assigned with counterparty consent.

### **G. Sale and Investment Solicitation Process**

#### ***i. Purpose of SISP***

50. The Applicants seek approval of the SISP in which the Stalking Horse SPA will establish a baseline price and govern the solicitation of higher and more favourable offers.
51. The SISP, which is attached as a schedule to the Stalking Horse SPA, was developed in consultation with the Monitor and takes into account the current financial circumstances of the Applicants.
52. The approval of the SISP will allow the Applicants to test the market for higher and better offers in order to maximize the value obtained for the Applicants' assets for the benefit of the various stakeholders.
53. Subject to the approval of the Court, the SISP will be administered by the Monitor in consultation with the Applicants. In addition, the Monitor will have certain rights in connection with material decisions related to the process, including with respect to the extension of certain deadlines.
54. I believe that the SISP will provide stability to the Applicants' business by signalling to customers, employees, and other stakeholders that the Applicants' business will continue

as a going concern after these CCAA proceedings. For the reasons described above, this is essential for the preservation of stakeholder value.

55. Further, and as indicated above, I have had ongoing discussions with customers and investors, as well as other cannabis industry participants, since the commencement of these proceedings. The reaction to the prospective sales process has been positive. My colleagues in senior management and I have received several preliminary expressions of interest in participating in a sales process. We believe these expressions of interest to be from well-resourced parties with the ability to effectively compete in a sales process. When approached, we have directed and will continue to direct, interested parties to the Monitor.

*ii. Summary of Proposed SISP*

56. The following summary of the proposed terms contemplated in the SISP. All capitalized terms used in this section and not otherwise defined have the meanings ascribed to them in the SISP. Attached hereto as **Exhibit “G”** to this my Affidavit is a copy of the SISP guidelines.

57. The SISP will be administered by the Monitor, in consultation with the Applicants and will commence immediately upon this Court’s granting of the SISP Order. The Monitor will seek a restructuring, recapitalization or other form or reorganization of the business and affairs of the Applicants as a going concern or a sale of all, substantially all or one or more components of the Applicants’ assets (the “**Property**”) and business operations (the “**Business**”) as a going concern or otherwise, or some combination thereof (each, a “**Transaction**”). The HCSHI Minority Interest will be included in the SISP.

58. The SISP contemplates a one-stage process that involves the submission by interested parties of binding offers by the Bid Deadline.

59. Any Transaction will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges and interests therein and thereon pursuant to Court orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in such Court orders.
60. The DIP Lender shall automatically be considered a Qualified Bid for the purposes of the Auction.
61. The following table sets out the key milestones under the SISP:

<b>Milestone</b>	<b>Deadline</b>
Commencement date	Immediately following the granting of the SISP Order
Bid Deadline	February 23, 2024
Auction Date	February 29, 2024
Sale Approval Motion	Forthwith following the Bid Deadline or Auction Date, as applicable, depending on this Court’s availability
Closing of the Transaction	Seven days after the Sale Approval Motion

62. Subject to any order of the Court, the dates set out in the SISP may be extended by the Monitor with the consent and approval of the Applicants.
63. As soon as reasonably practical following the granting the SISP Order, the Monitor, in consultation with the Applicants, will:
- (a) prepare a list of Known Potential Bidders who may have an interest in the Property or the Business;

- (b) prepare a notice for the SISP to be published on the Monitor's website and any other newspaper, journal, website or media outlet as the Applicants, in consultation with the Monitor, consider appropriate, if any; and
- (c) the Monitor, in consultation with the Applicants, will prepare: (i) a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicants and the Monitor, and their respective counsel (an "**NDA**").

64. The SISP will proceed in a one-phase process. The Monitor, in consultation with the Applicants, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered an NDA to the Monitor and provided information as to their financial wherewithal to close a transaction such access to due diligence material and information relating to the Property and Business as the Applicants or the Monitor deem appropriate, including access to an electronic data room.

65. Prior to providing access to due diligence materials to Potential Bidders interested in acquiring or investing in the HCSHI Minority Interest the Monitor shall consult with HCSHI's shareholders and myself (collectively, the "**Consulting Parties**") with respect to whether the admission of a Known Potential Bidder to the due diligence materials in respect of the HCSHI Minority Interest is appropriate in the circumstances or if it would create commercial, competitive and/or confidentiality concerns.

66. Potential Bidders that wish to make a formal offer to purchase or make an investment in the Applicants or their Property or Business (a “**Bidder**”) shall submit a binding offer (a “**Bid**”) that complies with certain requirements set out in the SISP to the Monitor and the Applicants’ counsel by no later than 5:00PM (EST) on February 23, 2024 (the “**Bid Deadline**”).
67. Following the Bid Deadline, the Monitor will assess the Bids received. The Monitor, in consultation with the Applicants, will designate the most competitive bids that comply with the foregoing requirements to be “**Qualified Bids**”.
68. The Monitor may only designate a Bid as a Qualified Bid where the proposed purchase price is equal to or greater than that contained in the Stalking Horse Bid, and includes a cash purchase price in an amount equal to or greater than the Stalking Horse Bid, plus \$125,000 CAD.
69. The Monitor shall notify each Bidder in writing as to whether its Bid constituted a Qualified Bid within two (2) business days of the Bid Deadline, or at such later time as the Monitor deems appropriate.
70. If the Monitor receives at least one additional Qualified Bid in addition to the Stalking Horse Bid, the Monitor will conduct and administer an Auction in accordance with the terms of this SISP (the “**Auction**”). The first bid made at the Auction by a Qualified Party subsequent to the Monitor’s announcement of the Initial Bid must be in the minimum additional cash amount of \$125,000 CAD, with subsequent bids being in the minimum additional cash amount of \$50,000 CAD (each, an “**Overbid**”),
71. The Monitor will select the Successful Bid on the basis of a number of factors set out in the SISP, including the highest or otherwise best bid at the Auction.



72. Following the conclusion of the SISP the Monitor or the Applicants shall seek, among other things, approval from the Court to consummate any Successful Bid, through a vesting order and/or reverse vesting order. All the Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Monitor and the Applicants on and as of the date of approval of the Successful Bid by the Court.

#### IV. **STORZ & BICKEL**

73. Storz & Bickel America, Inc. (“**S&B**”), a manufacturer and supplier of vaporizer goods, wrote to the Monitor and Applicants’ counsel on January 18, 2024 and sought information with respect to the CCAA proceedings (“**S&B January 18 Letter**”). The letter asserted, among other things, a purchase money security interest in goods and proceeds of goods supplied by S&B to Windship. A copy of the S&B January 18 Letter (without exhibits) is attached as **Exhibit “H”**.
74. The Applicants responded to the S&B January 18 Letter by correspondence dated January 22, 2024. The correspondence was followed by an exchange of emails as amongst counsel for the parties setting out a series of further requests, and responses to requests, all bearing on the issue of the nature and priority of S&B’s asserted security interest. A copy of Applicants’ letter dated January 22, 2024 is attached as **Exhibit “I”**. A copy of the ensuing email chain as between counsel is attached as **Exhibit “J”**.
75. As at the time of swearing this affidavit, S&B and the Applicants, with the assistance of the Monitor, are in ongoing discussions as to how best to resolve S&B’s requests for information and concerns.

**V. FORM OF ORDER AND CONCLUSION**

76. This affidavit is sworn in support of orders substantially in the form of the draft orders at Tabs “3” and “4” to the Applicants’ Motion Record, and for no other or improper purpose.

SWORN before me at the City of Toronto,  
in the Province of Ontario, this 23rd day of  
January, 2024 in accordance with O. Reg.  
431/20 Administering Oath or Declaration  
Remotely

DocuSigned by:  
*Matthew Cressatti*  
DA79353421D842D...

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Commissioner for Taking Affidavits

MATTHEW CRESSATTI

DocuSigned by:  
*Jakob Ripshtein*  
0AE7986CE32D413...

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**JAKOB RIPSSTEIN**

This is Exhibit “A” referred to in the Affidavit of Jakob Ripshtein sworn by Jakob Ripshtein of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on January 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

*Matthew Cressatti*

DA79353421D842D...

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*Commissioner for Taking Affidavits (or as may be)*

**MATTHEW CRESSATTI**

Court File No.:

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF HUMBLE & FUME INC. (ONTARIO), HUMBLE &  
FUME INC. (MANITOBA), B.O.B. HEADQUARTERS INC., FUME LABS  
INC., HUMBLE CANNABIS SOLUTIONS INC., PWF HOLDCO INC., and  
WINDSHIP TRADING LLC

(the “Applicants”)

**AFFIDAVIT OF JAKOB RIPSCHTEIN  
(sworn January 4, 2024)**

January 4, 2024

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Court File No.:

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INC., HUMBLE CANNABIS SOLUTIONS INC., PWF HOLDCO INC., and  
WINDSHIP TRADING LLC

(the “**Applicants**”)

**AFFIDAVIT OF JAKOB RIPSSTEIN  
(sworn January 4, 2024)**

**I, Jakob Ripshtein**, of the City of Toronto, in the Province of Ontario, **MAKE OATH  
AND SAY AS FOLLOWS:**

**I. OVERVIEW**

1. I am the chief executive officer (“**CEO**”) and chairman of the board of Humble & Fume Inc. (“**Humble Parent**”), Humble & Fume Inc. (Manitoba) (“**Humble Manitoba**”), B.O.B. Headquarters Inc. (“**BOBHQ**”), Humble Cannabis Solutions Inc. (“**HCS**”), Fume Labs Inc. (“**Fume Labs**”), PWF Holdco Inc. (“**PWF**”), and Windship Trading LLC (“**Windship**”, and, collectively, the “**Applicants**”) and as such, I have knowledge of the matters hereinafter deposed to.
2. As the CEO of the Applicants, my primary responsibilities include managing the Applicants’ overall operations and resources and making strategic business decisions.

3. I became CEO of Humble Parent and the other Applicants on January 13, 2023. I joined the Humble Parent board on June 16, 2021 and became chairman of the board on November 30, 2021. I also sit on the board of each of the other Applicants.
4. Prior to my current role, I acted as president of Aphria Inc, president of Diageo Canada, and chief financial officer of Diageo North America.
5. I have personal knowledge of the matters to which I depose in this affidavit, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.
6. I swear this affidavit in support of, among other things, an application by the Applicant for protection from its creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "**CCAA**").
7. More specifically, the Applicants are seeking an order (the "**Initial Order**") approving:
  - (a) a declaration that the Applicants are companies to which the CCAA applies;
  - (b) an administration charge of \$150,000 (the "**Administration Charge**"); and
  - (c) an initial stay of proceedings through to January 15, 2024 (the "**Stay Period**").
8. If the Initial Order is granted the Applicants intend to return to Court on January 12, 2024 (the "**Comeback Hearing**") to request an order (the "**ARIO**") that would:
  - (a) extend the Stay Period;
  - (b) increase the amount of the Administration Charge;



- (c) granting a charge in favour of the current directors and officers of the Applicants in an amount to be determined by the Monitor in advance of the Comeback Hearing (the “**D&O Charge**”);
- (d) authorize and approve certain payments to critical suppliers for pre-filing expenses or to honour cheques issued to providers of goods and services prior to the Initial Order, with consent of the Monitor, which are necessary to facilitate the Company’s ongoing operations and preserve value during the CCAA proceedings; and
- (e) approve a sale and investment solicitation process, which will include a stalking horse bid component.

9. For the reasons set out herein, I do verily believe that the Applicants are insolvent and are companies to which the CCAA applies.

## **II. URGENT NEED FOR RELIEF**

10. The Applicants distribute cannabis and cannabis accessories in Canada and the United States. The Applicants are insolvent, face a severe liquidity crisis, and are in urgent need of relief under the CCAA.
11. On December 6, 2023 Humble Parent’s shares were cease traded by the Ontario Securities Commission (“**OSC**”) for failure to file interim quarterly financial statements.
12. The Applicants’ ordinary course monthly cash expenditures exceed their cash receipts. Based on the Interim Cash Flow Forecast (as defined below), the Applicants will have insufficient cash to sustain operations through the week ending February 29, 2024.
13. The cannabis industry is nascent and highly regulated and has experienced rapid change. The uncertainty caused by these changes has created an array of challenges for companies

in the industry, including difficulties in obtaining adequate investment and financing for operations and capital expenditures.

14. In past years, the Applicants have suffered losses due to, among other things:
  - (a) prior management's focus on top-line revenue growth rather than on profitability;
  - (b) prior management's decision to excessively build up low-profit or unprofitable inventory;
  - (c) changing capital market investor sentiment driving public investment away from the cannabis sector, forcing the Applicants to seek more expensive forms of financing;
  - (d) higher interest rates leading to investors demanding increased rates of return in excess of returns that the Applicants are able to provide; and
  - (e) intense competition and an over-supply of cannabis products leading to significant price compression and the sale of inventory at a loss.
15. The Applicants have determined that the best path towards an optimal outcome for all stakeholders is a court-supervised sale and investment process ("**SISP**") backstopped by a stalking-horse purchase agreement (defined below as the "**Purchase Agreement**"). In the absence of a SISP the Applicants will be unable to meet their obligations as they come due and the Applicants will likely enter either a receivership or bankruptcy. As the Applicants are reliant upon Cannabis Licenses and a warehouse lease to conduct their business, it is a condition of the proposed Stalking Horse Purchase Agreement that the transaction proceed by way of a reverse-vesting order.

### III. OVERVIEW OF THE APPLICANTS

#### A. Background

16. The Applicants operate cannabis distribution and cannabis accessory wholesale businesses in both Canada and the United States.
17. The Applicants hold cannabis licenses issued by the governments of Alberta and British Columbia which allow the Applicants to operate in the cannabis industry (the “**Cannabis Licenses**”). The Applicants market cannabis products on behalf of third party licensed producers (“**LPs**”) who then pay the Applicants a percentage of all sales revenue within a designated sales territory.
18. The Applicants also wholesale cannabis accessories. This can include pipes, vape pens, lighters, grinders, water pipes and other related accessories. The Applicants sell these products on a B2B basis in both Canada and the United States.

#### B. Corporate Structure

19. A copy of the Applicants’ organizational chart is attached hereto as **Exhibit “A”**.
  - i. ***Humble Parent***
20. Humble Parent is the top-level holding company. Humble Parent is an Ontario corporation. Humble Parent’s board is comprised of Shawn Dym, Mark Hubler, Robert Ritchot, Matthew Shalhoub, and myself.
21. Humble Parent is a publicly traded entity regulated by the Ontario Securities Commission. Humble Parent is a reporting issuer in Alberta, British Columbia, and Ontario.
22. Humble Parent was incorporated via amalgamation as Canada Iron Inc. on March 7, 2012. The company was renamed Humble & Fume Inc in June 2021.

23. On June 14, 2021 Humble Parent, Humble Manitoba and Canada Iron Inc. (“**Canada Iron**”) completed a reverse-takeover transaction, which resulted in Humble Parent becoming a reporting issuer. On June 16, 2021 Humble Parent was listed on the Canadian Securities Exchange under the trading symbol HMBL. Since August 31, 2023 Humble Parent has traded on the OTC Pink Sheets under the trading symbol HUMBF. A corporate profile for Humble Parent is attached hereto as **Exhibit “B”**.
24. As mentioned above, on December 6, 2023 Humble Parent’s shares were cease traded by the OSC for failure to file interim financial statements.
25. Humble Parent provides shared services to the other Applicants, including finance, human resources and accounting services. Currently there are approximately eleven employees at Humble Parent who provide these services to the other Applicants. Humble Parent invoices the other Applicants for these services, which are recorded as Intercompany Transfers (as defined below).
26. As disclosed in the organizational chart attached at **Exhibit “A”**, Humble Parent holds 100% of the issued and outstanding shares of Humble Manitoba, through which Humble Parent controls the other Applicants.

***ii. Humble Manitoba***

27. Humble Manitoba was created by amalgamation on June 14, 2021 as a component of the reverse takeover. Prior to the June 2021 public listing, Humble Manitoba’s predecessor company, 10096753 Manitoba Ltd. was the top corporation in the Applicants’ then organizational structure. Humble Manitoba’s board is comprised of Robert Ritchot, Matthew MacKay and myself. A copy of Humble Manitoba’s File Summary from the Manitoba Companies Office is attached hereto as **Exhibit “C”**.

28. Humble Manitoba continues to hold all of the issued and outstanding shares of the Applicants' various operating businesses (with the exception of HC Solutions Holdings, Inc., which is not an Applicant, as discussed below).

*iii. BOBHQ*

29. B.O.B. Headquarters Inc. ("**BOBHQ**") is a corporation incorporated pursuant to the laws of Manitoba. BOBHQ was incorporated on March 4, 1996 and is a wholly-owned subsidiary of Humble Manitoba. A corporate profile for BOBHQ is attached hereto as **Exhibit "D"**. BOBHQ's board is comprised of Matthew MacKay and myself.
30. BOBHQ is a wholesale distributor of cannabis consumption devices to headshops, smoke shops, and licensed cannabis stores across Canada. BOBHQ operates from a facility located in Brandon, Manitoba (defined below as the Brandon Facility).
31. All Canadian sales of cannabis accessories are attributed to BOBHQ. BOBHQ has five employees who conduct "inside sales" to larger cannabis retail chains. As discussed below, HCS salespersons also direct retailers to purchase cannabis accessories from the BOBHQ website, with revenue attributed to BOBHQ.

*iv. Windship*

32. Windship was incorporated pursuant to the laws of Texas on October 3, 2013. A corporate profile for Windship is attached hereto as **Exhibit "E"**. Windship's board is comprised of Matthew MacKay and myself.
33. Windship is a wholesale distributor of cannabis consumption devices to headshops, smoke shops, and licensed cannabis stores across the United States. Windship operates from a facility located in Kyle, Texas (defined below as the Kyle Facility).

34. Windship and BOBHQ operate similar businesses in the United States and in Canada, respectively.

*vi. PWF Holdco*

35. PWF Holdco was incorporated on August 8, 2017 and acts as a holding company for Windship. PWF Holdco does not carry on any business itself. PWF Holdco's board is comprised of Matthew MacKay and myself. The shares of Windship are PWF Holdco's only material asset.

*vi. Fume Labs*

36. Fume Labs Inc. ("**Fume Labs**") was incorporated on March 13, 2019 pursuant to the laws of Ontario. I am Fume Labs' sole director. A copy of Fume Labs' corporate profile report is attached hereto as **Exhibit "F"**. Fume Labs was intended to be a new business vertical that would distribute vape pens and cartridges.
37. Fume Labs initially began operations at a facility in Brantford, Ontario. Unfortunately, a dispute arose with Fume Labs' manufacturing partner, which eventually resulted in Fume Labs exiting the manufacturing and distribution space.
38. Fume Labs is effectively dormant as Fume Labs is not currently conducting any business. Fume Labs does not have any revenue, employees, or assets.

*vii. HCS*

39. HCS was incorporated on May 8, 2020 pursuant to the laws of Ontario. A copy of HCS's corporate profile report is attached hereto as **Exhibit "G"**. HCS's directors are myself and Shawn Dym. HCS is an integrated cannabis sales solution company. HCS, on behalf of LPs, distributes cannabis and cannabis accessories across all ten Canadian provinces to over 3,000 retail locations.

40. HCS is not licensed to distribute cannabis by Health Canada and does not take title to any cannabis products. Instead, HCS's salesforce markets LP cannabis products to retailers. Retailers then purchase cannabis products directly from provincial cannabis boards. The LPs then pay HCS a percentage of their gross revenue in each HCS sales territory to HCS.
41. The HCS sales force markets both cannabis products and cannabis accessories to retailers. HCS's salesforce operates in Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. The same HCS salesforce market both cannabis products and cannabis accessories, which result in the HCS salesforce marketing both revenue streams during sales pitches. As discussed, revenue derived from cannabis accessories is attributed to BOBHQ.

*viii. HC Solutions Holdings, Inc.*

42. Humble Manitoba is the 25% owner of a Delaware corporation, HC Solutions Holdings, Inc. ("**HCHI**"), that was created on April 25, 2022 as a joint venture between Humble Manitoba and Green Acre Capital Distribution Corp. HCHI is the sole shareholder of HC Solutions of California, LLC ("**HCSC**"), which is itself the sole shareholder of Cabo Connection ("**Cabo**"). Cabo is a California corporation that is licensed to manufacture and distribute cannabis products in California. HCSC provides cannabis marketing and distribution solutions to other LPs in California.
43. Cabo is operationally separate from the Applicants and has a separate management team with oversight from head office leadership and shared services. Cabo is not currently profitable. HCHI, HCSC and Cabo are not applicants in these CCAA proceedings and there is no intention for them to seek any creditor relief in the United States. I do not expect that these CCAA proceedings will have a material impact on HCSC's or on Cabo's operations.

44. HCHI is 75% owned by Green Acre Capital Distribution Corp and 25% owned by Humble Manitoba.
45. On August 22, 2023 Humble Parent entered into an option agreement (the “**Option**”) with Green Acre Capital Distribution Corp. (the “**Optionor**”) to purchase up to 93.8447 shares of HCHI from the Optionor at the price of \$21,311.80 per share. The Option is exercisable, in whole or in part, at Humble Parent’s election. The Option terminates on February 22, 2024.

**C. Places of Business and Facilities**

46. The Applicants operate out of three leased facilities located in Canada and the US.

*i. Corporate Office Lease*

47. Head office functions are largely conducted out of office space located at 1 Eva Road, Toronto, Ontario (the “**Corporate Office**”). The Corporate Office functions primarily as a workspace for the Company’s accounting and legal professionals and executives, including myself, the Chief Financial Officer and other members of the finance and management team. The Corporate Office is subleased from WCDT Holdings Inc. Humble Parent does not have a written lease for the Corporate Office. Humble Parent pays approximately \$6,000 per month for the Corporate Office and the lease term ends on April 30, 2024.

*ii. Brandon Facility*

48. The BOBHQ wholesale business is conducted out of a warehouse located at 915 Douglas Street, Brandon, Manitoba, (the “**Brandon Facility**”). The Brandon Facility is a 32,000 square-foot warehouse and office facility.



49. BOBHQ and RKCB Holdings entered into a lease agreement dated April 1, 2019 in respect of the Brandon Facility (the “**Brandon Facility Lease**”). There is no security deposit associated with the Brandon Facility Lease. The Brandon Facility Lease expires on March 31, 2029. Rent under the Brandon Facility Lease is \$19,333.33 plus GST per month.
50. On March 1, 2022 RKCB Holdings sold the Brandon Facility to Tengchong Investment Inc. (the “**Brandon Facility Landlord**”). BOBHQ is current on lease payments to the Brandon Facility Landlord.
51. The Brandon Facility Lease can only be assigned with the consent of the Brandon Facility Landlord, which shall not be unreasonably withheld.

*iii. Windship Facility*

52. Windship previously operated out of a leased facility located in Kyle, Texas (the “**Kyle Facility**”). Prior to June 2022 Windship operated warehouses in Florida, Nevada and Texas. Windship management determined that operating multiple warehouses resulted in cost duplication and inefficiency. As a result, prior management determined to exit the existing leased facilities and to consolidate Windship operations in one facility.
53. On February 28, 2022 Windship executed a lease agreement with Hays Commerce Center 3 & 4, LLC (the “**Kyle Landlord**”) for the Kyle Facility. The Kyle Facility is a 20,106 square foot warehouse with a small office component. The Kyle Facility is located midway between San Antonio and Austin, Texas.
54. Windship took possession of the Kyle Facility in September 2022. Unfortunately, Windship’s operations did not become profitable following the consolidation into the Kyle Facility. Prior to my appointment as CEO, Windship, in my view, improperly focused on achieving scale over achieving profitability. As a result, Windship was purchasing cannabis

accessories that were be sold to retailers at very low gross margins and often at negative net margins. Windship, like the other Applicants also suffered from poor cost and cash management practices.

55. From approximately February 2023 it was determined that all steps needed to be taken to reduce cash expenditures in Windship. In approximately July 2023 Windship management decided that the prudent course of action would be to sublease the entire Kyle Facility and to sell off all or substantially all of Windship's inventory in the process.

56. As a result, Windship engaged a realtor and identified a sublessee for the Kyle Facility. On January 4, 2024 Windship executed a sublease with the sublessee which involves the potential sublessee assuming 100% of the expenses, including all rent and associated payments, associated with the Kyle Facility. Windship remains liable in the event that the sublessee fails to make payment.

#### **D. Cannabis Licenses**

57. HCS holds two licenses (collectively, the "**Cannabis Licenses**"), issued by the governments of Alberta and of British Columbia, respectively. The Cannabis Licenses are key assets and are critical to both HCS's and the Applicants' overall operations. The Applicants cannot operate without the Cannabis Licenses. The Cannabis Licenses are either non-transferrable or else only transferrable by, in effect, making a new application for a license.

##### **i. The Alberta Cannabis License**

58. On March 29, 2023 HCS was issued a Cannabis Registration License (the "**Alberta Cannabis License**") under the Liquor and Cannabis Regulation, Alta Reg. 143/1996 (the "**Alberta Regulation**"), pursuant to the *Gaming, Liquor and Cannabis Act* (Alberta), RSA

2000, c G-1, by the Alberta Gaming, Liquor and Cannabis Commission (“**AGLC**”). A copy of the Alberta Cannabis License is attached hereto as **Exhibit “H”**.

59. The Alberta Cannabis License is necessary for HCS to conduct its business in Alberta. Pursuant to the Alberta Regulation, any company seeking to market cannabis products in Alberta must hold the Alberta Cannabis License. The Alberta Cannabis License is non-transferrable and becomes void upon the sale, assignment, or transfer of control of the licensed entity (i.e. HCS). As such, the Alberta Cannabis License can only be conveyed by way of a reverse-vesting order, on terms as may be approved by this Honourable Court.
60. The application process for the Alberta Cannabis License is expensive and time consuming. Applicants must submit an exhaustive application package to AGLC. A security screening is conducted. Applicants are unable to market any cannabis products in Alberta while waiting for AGLC to approve their application. As a result, any delay or period in which HCS is deprived of the Alberta Cannabis License will be severely detrimental to all of HCS’s stakeholders. The Alberta Cannabis License expires on March 28, 2025, meaning that a purchaser who is able to acquire the Alberta Cannabis License will avoid a significant burden.

**ii. The BC Cannabis License**

61. HCS also holds a cannabis marketing license (the “**BC Cannabis License**”) issued by the General Manager under the *Cannabis Control and Licensing Act* (BC), SBC 2018, c 29 (the “**BC Cannabis Act**”). A copy of the BC Cannabis License is attached hereto as **Exhibit “I”**. The BC Cannabis License expires December 31, 2024.
62. The BC Cannabis License is required to market cannabis products in British Columbia. HCS cannot operate its business in B.C. without the BC Cannabis License.

63. The application process for the BC Cannabis License is expensive and time consuming. Applicants must submit an exhaustive application package to the General Manager and must submit to a security screening. Applicants may not market any cannabis products in BC while waiting for their application to be approved.
64. While the BC Cannabis Act does allow a license to be transferred, the process of doing so is onerous and is akin to an application for a new license, meaning that any purchaser of the Applicants would not be able to operate in BC while waiting for the transfer to be completed. In effect, the approval by the Court of a sale of HCS' business along with the BC Cannabis License via a reverse-vesting order would be far more efficient and would likely result in a greater recovery for stakeholders as it would provide more certainty to a purchaser of the business that it could operate the business immediately following closing than requiring HCS's purchaser to apply either for a new license or to transfer the BC Cannabis License.

**E. Employees**

65. The Applicants currently employ 73 individuals.
- (a) Twenty-nine employees work for BOBHQ, including the five salespersons referenced above;
  - (b) twenty employees work for HCS;
  - (c) eleven employees work for Humble Parent; and
  - (d) thirteen employees work for Windship.
66. All of the Applicants' United States-based employees are employed by Windship.
67. Employees are paid biweekly in arrears. The Applicants are current on all payments to employees.

68. None of the employees are unionized or otherwise subject to a collective bargaining agreement in connection with their employment with any Applicant.
69. The Applicants do not sponsor, administer or otherwise have any registered or unregistered pension plans for any Canadian employees. Windship does offer a 401k plan administration to its American employees. The Applicants do not offer any Canadian employees any RRSP contribution matching. The Company provides a standard group benefit plan to its employees that covers extended health care, dental care, life insurance, and accidental death and dismemberment insurance.
70. The Applicants remain focused on right-sizing their workforce. Previous management was focused on building a workforce that would be ready for increased revenue and growth. Unfortunately, when this increased revenue and growth failed to materialize the Applicants were left with human resources that were in excess of their actual needs.
71. In November 2022, while I was chairman but prior to becoming CEO, the Applicants laid off 15 employees organization-wide in an attempt to right-size the organization's workforce .

#### **F. Key Customers**

72. The Applicants have a diverse set of customers for both cannabis products and accessories. The Applicants mainly sell and market cannabis products and accessories to brick and mortar retailers.
73. In an attempt to obtain a more reliable line of revenue, in June 2023 Humble Parent entered into a consignment agreement (the "**Consignment Agreement**") with a major Canadian cannabis retailer (the "**Consignee**"). Pursuant to the Consignment Agreement, the Consignee agreed to exclusively sell cannabis accessories provided by Humble Parent on

consignment within its stores. As a result, Humble Parent became the sole source of cannabis accessories at a major Canadian cannabis retailer.

74. The Consignment Agreement's term ends at the end of 2024. The Consignment Agreement may only be assigned with the consent of the non-assigning party. The Consignment Agreement continues to have significant value and I believe that the Consignment Agreement may have value in a sale of the Applicants' business.

#### **G. Key Suppliers**

75. The Applicants are somewhat reliant upon key suppliers in the cannabis accessories line. The Applicants' top ten brand suppliers provide approximately 40-60% of the Applicants' accessories revenue, depending on the period. The Applicants' management has been, for the last year, focused on increasing revenue and purchases from these brands and moving away from less profitable brands.
76. BOBHQ has entered into an exclusive supply agreement with a major foreign supplier of cannabis accessories. Pursuant to this agreement, BOBHQ is the foreign supplier's sole Canadian customer. This agreement is significant as it ensures that BOBHQ is able to be the sole provider of this foreign supplier's products in Canada. I believe that this agreement may have value in a sale of the Applicants' business.

#### **H. Cash Management System**

77. In the ordinary course of business, the Applicants use a centralized banking and cash management system (the "**Cash Management System**") to, among other things, collect funds and pay expenses associated with their operations. The Applicants' funds are managed by the Applicants' finance team, which is based in Canada. The Cash

Management System is administered by the Applicants' finance department, headed by the CFO.

78. The Cash Management System has several functions, comprised of: (a) collection of accounts receivable from third parties (b) disbursements to fund payroll and benefits, capital expenditures, maintenance costs, payments to inventory vendors and other service providers; and (c) intercompany cash transfers amongst various Applicant entities (the **"Intercompany Transfers"**).
79. Intercompany Transfers are payments made between Humble Manitoba, HCS, BOBHQ, and Windship. Intercompany Transfers are made on an "as needed" basis to ensure that each Applicant has sufficient working capital and liquidity to meet its needs. HCS in particular does not have significant working capital or revenue and is therefore reliant upon Intercompany Transfers to fund its operations. Intercompany Transfers are only recorded in the Applicants' financial statements and are not recorded via promissory notes or other debt instruments.
80. The Applicants utilize six operating bank accounts. Humble Parent banks with the Royal Bank of Canada (**"RBC"**). Humble Manitoba, HCS and BOBHQ each have an account with Westoba Credit Union. Windship banks with Wells Fargo (collectively, the **"Bank Accounts"**). An overview of the Bank Accounts is as follows:
- (a) RBC Canadian dollar account owned by Humble Parent (the **"RBC CAD Account"**). The RBC CAD Account is used to fund payroll and head office vendor payments;
  - (b) RBC American dollar account owned by Humble Parent (the **"RBC USD Account"**). The RBC USD Account collects cash from the American Applicants and uses the funds to fund the RBC CAD Account;

- (c) Westoba Credit Union CAD Account owned by BOBHQ (the “**BOBHQ Account**”). The BOBHQ Account is used to fund BOBHQ supplier payments and BOBHQ payroll;
- (d) Westoba Credit Union CAD Account owned by HCS (the “**HCS Account**”). The HCS Account is used to fund HCS payroll; and
- (e) Wells Fargo USD Account owned by Windship (the “**Windship Account**”). The Windship Account is used to fund Windship payroll.

#### IV. FINANCIAL CIRCUMSTANCES AND CASH FLOW FORECAST

81. The Applicants’ fiscal year end is June 30. Attached hereto as **Exhibit “J”** are the Applicants’ consolidated audited financial statements for the years ended June 30, 2023 and June 30, 2022 (the “**2023 Financial Statements**”). The Applicants have operated at a net loss since 2020.

##### A. Assets

82. As at June 30, 2023, the Applicants, on a consolidated basis (inclusive of the non-Applicants HCSC and its subsidiaries), had total assets of approximately \$28,152,000, consisting of approximately \$22,486,000 of current assets (cash and cash equivalents, accounts receivable, prepaid expenses and deposits, inventories, amounts due from related parties, and taxes recoverable) and approximately \$5,666,000 of non-current assets (long-term deposits, right of use assets, property, plant and equipment and intangible assets). This includes \$10,317,000 of current assets and \$3,346,000 of non-current assets attributed to HCSC and its subsidiaries.
83. The following shows a breakdown of the Applicants’ (inclusive of the non-Applicants HCSC and its subsidiaries) assets as at June 30, 2023:



		June 30 2023	June 30 2022
<b>ASSETS</b>	<i>Note</i>		
<b>Current assets</b>			
Cash and cash equivalents		\$ 2,837	\$ 6,305
Accounts receivable	7	4,672	6,185
Prepaid expenses and deposits	8	4,842	3,784
Inventories	9	9,802	15,382
Due from related parties	18	333	-
Taxes recoverable		-	291
		<u>22,486</u>	<u>31,947</u>
<b>Non-current assets</b>			
Due from related parties	18	-	328
Long term Deposit		258	-
Right-of-use assets	11	2,565	1,687
Property, plant and equipment	11	1,438	1,198
Intangible assets	12	1,405	1,296
		<u>5,666</u>	<u>4,509</u>
<b>TOTAL ASSETS</b>		<u>\$ 28,152</u>	<u>\$ 36,456</u>

## B. Liabilities

84. As at June 30, 2023 the Applicants, on a consolidated basis (inclusive of the non-Applicants HCSC and its subsidiaries), had liabilities totalling approximately \$12,850,000, consisting of approximately \$8,034,000 of current liabilities (accounts payable, lease liabilities, and current loan payables) and approximately \$4,546,000 of non-current liabilities (lease liabilities and long-term loan payables). This is inclusive of \$1,996,000 of current liabilities and \$852,000 of non-current liabilities attributed to HCSC and its subsidiaries.

85. The following shows a breakdown of the Applicants' liabilities (inclusive of the non-Applicants HCSC and its subsidiaries) as of June 30, 2023:

**LIABILITIES AND  
SHAREHOLDERS' EQUITY**

**Current liabilities**

Accounts payable and accrued liabilities		\$	7,061	\$	8,031
Lease liabilities	13		345		179
Convertible debenture - debt	15		698		-
Loan payable	14		200		-
			<u>8,304</u>		<u>8,210</u>

**Non-current liabilities**

Lease liabilities	13		2,655		1,745
Loan payable	14		1,891		-
			<u>4,546</u>		<u>1,745</u>
<b>Total liabilities</b>			<u>12,850</u>		<u>9,955</u>

**C. Interim Cash Flow Forecast**

86. The Applicants, with the assistance of the Monitor, have prepared a projected 4-week cash flow forecast (the “**Interim Cash Flow Forecast**”) for the period ending January 28, 2024 that is premised on, among other things, the assumption that the Applicants will be granted CCAA protection. I believe that the Interim Cash Flow Forecast is a reasonable forecast of the Applicants’ cash flow over the next month. A copy of the Interim Cash Flow Forecast is attached hereto as **Exhibit “K”**.

**V. THE APPLICANT’S CREDITORS**

**A. Secured Creditors**

**i. DGC Investments Inc.**

87. DGC Investments Inc. (“**DGC**”) is the Applicants’ senior secured creditor.
88. Humble Parent, as borrower, and Humble Manitoba, PWF Holdco, Windship, BOBHQ, Fume Labs, and HCS, as guarantors, entered into a loan agreement (the “**DGC Loan Agreement**”) with DGC dated September 1, 2022. A copy of the DGC Loan Agreement is attached hereto as **Exhibit “L”**.
89. Pursuant to the DGC Loan Agreement, DGC agreed to lend up to a maximum principal amount of \$2,000,000 to Humble Parent, bearing an annual interest rate of 10% for general

working capital purposes (the “**DGC Loan**”). Of that amount, \$1,000,000 was advanced to DGC by way of promissory note dated August 10, 2022, which was then incorporated into the DGC Loan. A further \$1,000,000 was advanced by DGC to Humble Parent on September 1, 2022.

90. Interest is payable semi-annually, every six months following the date of the DGC Loan Agreement, and increases to 14% per annum if any amount payable is not paid when due.
91. The DGC Loan is governed by and is to be construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada, as applicable. The parties submit to the non-exclusive jurisdiction of the courts of Ontario and agree that all claims in respect of any suit, action or proceeding may be heard and determined in such court.
92. As security for the obligations under the DGC Loan:
  - (a) Fume Labs, HCS, BOBHQ, Humble Manitoba, Windship and PWF Holdco guaranteed all of Humble Parent’s obligations under the DGC Loan Agreement;
  - (b) Humble Parent, Fume Labs, HCS, BOBHQ, Humble Manitoba, Windship and PWF Holdco each granted DGC a first-ranking charge on all of their present and after-acquired property (subject, in the case of Humble Parent, to the RBC Registration, defined below);
  - (c) Humble Parent pledged 100% of the issued and outstanding shares of Humble Manitoba to DGC; and
  - (d) Humble Manitoba pledged 100% of the issued and outstanding shares of Fume Labs, HCS, BOBHQ, and PWF Holdco to DGC (collectively, the “**DGC Security**”).

93. The DGC Loan matures on September 2, 2024. As of September 30, 2023 there is approximately \$2,061,153 outstanding under the DGC Loan.

**ii. Secured Debentures**

94. On June 13, 2023 Humble Parent issued convertible debentures (the “**Debentures**”) in the aggregate amount of \$1,540,000 to a group of investors (the “**Debenture Holders**” and together with DGC, the “**Secured Lenders**”). The Debenture Holders appointed Green Acre Capital Fund II (Canada) Sidecar LP, itself a Debenture Holder, as Collateral Agent for all of the Debenture Holders. Attached hereto as **Exhibit “M”** is a copy of the Debenture Certificate issued in favour of the Collateral Agent.
95. The Debentures mature on June 13, 2026 and bear interest at 10% per annum, payable on the earlier of conversion, repayment, or maturity. The Debentures can be converted into common shares of Humble Parent at a conversion price of \$0.06 of principal per share and can be repaid in advance at Humble Parent’s election.
96. As security for the Debentures, Humble Parent granted each of the Debenture Holders a *pari passu* charge against all of Humble Parent’s present and after-acquired property (the “**Debenture Security**”).
97. The Secured Lenders, the Collateral Agent and Humble Parent entered into a subordination agreement wherein the parties thereto confirmed that the Debenture Security is subordinate to the DGC Security.
98. As of December 31, 2023 there is approximately \$1,622,987 outstanding under the Debentures.

**B. Other PPSA and UCC Creditors**

99. In addition to the secured creditors described above, a number of parties have registered security interests against various Applicants under the Ontario *Personal Property Security Act* (“PPSA”) and the Uniform Commercial Code (“UCC”):

- (a) Toyota Industries Commercial Finance, Inc. has two UCC registrations against Windship, dated March 13, 2019 and May 9, 2019 with respect to two forklifts;
- (b) Geneva Capital, LLC has one UCC registration against Windship, dated January 29, 2021, with respect to an engraving laser, camera system and air compressor;
- (c) The Kyle Landlord has one UCC registration against Windship, dated October 17, 2023, for all of Windship’s goods, inventory, equipment, fixtures, furniture, improvements, chattel paper, accounts, intangibles, all other personal property, and all proceeds thereof that are located at the Kyle Facility;
- (d) Royal Bank of Canada (“RBC”) has an Ontario PPSA registration against Humble Parent, dated November 8, 2021 (the “RBC Registration”), in respect of two credit cards, one denominated in Canadian dollars and one in American dollars, issued by RBC to Humble Parent (the “RBC Cards”). As of January 3, 2024, the balances on the RBC Cards are \$25,301.85 and \$51,119.09 USD.. RBC’s collateral is as follows:

- (I) A \$50,000 USD Term Deposit held on a 60-day term that renews automatically at maturity; and
- (II) a \$70,000 CAD Guaranteed Investment Certificate on a 1-year term that automatically renews at maturity.

**C. Crown Obligations and Priority Claimants**

100. Humble Parent is current on HST payments through to October 2023. Humble Parent is normally in a net HST refund position. BOBHQ owes \$120.40 in HST for November 2023 and is waiting for its November HST return to be processed. HCS is current on HST payments. HCS’s account with the Canada Revenue Agency indicates that \$40,000 is

owing. HCS is currently in the process of investigating this amount and intends to process payment for it if HCS agrees with the amounts owed.

101. Going forward, HST remittances will be reflected in the projected cash flows. As the Applicants do not hold any Health Canada licenses they do not pay any excise taxes.
102. The Applicants are also current on all source deductions and they are funded to the Applicants' payroll providers as part of the normal payroll cycle.

#### **D. Unsecured Creditors**

103. The Applicants have unpaid trade and other unsecured debt accrued in the normal course of business. As of January 2, 2024 the Applicants' accounts payable balances totalled approximately CAD \$4,871,416.11.
104. Certain of the Applicants' critical suppliers have recently imposed more stringent payment terms as a result of the Applicants' inability to promptly meet trade terms. Other suppliers have refused to fulfil orders due to non-payment. The Applicants are currently delinquent in their payments to about 75% of their suppliers, with a number of accounts placed on credit hold and/or being escalated to collections.

### **VI. CHALLENGES FACED BY THE APPLICANTS AND PRIOR RESTRUCTURING EFFORTS**

#### **A. Overview of Challenges**

105. The Applicant's previous management focused excessively on accessories revenue growth over profitability. Previous management believed that if revenue grew quickly enough then profitability would follow.

106. As a result, previous management focused on procuring a large volume of inventory for wholesale to retailers, regardless of whether the sale of such supplies was actually profitable. This resulted in excessive inventory building up, which had the effect of eroding working capital and increasing storage costs. Much of this inventory was for slow turnaround and unpopular accessories, which could only be sold to customers at very low margins or at a loss.
107. Notwithstanding a change in purchasing philosophy that started with my becoming CEO of the Applicants in January 2023, the Applicants are still in possession of much of this low-margin inventory as it can only be sold at very low margins or, more commonly, a loss.
108. Prior management's focus on revenue growth also led to prior management building a workforce and corporate infrastructure that exceeded the Applicants' actual needs. As a result, the Applicants have been forced to spend the last eighteen months right-sizing workforce and footprint, which has necessitated both layoffs and the Windship Facility sublease.
109. As discussed, Humble Parent was publicly listed on June 16, 2021 (the "**Listing**"). At the time, management expected that the Listing would provide Humble Parent with a greater ability to access and raise capital via public investors.
110. Since June 2021 investors have, for various reasons, been exiting the cannabis industry. As a result, Humble Parent's shares, along with most Canadian cannabis companies, have been in a steep decline. This has caused further difficulty in raising funds via the capital markets.
111. The general increase in interest rates since mid-2022 has created further difficulties for the Applicants. As a result of the increase in interest rates investors have been seeking rates of

return that are in excess of returns that the Applicants have been able to provide. As a result, investors have become less and less interested in investing in the Applicants.

112. Unfortunately, while the Applicants have been largely unable to access and obtain the benefits of the public listing, the Applicants are still required to bear the financial costs of being publicly listed. These include additional accounting, legal, and regulatory costs that are only being borne because they are necessary to maintain Humble Parent's listing. I estimate that these costs are approximately \$1.2 to \$1.5 million per year.
113. Under the Purchase Agreement, discussed below, the Applicants would return to being privately-held entities. This would result in an immediate \$1.2 to \$1.5 million annual saving.

## **VII. CCAA PROCEEDINGS AND RELIEF SOUGHT**

### **A. Need for CCAA Proceedings and Eligibility**

114. As a result of their continuing financial difficulty, the Applicants are insolvent and will be unable to operate in the ordinary course and payroll obligations will not be met, to the detriment of their stakeholders.
115. In consultation with their advisors, the Applicants have determined that the CCAA process is the most beneficial plan of action to maximize value for the Applicants' stakeholders.
116. The Applicants have, on a consolidated basis, liabilities in excess of \$5,000,000.

### **B. Appointment of Monitor**

117. The Applicants seek the appointment of Deloitte Restructuring Inc. ("**Deloitte**") as Monitor of the Applicants in these CCAA proceedings. Deloitte has reviewed, and assisted in the



preparation of, the Interim Cash Flow Forecast and has provided guidance and assistance in the commencement of these CCAA proceedings.

118. As a result, Deloitte is in the process of developing critical knowledge about the Applicants, their business operations, financial challenges, strategic initiatives and restructuring efforts to date.
119. Deloitte has consented to act as the Monitor, subject to Court approval. Attached as **Exhibit “N”** hereto is a copy of Deloitte’s consent to act as Monitor.

**C. Administration Charge**

120. The Applicants seek a super-priority charge over the Applicants’ Property (as defined in the Initial Order) in favour of the Monitor, counsel to the Monitor and counsel to the Applicants (the “**Professionals Group**”), to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order.
121. The proposed Administration Charge being sought is for a maximum amount of \$150,000 and is meant to secure the Professionals Group’s fees through to the Comeback Hearing.
122. It is contemplated that the Professionals Group will have extensive involvement during the CCAA proceedings. The Professionals Group have contributed and will continue to contribute to the Applicants’ restructuring efforts, and will ensure that there is no unnecessary duplication of roles among them.
123. In preparation of the Interim Cash Flow Forecast, the Applicants, in consultation with the proposed Monitor, considered the professional fees forecasted to be incurred on a weekly basis during the cash flow period. Until the Comeback Hearing, it is forecasted that the Applicants will incur significant professional fees in connection with the CCAA proceedings, such as preparing for the Comeback Hearing, communicating with employees

and stakeholders following the initial filing and if granted, the issuance of the requested Initial Order in these proceedings, and complying with statutory notices, mailings and communications.

124. Accordingly, I believe the quantum of the Administration Charge sought is reasonably necessary at this time to secure the professional fees and the services of the Professionals Group for the period through to the Comeback Hearing.

**D. Stay of Proceedings**

125. Given the challenges faced by the Applicants described herein, the Applicants require a stay of proceedings to maintain the status quo and to provide the Applicants the breathing space they require to address the issues described in this affidavit and to develop a restructuring plan in consultation with their advisors and the Monitor.

**E. Authorization to Incur no Further Costs in Connection with Securities Filings**

126. The Applicants seek authorization to dispense with certain securities filing requirements. In particular, the Applicants seek authorization for Humble Parent to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the “**Securities Filings**”) that may be required by any federal, provincial, or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including without limitation, the *Securities Act*, RSO 1990 c S. 5 and comparable statutes enacted by other provinces of Canada, and the rules, regulations and policies of the CSE.

127. Humble Parent is currently subject to a cease-trade order (the “**CTO**”) made by the Ontario Securities Commission (the “**OSC**”) on December 6, 2023. The OSC issued the CTO

because Humble Parent was unable to file interim financial statements, management's discussion and analysis, and CEO and CFO certifications of the same for the three months ending on September 30, 2023.

128. In my view, incurring the time and costs associated with preparing the Securities Filings will detract from the Applicants limited resources. It is expected that the Applicants will continue as a private company following completion of a sale transaction, if approved by this Honourable Court. Further, there is no prejudice to stakeholders given that detailed financial information and other information regarding the Applicants will continue to be made publicly available through the materials filed in these CCAA proceedings and as may be required under the CCAA.

**F. Relief to be Sought at Comeback Hearing**

129. If the Initial Order is granted, then the Applicants propose to return to this Court for a comeback hearing on January 12, 2024.
130. At the Comeback Hearing, the Applicants intend to seek the Court's approval of an Amended and Restated Initial Order. For the benefit of this Court and the Applicants' stakeholders, this section highlights critical relief that the Applicants intend to seek at the Comeback Hearing. The Applicants may seek additional relief if determined to be necessary or advisable in the circumstances.

**i. Extension of Stay of Proceedings**

131. The Applicants intend to seek an extension of the Stay Period for a sufficient length of time to allow the Applicants to conduct a sales and investment solicitation process ("SISP").

**ii. Directors and Officer's Charge**

132. To ensure the ongoing stability of the Applicants during this CCAA proceeding they require the continued participation of their officers and directors. The officers and directors have skills, knowledge and expertise, as well as established relationships with various stakeholders that will contribute to a successful path forward. As a result, the Applicants anticipate seeking a charge in favour of the directors and officers (the “**D&O Charge**”) at the Comeback Hearing. The D&O Charge will be in a quantum proposed in the Monitor's first report, to be filed in advance of the Comeback Hearing.
133. The Applicants' directors are the beneficiaries of an insurance policy which I understand provides them with coverage for certain claims and liabilities that may arise against them. However the policy contains exclusions and exceptions to such coverage as provided. The Applicants' ordinary course operations give rise to potential director or officer liabilities, including payroll and sales tax remittances. To address legitimate concerns with respect to their potential exposure, the directors and officers have requested reasonable protection against personal liability that might arise against them during the post-filing period.
134. The D&O Charge will rank below the Administration Charge in priority.

**iii. Sale and Investment Solicitation Process and Stalking Horse Approval**

135. Following discussions with the Applicants' stakeholders, its counsel, and the proposed Monitor, I believe that the Applicants' stakeholders will receive the best possible recovery from a court-supervised SISP. The Applicants, with the assistance of the Monitor, are currently in the process of drafting the terms of a SISP. I currently anticipate that the proposed SISP will be overseen by the Monitor and will be conducted over a 30-40 day period or as may be directed by the Court. The Applicants intend to include a copy of the

proposed SISP guidelines in their materials to be filed at the Comeback Hearing, subject to approval by this Honourable Court at the Comeback Hearing.

136. The Applicants and the Secured Lenders are in the process of negotiating a purchase agreement (the “**Purchase Agreement**”) pursuant to which the Purchaser (as defined below) intends to (i) act as a stalking horse bidder in the SISP; and (ii) acquire 100% direct and indirect ownership of the Applicants within the CCAA proceedings by way of a reverse approval and vesting order.
137. The Purchase Agreement will serve as a baseline for any bids received in the SISP to be measured against, and will signal to customers, employees and other stakeholders that the business will continue as a going concern following the conclusion of these CCAA proceedings. Due to the nature of this business (being the timely fulfilment of significant orders from industry leading customers) it is critical to the preservation of stakeholder value that going concern operations be preserved.
138. The Applicants intend to seek approval of both the SISP and the Purchase Agreement at the Comeback Hearing.
139. The principal terms of the Purchase Agreement, as currently contemplated, are summarized below. All capitalized terms not defined in this Affidavit take their definitions from the Purchase Agreement:

Term	Details
Seller	Humble Parent
Purchaser	A corporation to be newly incorporated by the Secured Lenders (the “ <b>Purchaser</b> ”).
Transaction Structure	Reverse-vesting share purchase transaction.

<b>Purchase Price</b>	The assumption by the Purchaser of all indebtedness owing by the Applicants owing to the Secured Lenders under the Debentures and the DGC Loan.
<b>Purchased Shares</b>	The Purchaser will purchase the common shares of Humble Parent in accordance with the Pre-Closing Reorganization.
<b>Professional Fees</b>	In the event that the Purchaser is not the successful bidder in the SISP the Purchaser shall be entitled to repayment of all professional fees and disbursements incurred in connection with the Purchase Agreement to a maximum amount of \$75,000.
<b>Break Fee</b>	\$100,000, inclusive of HST.
<b>Retained Assets</b>	Equipment and personal property, Assumed Contracts, Permits and Licenses, Books and Records, Business and undertakings.
<b>Excluded Assets</b>	<ol style="list-style-type: none"> <li>1. Inventory sold in the ordinary course of Business in the Interim Period in accordance with the Initial Order; and</li> <li>2. Excluded Contracts (as may be determined prior to Closing).</li> </ol>
<b>Retained Liabilities</b>	<ol style="list-style-type: none"> <li>1. The DGC Loan.</li> <li>2. The Debentures.</li> <li>3. Such other Liabilities as may be confirmed by the Purchaser prior to Closing.</li> </ol>
<b>Excluded Liabilities</b>	<ol style="list-style-type: none"> <li>1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Company may be bound as at the Closing Time.</li> <li>2. Any and all Liabilities pertaining to the administration of the CCAA Proceedings including, without limitation, under any court-ordered charge granted therein.</li> <li>3. All Liabilities relating to or under the Excluded Contracts and Excluded Assets.</li> <li>4. All Liabilities to Terminated Employees whose employment with the Company is terminated on or before Closing, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law.</li> <li>5. Any Liabilities for commissions, fees or other compensation payable to any finder, broker or similar intermediary in connection with the</li> </ol>

	<p>negotiation, execution or delivery of this Agreement or the consummation of the Transaction.</p> <p>6. Any and all Liabilities that are not Retained Liabilities.</p>
<b>As is, Where is</b>	The Purchased Shares and the Retained Assets will be sold to the Purchaser on an “as is, where is” basis, subject only to the representations and warranties contained in the Purchase Agreement.
<b>Key Conditions to Closing</b>	<ol style="list-style-type: none"> <li>1. The Court shall have issued and entered the Approval and Vesting Order and the Assignment Order, which orders shall not have been stayed, set aside, or vacated and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably;</li> <li>2. The Permits and Licenses shall be in good standing at the Closing Time and no material default shall have occurred under such Licenses and Permits and such Licenses and Permits shall remain in good standing immediately following and notwithstanding closing. .</li> </ol>
<b>Closing Date</b>	No later than (10) ten Business Days after the conditions to Closing have been satisfied or waived, other than those that are to be satisfied or waived at the Closing.

#### iv. Increase of Charges

140. The Applicants intend to work with the Monitor to determine an adequate quantum to increase the Administration Charge and to seek approval of such increase in the Administration Charge at the Comeback Hearing.

### VIII. CONCLUSION

141. The Applicants, with the assistance of their legal and financial advisors, have determined that the proposed CCAA proceedings represent the best available strategy to maximize value for the Applicants’ stakeholders in the circumstances.
142. I swear this affidavit in support of an Application under the CCAA for an Initial Order in the form contained at Tab 3 of the Application Record, and for no other or improper purpose.

SWORN before me at the City of Toronto,  
in the Province of Ontario, this 4th day of  
January, 2024 in accordance with O. Reg.  
431/20 Administering Oath or Declaration  
Remotely

DocuSigned by:  
*Matthew Cressatti*  
DA79353421D842D...

Commissioner for Taking Affidavits

MATTHEW CRESSATTI

DocuSigned by:  
*Jakob Ripshtein*  
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**JAKOB RIPSSTEIN**



This is Exhibit “B” referred to in the Affidavit of Jakob Ripshtein sworn by Jakob Ripshtein of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on January 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:  
*Matthew Cressatti*  
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*Commissioner for Taking Affidavits (or as may be)*

**MATTHEW CRESSATTI**

Court File No.: CV-24-00712366-00CL

**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 HUMBLE & FUME INC. (ONTARIO), HUMBLE &  
FUME INC. (MANITOBA), B.O.B. HEADQUARTERS INC., FUME LABS  
INC., HUMBLE CANNABIS SOLUTIONS INC., PWF HOLDCO INC., and  
WINDSHIP TRADING LLC

(the “Applicants”)

**AFFIDAVIT OF JAKOB RIPSZTEIN  
(sworn January 11, 2024)**

January 11, 2024

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Lawyers for the Applicants

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Court File No.: CV-24-00712366-00CL

**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 HUMBLE & FUME INC. (ONTARIO), HUMBLE &  
FUME INC. (MANITOBA), B.O.B. HEADQUARTERS INC., FUME LABS  
INC., HUMBLE CANNABIS SOLUTIONS INC., PWF HOLDCO INC., and  
WINDSHIP TRADING LLC

(the “**Applicants**”)

**AFFIDAVIT OF JAKOB RIPSSTEIN  
(sworn January 11, 2024)**

**I, Jakob Ripshtein**, of the City of Toronto, in the Province of Ontario, **MAKE OATH  
AND SAY AS FOLLOWS:**

**I. OVERVIEW**

1. I am the chief executive officer (“**CEO**”) and chairman of the board of Humble & Fume Inc. (“**Humble Parent**”), Humble & Fume Inc. (Manitoba) (“**Humble Manitoba**”), B.O.B. Headquarters Inc. (“**BOBHQ**”), Humble Cannabis Solutions Inc. (“**HCS**”), Fume Labs Inc. (“**Fume Labs**”), PWF Holdco Inc. (“**PWF**”), and Windship Trading LLC (“**Windship**”, and, collectively, the “**Applicants**”) and as such, I have knowledge of the matters hereinafter deposed to.
2. I have personal knowledge of the matters to which I depose in this affidavit, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.

3. On January 5, 2024 the Honourable Justice Cavanagh granted an initial order under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "CCAA"), (the "**Initial Order**"), which, among other things:
- (a) granted an initial stay of proceedings in favour of the Applicants and their directors and officers up to and including January 15, 2024;
  - (b) appointed Deloitte Restructuring Inc. as the monitor of the Applicants (in such capacity, the "**Monitor**");
  - (c) granted a first-ranking administration charge in the amount of \$150,000 in favour of counsel for the Applicants, the Monitor and its counsel (the "**Administration Charge**");
  - (d) authorized the Applicants to incur no further expenses in relation to the Securities Filings (as defined in my affidavit sworn January 4, 2024 (the "**First Ripshtein Affidavit**") and declared that none of the directors, officers, employees, and other representatives of the Applicants, or the Monitor (and its directors, officers, employees and representatives) shall have any personal liability for any failure by the Applicants to make Securities Filings; and
  - (e) authorized the Applicants to continue utilizing their cash management system (the "**Cash Management System**").
4. I swear this affidavit in support of a motion by the Applicants for an order amending the Initial Order by extending the stay of proceedings from January 15, 2024 up to and including January 26, 2024 (the "**Extended Stay of Proceedings**").
5. A copy of the First Ripshtein Affidavit, without exhibits, is attached hereto as **Exhibit "A"**.

## II. THE EXTENDED STAY OF PROCEEDINGS

6. As at the date of this affidavit, the Applicants are pursuing negotiations with their secured creditors, joint venture partners, the Monitor, and other stakeholders in an effort to finalize a mutually-agreeable sale and investment solicitation process (“**SISP**”), as well as a key employee retention plan (“**KERP**”).
7. Negotiations have been ongoing since the Initial Order was granted. The discussions to date have been productive and the parties are making progress towards resolving many issues. However, the parties do require some additional time to arrive at a consensual agreement.
8. The Applicants intend to bring a subsequent motion, returnable as early as January 16, 2024 (subject to court availability), wherein they intend to seek this Honourable Court’s approval of a SISP, a KERP, a directors and officer’s charge, and authorization to pay certain pre-filing expenses.
9. The Applicants will also work with the Monitor to determine any required adjustments to the Administration Charge, with a view to seeking court approval of an increase at the next hearing.
10. The interim cash flow statement appended as Exhibit “K” to my affidavit sworn January 4, 2024 and attached hereto as **Exhibit “B”** indicates that the Applicants are projected to have sufficient liquidity to support their ongoing operations through the period of the requested stay extension.
11. The Monitor and the Secured Creditors have advised that they approve of the Extended Stay of Proceedings.

### III. FORM OF ORDER AND CONCLUSION

12. This affidavit is sworn in support of orders substantially in the form of the draft order at Tab “3” to the Applicants’ Motion Record, and for no other or improper purpose.

SWORN before me at the City of Toronto,  
in the Province of Ontario, this 11th day of  
January, 2024 in accordance with O. Reg.  
431/20 Administering Oath or Declaration  
Remotely

DocuSigned by:  
*Matthew Cressatti*  
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Commissioner for Taking Affidavits

MATTHEW CRESSATTI

DocuSigned by:  
*Jakob Ripshtein*  
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**JAKOB RIPSSTEIN**

This is Exhibit “C” referred to in the Affidavit of Jakob Ripshtein sworn by Jakob Ripshtein of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on January 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

*Matthew Cressatti*

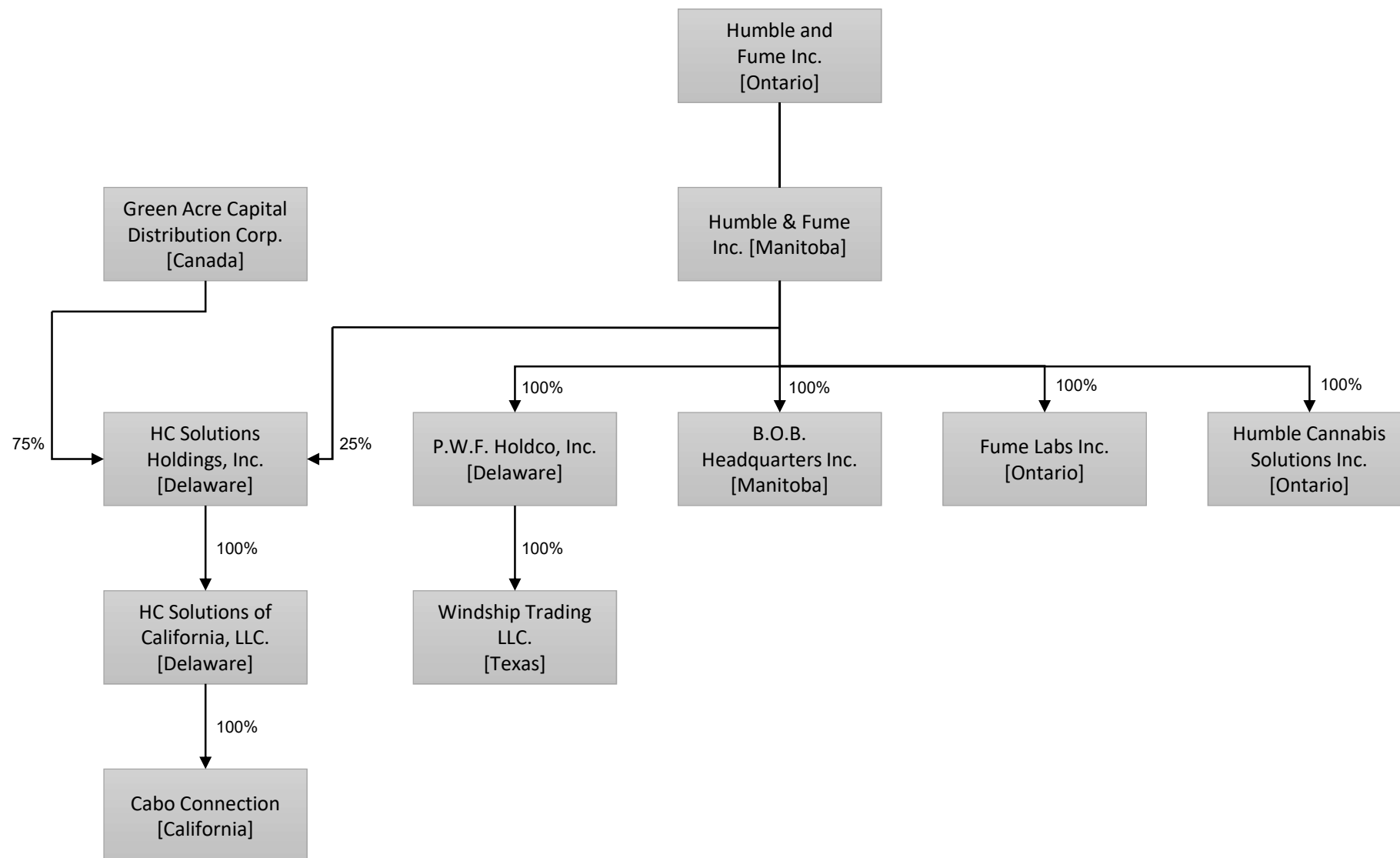
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*Commissioner for Taking Affidavits (or as may be)*

**MATTHEW CRESSATTI**





This is Exhibit “D” referred to in the Affidavit of Jakob Ripshtein sworn by Jakob Ripshtein of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on January 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

*Matthew Cressatti*

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*Commissioner for Taking Affidavits (or as may be)*

**MATTHEW CRESSATTI**

**Humble & Fume Inc. and certain of its subsidiaries**  
**Projected Statement of Receipts and Disbursements**  
**For the Period January 15, 2024 to April 7, 2024**  
**CAD \$000**

Projected Receipts and Disbursements Amounts presented in CAD 000s	Week ending												12 weeks
	21-Jan-24	28-Jan-24	4-Feb-24	11-Feb-24	18-Feb-24	25-Feb-24	3-Mar-24	10-Mar-24	17-Mar-24	24-Mar-24	31-Mar-24	7-Apr-24	Total
<b>Opening balance</b>	<b>1,450</b>	<b>1,621</b>	<b>577</b>	<b>493</b>	<b>594</b>	<b>516</b>	<b>517</b>	<b>330</b>	<b>306</b>	<b>255</b>	<b>187</b>	<b>168</b>	<b>1,450</b>
<b>Receipts</b>													
Collection from sales and accounts receivables	344	207	228	443	177	302	138	264	150	144	132	203	2,731
DIP drawdown	-	-	-	166	-	-	-	166	-	-	-	-	333
<b>Total Receipts</b>	<b>344</b>	<b>207</b>	<b>228</b>	<b>609</b>	<b>177</b>	<b>302</b>	<b>138</b>	<b>430</b>	<b>150</b>	<b>144</b>	<b>132</b>	<b>203</b>	<b>3,063</b>
<b>Disbursements</b>													
Trade payables, cost of goods sold, operating costs and overheads	(172)	(822)	(272)	(161)	(219)	(146)	(133)	(109)	(166)	(93)	(116)	(108)	(2,518)
Intercompany funding	-	-	-	(166)	-	-	-	(166)	-	-	-	-	(333)
Payroll and benefits	-	(311)	-	(113)	-	(118)	(156)	(113)	-	(84)	-	(79)	(975)
Rent and utilities	-	(1)	(0)	(31)	(0)	(0)	(0)	(31)	(0)	(0)	(0)	(25)	(91)
Professional Fees	-	(119)	(39)	(36)	(36)	(36)	(36)	(34)	(34)	(34)	(34)	(15)	(452)
<b>Total disbursements</b>	<b>(172)</b>	<b>(1,252)</b>	<b>(311)</b>	<b>(508)</b>	<b>(256)</b>	<b>(301)</b>	<b>(325)</b>	<b>(454)</b>	<b>(200)</b>	<b>(211)</b>	<b>(151)</b>	<b>(227)</b>	<b>(4,369)</b>
<b>Net cash change</b>	<b>172</b>	<b>(1,045)</b>	<b>(83)</b>	<b>101</b>	<b>(78)</b>	<b>1</b>	<b>(187)</b>	<b>(24)</b>	<b>(51)</b>	<b>(68)</b>	<b>(19)</b>	<b>(24)</b>	<b>(1,305)</b>
<b>Ending cash balance</b>	<b>1,621</b>	<b>577</b>	<b>493</b>	<b>594</b>	<b>516</b>	<b>517</b>	<b>330</b>	<b>306</b>	<b>255</b>	<b>187</b>	<b>168</b>	<b>144</b>	<b>144</b>

This is Exhibit “E” referred to in the Affidavit of Jakob Ripshtein sworn by Jakob Ripshtein of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on January 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:  
*Matthew Cressatti*  
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*Commissioner for Taking Affidavits (or as may be)*

**MATTHEW CRESSATTI**

**January 23, 2024**

**Humble & Fume Inc.**

77 King Street West, TD North Tower, Suite 700  
Toronto, Ontario M5K 1G8

**Attention: Jakob Ripshtein, CEO**

**Re: Debtor-in-Possession Financing of Humble & Fume Inc. et al**

A. Pursuant to the Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued January 5, 2024 (as amended on January 12, 2024, the “**Initial Order**”), Humble & Fume Inc. (the “**Company**”), Humble & Fume Inc. (Manitoba) (“**Humble MB**”), B.O.B. Headquarters Inc. (“**BobHQ**”), Humble Cannabis Solutions Inc. (“**HCS**”), Fume Labs Inc. (“**Fume Labs**”), P.W.F. Holdco Inc. (“**PWF**”) and Windship Trading LLC (“**Windship**” and together with the Company, Humble MB, BobHQ, HCS, Fume Labs and PWF, collectively, the “**Borrowers**”) were granted, among other things, creditor protection under the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the “**CCAA**”) and Deloitte Restructuring Inc. was appointed as Monitor of the Borrowers (in such capacity, the “**Monitor**”);

B. In connection with the proceedings initiated by the Initial Order (the “**CCAA Proceedings**”), the Borrowers intend to seek:

- (i) an order further amending and restating the Initial Order, *inter alia*, approving this term sheet (this “**Term Sheet**”) and granting the DIP Lender’s Charge (as defined herein) (as may be further amended and restated from time to time, the “**ARIO**”); and
- (ii) an order approving, and authorizing the Monitor to conduct, a Court-supervised sale and investment solicitation process (the “**SISP**”) (as may be amended and restated from time to time, the “**SISP Order**”).

C. The Borrowers require funding to satisfy the cashflow requirements of the CCAA Proceedings and other short-term liquidity requirements. 1000760498 Ontario Inc. (the “**Lender**”) has agreed to establish a debtor-in-possession loan facility in the maximum aggregate principal amount of USD \$2,500,000, subject to, and in accordance with, the terms and conditions of this Term Sheet.

**NOW THEREFORE** in consideration of the foregoing and the mutual covenants and agreements set forth below, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

#### **SUMMARY OF TERMS FOR DIP FACILITY**

- 1. Borrowers:** Humble & Fume Inc., Humble & Fume Inc., B.O.B. Headquarters Inc., Humble Cannabis Solutions Inc., Fume Labs Inc., P.W.F. Holdco Inc., and Windship Trading LLC, on a joint and several basis.
- 2. Lender:** 1000760498 Ontario Inc.
- 3. DIP Facility:** Non-revolving facility in the maximum aggregate principal amount of USD \$2,500,000 (the “**DIP Facility**”).

**4. Purpose:**

The DIP Facility shall be available to fund: (i) working capital needs of the Borrowers; (ii) professional fees and expenses incurred by the Borrowers and the Monitor in respect of the CCAA Proceedings, in each case in accordance with the cash flow projections approved by the Monitor and the Lender (the “**Cash Flow Projections**”); (iii) the Recoverable Expenses (as defined below); and (iv) a portion of the operating expenses (“**Cabo Funding**”) of HC Solutions Holdings Inc. (“**HCSHI**”) and its wholly-owned subsidiary, Cabo Connection (“**Cabo**”); (v) the exercise of the Company’s option to purchase additional shares of HCSHI (the “**Cabo Option**”); and (vi) such other costs and expenses of the Borrowers as may be agreed to by the Lender and the Monitor, in writing.

Notwithstanding any other provision of this Term Sheet, the Borrowers explicitly acknowledge, covenant and agree that the exercise of the Cabo Option shall be subject to the Borrowers obtaining the prior written consent of the Lender. Any amounts drawn on the DIP Facility by the Borrowers for the Cabo Funding shall not be more than \$125,000 per month (the “**Cabo Funding Cap**”) unless the Borrowers obtain the prior written consent of the Lender to any funding requests that exceed the Cabo Funding Cap. All Cabo Funding shall be approved in accordance with the terms of the letter agreement dated January 19, 2024 among the Company, the DIP Lender, JThree Investments LLC and Green Acre Capital Distributions II Corp. (the “**Cabo Funding Agreement**”).

The amount and purpose of the DIP Facility may be amended by the Borrowers and the Lender, with the consent of the Monitor, in writing, and further order of the Court. The Borrowers may not use the proceeds of the DIP Facility to pay any pre-filing obligations of the Borrowers, except in accordance with the Cash Flow Projections or with the prior written consent of the Lender and the Monitor.

**5. Advances:**

The DIP Facility shall be available to the Borrowers upon the satisfaction or waiver of the funding conditions set out in Section 11 of this Term Sheet. The DIP Facility shall be advanced in multiple draws upon the receipt of a written draw request by the Lender from the Borrowers; provided, however, that each draw request shall be approved by the Monitor and shall not be less than \$50,000.

Nothing in this Term Sheet creates a legally binding obligation on the Lender to advance any amount under the DIP Facility at any time unless the Borrowers are in compliance with the provisions of this Term Sheet. The Lender shall have no obligation to advance funds in connection with the Cabo Option or in excess of the Cabo Funding Cap and all such funding shall be in the sole and absolute discretion of the Lender.

**6. Interest:**

Interest shall accrue on amounts Advanced under the DIP Facility at a rate equal to 12% per annum (the “**Interest**”). Interest shall be calculated on the daily outstanding principal balance owing under the DIP Facility, not in advance, and shall accrue and be paid or otherwise satisfied on the Maturity Date (as defined herein).

**7. Recoverable Expenses:**

The Borrowers shall pay all fees and expenses (collectively, the “**Recoverable Expenses**”) incurred by the Lender in connection with the preparation, registration and ongoing administration of this Term Sheet, the DIP Facility, the Initial Order, the ARIO, the SISP Order, the DIP Lender’s Charge and with the enforcement of the Lender’s rights and remedies hereunder and thereunder, at law or in equity, including, without limitation all reasonable legal fees and disbursements incurred by the Lender. For greater certainty, “Recoverable Expenses” shall include all reasonable fees and expenses incurred by the Lender in connection with the CCAA Proceedings and all Court attendances in respect thereof. If the Lender has paid any expenses for which the Lender is entitled to reimbursement from the Borrowers, such expenses shall be added to the DIP Facility and shall accrue Interest at the rate set out above. All such fees and expenses and Interest thereon shall be secured by the DIP Lender’s Charge whether or not any funds under the DIP Facility are advanced.

**8. Security:**

All debts, liabilities and obligations of the Borrowers to the Lender under or in connection with the DIP Facility (including, without limitation, Interest and Recoverable Expenses), this Term Sheet and any other documents executed in connection therewith (the “**Obligations**”) shall be secured by a Court-ordered priority charge (the “**DIP Lender’s Charge**”) granted to the Lender in and to all present and future properties, assets, and undertakings of the Borrowers, real and personal, tangible and intangible, whether now owned or hereafter acquired, and the proceeds thereof (the “**Property**”), subject only to: (a) an administration charge in the maximum aggregate principal amount of \$500,000 under the ARIO for the payment of the fees and expenses of the Monitor, counsel to the Borrowers and counsel to the Monitor (the “**Administration Charge**”); and (b) a directors’ charge in the maximum aggregate amount of \$475,000 as security for the indemnity provided to the directors and officers of the Borrowers against obligations and liabilities they may incur after the commencement of the CCAA Proceedings (the “**Directors’ Charge**”).

**9. Maturity Date:**

Unless otherwise agreed to by the Lender and the Borrowers in writing, the term of the DIP Facility shall expire, and the Borrowers shall repay the Obligations to the Lender, on the earliest of the following (the “**Maturity Date**”):

- (a) April 15, 2024;
- (b) the closing of a sale or investment transaction resulting from the SISP, which transaction has been approved by an order of the Court;
- (c) the implementation of a plan of compromise or arrangement within the CCAA Proceedings, which has been approved by the requisite majority of the Borrowers’ creditors, and by an order of the Court;
- (d) the date on which the CCAA Proceedings are terminated for any reason, including if the CCAA Proceedings are converted into a

proceeding under the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 (the “**BIA**”); and

- (e) the occurrence of an Event of Default (as defined herein), subject to a cure period of five three (3) days, beginning on the date of the occurrence of such Event of Default (the “**Cure Period**”).

**10. Repayment:**

The Obligations shall become immediately due and payable on the Maturity Date. The DIP Facility may be prepaid at any time without penalty (provided all accrued and unpaid Interest and Recoverable Expenses are paid in full). If the Borrowers choose to prepay any amount owing under the Obligations, any such payment shall be applied: (i) first, to all accrued and unpaid Interest; (ii) second, to the Recoverable Expenses; and (iii) third, to any amount outstanding under the DIP Facility.

**11. Funding Conditions:**

The DIP Facility shall be available to the Borrowers subject to, and conditional upon, the following conditions, which may be waived by the Lender in writing:

- (a) the Court shall have issued the ARIO, in a form satisfactory to the Lender, including:
  - i. approving this Term Sheet and the DIP Facility;
  - ii. granting the DIP Lender’s Charge in favour of the Lender;
  - iii. authorizing the Lender to effect registrations, filings and recordings wherever in its discretion it deems appropriate regarding the DIP Lender’s Charge;
  - iv. providing that the DIP Lender’s Charge shall be valid and effective to secure all of the obligations of the Borrowers to the Lender hereunder, without the necessity of the making of any registrations or filings and whether or not any other documents have been executed by the Borrower;
  - v. declaring that the granting of the DIP Lender’s Charge and all other documents executed and delivered to the Lender as contemplated herein, including, without limitation, all actions taken to perfect, record and register the DIP Lender’s Charge, do not constitute conduct meriting an oppression remedy, settlement, fraudulent preference, fraudulent conveyance or other challengeable or reviewable transaction under any applicable federal or provincial legislation; and
  - vi. provisions restricting the granting of any additional liens or encumbrances on the assets of the Borrowers, other than as permitted herein and the DIP Lender’s Charge.



- (b) the Initial Order shall not have been vacated, stayed, appealed, subject to leave to appeal, or amended, or varied in a manner not acceptable to the Lender, acting reasonably; and
- (c) no Event of Default shall have occurred.

**12. Covenants:**

Until such time as the Obligations have been repaid to the Lender in full, the Borrowers covenant and agree to:

- (a) promptly on the receipt by the Borrowers of the same, give the Lender a copy of any Notice of Motion or Application to vary, supplement, revoke, terminate or discharge the Initial Order, the ARIO, the SISP Order, or any other Court Order issued in the CCAA Proceedings, including, without limitation, any application to the Court for the granting of new or additional security that will or may have priority over the DIP Lender's Charge, or otherwise for the variation of the priority of the DIP Lender's Charge;
- (b) provide the Lender with any additional financial information reasonably requested by the Lender, to the extent that it is readily available;
- (c) use the Advances under the DIP Facility for the purposes for which they are being provided, as set out in Section 4 of this Term Sheet, or such other purposes as may be agreed to by the Lender and the Monitor, in writing.
- (d) provide the Lender and the Monitor with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default;
- (e) keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;
- (f) pay all claims which, under law, may rank prior to or *pari passu* with the DIP Lender's Charge due and payable from and after the commencement of the CCAA Proceedings, as and when such amounts are due;
- (g) not make any payment to any director, officer, investor or related party of the Borrowers (except salary and wages in the normal course) without the prior written consent of the Lender and the Monitor, save and except that the Borrowers may make any required payments to any director or officer of the Borrower in accordance with the terms of a Court approved KERP;
- (h) keep the Borrowers' assets fully insured against such perils and in such manner as would be customarily insured by companies owning similar assets;

- (i) not, without the prior written consent of the Lender, incur any borrowings or other secured indebtedness, obligations or liabilities, other than the DIP Facility, or create or grant any security (other than the Administration Charge, the Directors' Charge and the DIP Lender's Charge) over any of the Borrowers' Property, whether ranking with, in priority to, or subordinate to the DIP Lender's Charge; and
- (j) conduct all activities in the ordinary course and in material compliance with the Cash Flow Projections.

**13. Events of Default:** The DIP Facility shall be subject to the following events of default (each, an **"Event of Default"**):

- (a) any of the Borrowers' failure to pay any amount due hereunder when due and payable;
- (b) any covenant, condition precedent, payment obligation, or other term or condition of this Term Sheet, or of any document executed in connection with this Term Sheet, is breached, not complied with, or not fulfilled to the satisfaction of the Lender, subject to the expiration of the Cure Period;
- (c) the seeking or support by the Borrowers, or the issuance by the Court, of any Court order (in the CCAA Proceedings or otherwise) which is adverse to the interests of the Lender;
- (d) the failure of the Borrowers to comply with the Initial Order, the ARIQ, the SISP Order or any other Court order in the CCAA Proceedings;
- (e) the occurrence of an event that will, in the reasonable opinion of the Lender, materially impair the Borrowers' financial condition, operations or ability to perform under this Term Sheet or any order of the Court;
- (f) the occurrence of any material adverse change in: (i) the business, operations, or financial condition of the Borrowers; (ii) the Property of the Borrowers; (iii) the DIP Lender's Charge, including its relative priority; (iv) the ability of the Borrowers to perform their obligations to the Lender or to any person under any material contract; (v) the Lender's ability to enforce any of its rights or remedies against the Borrowers' Property, or for the obligations of the Borrowers to be satisfied from the realization thereof;
- (g) any of the Borrowers becoming bankrupt or subject to a proceeding under the BIA, or a receiver, interim receiver, receiver and manager, or trustee in bankruptcy is appointed in respect of any Borrower, or any Borrower's Property;

- (h) the sale, transfer, assignment, conveyance or lease or substantially all of the business or assets of the Borrowers, except pursuant to a transaction resulting from the SISP or as may be otherwise approved by the Lender in writing; or
- (i) the commencement of any claim, action, proceeding, application, motion, defense or other contested matter the purpose of which is to seek, or the result of which would be, to obtain any order, judgment, determination, declaration or similar relief: (i) invalidating, setting aside, avoiding, or subordinating the obligations of the Borrowers under the DIP Facility, the DIP Lender's Charge or its priority; (ii) for monetary, injunctive or other relief against the Lender or the Borrowers' Property; or (iii) preventing, hindering or otherwise delaying the exercise by the Lender of any of its rights and remedies hereunder, pursuant to the Initial Order, the ARIO, the SISP Order, or under applicable law, or the enforcement or realization by the Lender against any of its collateral, unless the Borrowers are contesting such matter in good faith and no final order has been made in respect thereof.

Notwithstanding the foregoing or any other provision of this Term Sheet, the Lender acknowledges and agrees that funding advanced to HCSHI or Cabo in accordance with the terms of the Cabo Funding Agreement shall not constitute an Event of Default under this Term Sheet.

**14. Remedies and Enforcement:**

Following the occurrence of an Event of Default, and the expiration of the Cure Period, upon written notice to the Borrowers and the Monitor, the Lender shall have the right, subject to the Lender obtaining an Order from the Court lifting the stay under the CCAA Proceedings, to:

- (a) enforce the DIP Lender's Charge and realize on the Property and any other collateral securing the Obligations;
- (b) exercise the rights and powers of a secured lender and mortgagee pursuant to the *Personal Property Security Act*, the *Mortgages Act* or any legislation of similar effect; and
- (c) exercise all such other rights and remedies available to the Lender under this Term Sheet, the Initial Order, or any other order of the Court or applicable law.

No failure or delay on the part of the Lender in exercising any of its rights and remedies shall be deemed to be a waiver of any kind.

**15. Further Assurances:** The Borrowers will, at their own expense and promptly on demand by the Lender at any time, do such acts and things and execute and deliver such documents as the Lender may reasonably request to give effect to the provisions set out herein.

- 16. Assignment:** The Borrowers shall not assign their rights or obligations under this Term Sheet or any of the provisions set out herein without the prior written consent of the Lender. The Lender may assign or sell its rights or obligations under this Term Sheet to any person without the prior written consent of the Borrowers.
- 17. Governing Law:** This Term Sheet and the provisions set out herein shall be governed and construed in all respects in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 18. Currency:** All dollar amounts herein are in United States Dollars.
- 19. Acceptance:** This Term Sheet is open for acceptance until 1:00 p.m. (Toronto time) on January 23, 2024. The Borrowers may accept this Term Sheet by returning a countersigned copy of this Term Sheet to the Lender (by electronic transmission or personal delivery).

Dated as of the date first written above.

**1000760498 ONTARIO INC.**

Per:   
Name: Shawn Dym  
Title: Authorized Signatory  
I have authority to bind the corporation.

ACCEPTANCE

TO THE DIP LENDER:

For good and valuable consideration received, Humble & Fume Inc., Humble & Fume Inc., B.O.B. Headquarters Inc., Humble Cannabis Solutions Inc., Fume Labs Inc., P.W.F. Holdco Inc., and Windship Trading LLC, accept and agree to comply with the provisions of the Term Sheet set out above, on a joint and several basis.

Dated this 23<sup>rd</sup> day of January, 2024.

HUMBLE & FUME INC.

DocuSigned by:

Jakob Ripshtein

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Per:

Name: Jakob Ripshtein

Title: Authorized Signatory

I have authority to bind the corporation.

HUMBLE & FUME INC.

DocuSigned by:

Jakob Ripshtein

0AE7986CE32D413...

Per:

Name: Jakob Ripshtein

Title: Authorized Signatory

I have authority to bind the corporation.

P.W.F. HOLDCO, INC.

DocuSigned by:

Jakob Ripshtein

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Per:

Name: Jakob Ripshtein

Title: Authorized Signatory

I have authority to bind the corporation.

**WINDSHIP TRADING LLC**

DocuSigned by:

*Jakob Ripshtein*

Per: \_\_\_\_\_

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Name: Jakob Ripshtein

Title: Authorized Signatory

I have authority to bind the corporation.

**FUME LABS INC.**

DocuSigned by:

*Jakob Ripshtein*

Per: \_\_\_\_\_

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Name: Jakob Ripshtein

Title: Authorized Signatory

I have authority to bind the corporation.

**B.O.B. HEADQUARTERS INC.**

DocuSigned by:

*Jakob Ripshtein*

Per: \_\_\_\_\_

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Name: Jakob Ripshtein

Title: Authorized Signatory

I have authority to bind the corporation.

**HUMBLE CANNABIS SOLUTIONS INC.**

DocuSigned by:

*Jakob Ripshtein*

Per: \_\_\_\_\_

0AE7986CE32D413...

Name: Jakob Ripshtein

Title: Authorized Signatory

I have authority to bind the corporation.

This is Exhibit “F” referred to in the Affidavit of Jakob Ripshtein sworn by Jakob Ripshtein of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on January 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

*Matthew Cressatti*

DAZ9353421D842D

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*Commissioner for Taking Affidavits (or as may be)*

**MATTHEW CRESSATTI**

**STALKING HORSE PURCHASE AGREEMENT**

This Agreement is made as of the 23<sup>rd</sup> day of January, 2024 (the “**Effective Date**”)

**BY AND AMONG:**

**HUMBLE & FUME INC.**, a corporation formed pursuant to the laws of the Province of Ontario (hereinafter referred to as the “**Company**”)

- and -

**1000760498 ONTARIO INC.**, a corporation formed pursuant to the laws of the Province of Ontario (hereinafter referred to as the “**Purchaser**”)

**WHEREAS**, pursuant to the Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued January 5, 2024 (as amended on January 12, 2024, and as may be further amended or amended and restated from time to time, the “**Initial Order**”), the Company, Humble & Fume Inc. (“**Humble MB**”), B.O.B. Headquarters Inc. (“**BobHQ**”), Humble Cannabis Solutions Inc. (“**HCS**”), Fume Labs Inc. (“**Fume Labs**”), P.W.F. Holdco Inc. (“**PWF**”) and Windship Trading LLC (“**Windship**” and together with the Company, Humble MB, BobHQ, HCS, Fume Labs and PWF, collectively, the “**Humble Group**”) were granted, among other things, creditor protection under the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the “**CCAA**”) and Deloitte Restructuring Inc. was appointed as Monitor of the Humble Group (in such capacity, the “**Monitor**”);

**AND WHEREAS**, in connection with the proceedings initiated by the Initial Order (the “**CCAA Proceedings**”), the Humble Group intends to seek the approval of the Court to run a stalking horse sale and investment solicitation process (as further described in Schedule “**F**”, attached hereto, the “**SISP**”) pursuant to which this Agreement will serve as the Stalking Horse Bid for the Purchased Shares (each as defined herein);

**AND WHEREAS**, in the event that this Agreement is selected as the Successful Bid (as defined herein) in the SISP, the Company has agreed to issue, sell and transfer to the Purchaser, and the Purchaser has agreed to subscribe for and purchase from the Company, the Purchased Shares (as defined herein), subject to and in accordance with the terms and conditions set forth in this Agreement;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties hereby acknowledge and agree as follows:

**ARTICLE 1  
INTERPRETATION****1.1 Definitions**

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

“**Administration Charge**” has the meaning set out in the Initial Order.



**“Administrative Wind-down Amount”** means cash in the amount of \$50,000 to be used to satisfy costs incurred by the Monitor and its professional advisors, and the professional advisors of the Humble Group and ResidualCo: (a) to administer ResidualCo and the Excluded Assets and Excluded Liabilities; and (b) to wind-down and/or dissolve ResidualCo.

**“Affiliate”** has the meaning given to the term “affiliate” in the *Business Corporations Act* (Ontario).

**“Agreement”** means this purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof, with the consent of the Monitor, and **“Article”** and **“Section”** mean and refer to the specified article, section and subsection of this Agreement.

**“Applicable Law”** means, in respect of any Person, property, transaction or event, any: (i) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order; (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority; and (iii) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

**“Approval and Vesting Order”** means an order by the Court, in form and substance satisfactory to the Purchaser, acting reasonably, among other things, approving and authorizing the Transaction.

**“Assumed Contracts”** means the Contracts listed in Schedule **“H”**, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof (and including as such Assumed Contracts may be amended, restated, supplemented or otherwise modified from time to time).

**“Auction”** has the meaning set out in Section 5.1(e).

**“Authorization”** means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval or building permit) or from any Person in connection with any easements, contractual rights or other matters.

**“Bid Deadline”** has the meaning set out in Schedule **“F”**.

**“BobHQ”** means B.O.B. Headquarters Inc., a corporation formed pursuant to the laws of the Province of Manitoba.

**“Books and Records”** means: (i) all of the Humble Group’s files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records; and (ii) all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records used or intended for use by, or in the possession of the Company or any other member of the Humble Group or any of their respective Affiliates including information, documents and records relating to the Assumed Contracts, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, cost and pricing information, production reports and records, equipment logs, operating guides and manuals, credit records, records relating to present and

former suppliers and contractors, plans and projections and all other records, data and information stored electronically, digitally or on computer-related media.

“**Business**” means the business conducted by the Humble Group, being a fully integrated distributor of cannabis and cannabis accessories with operations across North America and its head office located in Toronto, Ontario.

“**Business Day**” means a day on which banks are open for business in Toronto, Ontario, but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario.

“**CCAA**” has the meaning set out in the recitals hereto.

“**CCAA Charge Amount**” means cash in an amount sufficient to satisfy the amounts owing in respect of the obligations secured by the CCAA Charges at the Closing Time.

“**CCAA Charges**” means the Administration Charge and the Directors’ Charge.

“**CCAA Proceedings**” has the meaning set out in the recitals hereto.

“**Claims**” means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, audit, chose in or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

“**Closing**” means the closing and consummation of the Transaction.

“**Closing Date**” means the date that is ten (10) Business Days, or such shorter period as the Purchaser may determine by notice in writing to the Company, after the date upon which the conditions set forth in Article 9 have been satisfied or waived, other than any conditions set forth in Article 9 that by their terms are to be satisfied or waived at the Closing (or such other earlier or later date as may be agreed by the Company and the Purchaser in writing).

“**Closing Time**” means 12:01 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

“**Consolidation and Cancellation**” means the consolidation of all Purchased Shares and Existing Shares in accordance with the Consolidation Ratio, and the cancellation of all fractional Purchased Shares and Existing Shares in accordance with Article 2.

“**Consolidation Ratio**” means the ratio by which all Purchased Shares and Existing Shares shall be consolidated, as determined by the Purchaser, acting reasonably and in consultation with the Company and the Monitor, given the intended effect of the Transaction.

“**Contracts**” means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which any member of the Humble Group is a party or is bound or in which any member of the Humble Group has, or will at Closing have, any rights or by which any of its property or assets are or may be affected, including any Contracts in respect of Employees.

“**Company**” means Humble & Fume Inc., a corporation incorporated pursuant to the laws of the Province of Ontario.

“**Court**” has the meaning set out in the recitals hereto.

**“Debenture Debt”** means all of the indebtedness and obligations owing by the Company under the Debentures.

**“Debentures”** means the convertible subordinated secured debentures issued by the Company on June 13, 2023.

**“DGC Debt”** means all of the indebtedness and obligations owing by the Humble Group to DGC Investments Inc. under the DGC Loan Agreement.

**“DGC Loan Agreement”** means the loan agreement dated September 1, 2022 among DGC Investments Inc., as lender, the Company, as borrower, and Humble MB, PWF, Windship, BobHQ, Fume Labs and HCS, as guarantors.

**“DIP Loan”** means all of the indebtedness and obligations owing by the Humble Group under the DIP Term Sheet.

**“DIP Term Sheet”** means the debtor-in-possession term sheet dated as of the date hereof, among the Purchaser, as lender, and the members of the Humble Group, as borrowers, as the same may be amended, restated, supplemented and/or modified from time to time.

**“Directors’ Charge”** “has the meaning set out in the Initial Order.

**“Discharge”** means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, the full, final, irrevocable, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property and all proceeds thereof.

**“Effective Date”** has the meaning set out in the preamble hereto.

**“Employee”** means any individual who is employed by any member of the Humble Group as of the Closing Date, whether on a full-time or a part-time basis and includes an employee on short term or long term disability leave, but for certainty excludes any employee whose employment will be terminated pursuant to Section 9.2(f).

**“Employee Priority Claims”** means any Claim for: (i) accrued and unpaid wages and vacation pay owing to an employee of any member of the Humble Group whose employment was terminated between the Filing Date and the Closing Date, including the Terminated Employees; and (ii) unpaid amounts provided for in Section 6(5)(a) of the CCAA.

**“Encumbrance”** means any security interest, lien, Claim, charge, right of retention, deemed trust, judgement, writ of seizure, writ of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party (including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

**“Equity Interests”** has the meaning set out in section 2(1) of the CCAA and includes the Existing Shares, any shareholder agreement in respect of the Existing Shares, and any other interest or entitlement to shares in the capital of the Company, but, for greater certainty, does not include the Post-Consolidation Shares.

**“Excise Tax Act”** means the *Excise Tax Act*, R.S.C, 1985, c. E-15.

**“Excluded Assets”** means the properties, rights, assets and undertakings of the Humble Group listed as “Excluded Assets” on Schedule “A”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof.

**“Excluded Asset Bill of Sale”** has the meaning set out in Section 4.1.

**“Excluded Contracts”** means those Contracts and other agreements of the Humble Group that are not Assumed Contracts and for greater certainty, includes those Contracts and agreements which are listed on Schedule “B”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof; provided, however, that none of the HCSHI Documents will be listed as or otherwise deemed to be an Excluded Contract.

**“Excluded Liabilities”** has the meaning set out in Section 2.2(a).

**“Excluded Liabilities Assumption Agreement”** has the meaning set out in Section 4.2.

**“Existing Shares”** means all of the common shares of the Company that are issued and outstanding immediately prior to the Closing Time, which, for greater certainty, does not include the Purchased Shares or the Post-Consolidation Shares.

**“Fume Labs”** means Fume Labs Inc., a corporation formed pursuant to the laws of the Province of Ontario.

**“Governmental Authority”** means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

**“GST/HST”** means all goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act*.

**“HCS”** means Humble Cannabis Solutions Inc., a corporation formed pursuant to the laws of the Province of Ontario.

**“HCSHI”** means HC Solutions Holdings, Inc. a corporation formed pursuant to the laws of the state of Delaware in the United States of America, and its Affiliates.

**“HCSHI Claim or Encumbrance”** means any Claim or Encumbrance by or in favour of a Person arising under or in connection with an HCSHI Document or relating to the HCSHI Shares.

**“HCSHI Document”** means: (i) the HCSHI Stockholder Agreement; (ii) any document, agreement or understanding between or among the Humble Group and HCSHI, Green Acre Capital Distribution Corp, Green Acre Capital Distribution Corp. II or JThree Investments LLC relating to or entered into in connection the HCSHI Stockholder Agreement or HCSHI, in each case as amended from time to time.

**“HCSHI Shares”** means the shares and Equity Interests in HCSHI owned by the Humble Group.

**“HCSHI Stockholder Agreement”** means [conformed agreement to be referenced], as amended, restated or amended and restated from time to time.

“**Humble Group**” has the meaning set out in the recitals hereto.

“**Humble MB**” means Humble & Fume Inc., a corporation formed pursuant to the laws of the Province of Manitoba.

“**Income Tax Act**” means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

“**Initial Order**” has the meaning set out in the recitals hereto and includes any amended and restated versions of such order.

“**Interim Period**” means the period beginning on the Effective Date and ending at the Closing Time.

“**Liability**” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“**Monitor**” has the meaning set out in the recitals hereto.

“**Monitor’s Certificate**” means a certificate signed by the Monitor to be filed with the Court following Closing substantially in the form attached to the Approval and Vesting Order.

“**Organizational Documents**” means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

“**Outside Date**” means 11:59 pm (Toronto time) on April 15, 2024 or such later date and time as the Company and the Purchaser may agree to in writing.

“**Parties**” means the Company and the Purchaser, and “**Party**” means either of them.

“**Permits and Licenses**” means the orders, permits, licenses, Authorizations, approvals, registrations, consent, waiver or other evidence of authority issued to, granted to, conferred upon, or otherwise created for, the Company or any other member of the Humble Group, by any Governmental Authority, including those related to the Business, the Retained Assets and the Assumed Contracts, and explicitly including those listed on Schedule “**E**”, attached hereto.

“**Permitted Encumbrances**” means those Encumbrances related to the Retained Assets set forth on Schedule “**D**”, as the same may be modified by the Purchaser prior to the granting of the Approval and Vesting Order in accordance with the terms hereof.

“**Person**” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

“**Post-Consolidation Shares**” means the common shares of the Company that will remain after the Consolidation and Cancellation, which shall: (a) represent 100% of the issued and outstanding common shares of the Company after the Consolidation and Cancellation; and (b) be solely owned and controlled by the Purchaser.

**“Pre-Closing Reorganization”** means the transactions, acts or events described in Exhibit “A”, as the same may be modified by the Parties prior to the Closing Time in accordance with the terms hereof and the Approval and Vesting Order, which, unless otherwise expressly provided therein, are to occur immediately prior to the Closing Time.

**“Professional Fees”** has the meaning set out in Section 5.1(b).

**“Priority Payments”** means those priority payments prescribed under subsections 6(3), 6(5) and 6(6) of the CCAA, and the amounts owing under the Employee Priority Claims.

**“Purchase Price”** has the meaning set out in Section 3.1.

**“Purchased Shares”** means the common shares of the Company issued to the Purchaser in exchange for the Purchase Price in accordance with the Pre-Closing Reorganization.

**“Purchaser”** means 1000760498 Ontario Inc., a corporation formed pursuant to the laws of the Province of Ontario.

**“PWF”** means P.W.F. Holdco Inc., a corporation formed pursuant to the laws of the State of Delaware.

**“Released Claims”** means all claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including “claims” as defined in the CCAA and including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

**“ResidualCo”** means a corporation to be incorporated, to which the Excluded Assets and Excluded Liabilities will be transferred as part of the Pre-Closing Reorganization.

**“ResidualCo Shares”** means all of the issued and outstanding shares of ResidualCo.

**“Retained Assets”** has the meaning set out in Section 4.1.

**“Retained Liabilities”** means: (a) Liabilities specifically and expressly designated by the Purchaser as retained Liabilities in Schedule “G”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof; (b) the Secured Debt; (c) HCSHI Claims and Encumbrances; (d) all Liabilities and Encumbrances which rank in priority to the Secured Debt to the extent that such Liabilities and Encumbrances are not paid and satisfied at or prior to Closing; and (e) all Liabilities which relate to: (i) the Business under any Assumed Contracts; (ii) any Permits and Licences forming part of the Retained Assets; in each case solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing.

**“SISP”** means the sale and investment solicitation process, to be conducted pursuant to the sale and bidding procedures substantially in the form set out in Schedule “F” hereto.

**“SISP Order”** means an order of the Court, in form and substance acceptable to the Purchaser, approving, among other things: (a) the SISP; (b) this Agreement as the Stalking Horse Bid in the SISP; and (c) the Professional Fees.

**“Stalking Horse Bid”** has the meaning set out in Section 5.1(a).

**“Secured Debt”** means, collectively, the DIP Loan, the DGC Debt and the Debenture Debt.

**“Successful Bid”** has the meaning set out in Section 5.1(e).

**“Successful Bidder”** has the meaning set out in Section 5.1(e).

**“Taxes”** means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers’ compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any Liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

**“Terminated Employee”** means those Employees whose employment will be terminated prior to Closing pursuant to Section 9.2(f), as determined by the Purchaser by written notice to the Company at least ten (10) Business Days prior to the Closing Date.

**“Transaction”** means all of the transactions contemplated by this Agreement, including the purchase and sale transaction whereby the Purchaser will acquire the Purchased Shares.

**“Windship”** means Windship Trading LLC., a corporation formed pursuant to the laws of the State of Texas.

## **1.2 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## **1.3 General Construction**

The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof. The expression “Section” or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

## **1.4 Extended Meanings**

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings and the term “third party” means any other Person other than the Company or the Purchaser, or any Affiliates thereof.

## **1.5 Currency**

All references in this Agreement to dollars, monetary amounts, or to “\$”, are expressed in Canadian currency unless otherwise specifically indicated.

## 1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

## 1.7 Schedules & Amendments to Schedules

The following exhibits and schedules are attached hereto and incorporated in and form part of this Agreement:

### **EXHIBITS**

Exhibit A - Pre-Closing Reorganization

### **SCHEDULES**

Schedule A - Excluded Assets

Schedule B - Excluded Contracts

Schedule C - Excluded Liabilities

Schedule D - Permitted Encumbrances

Schedule E - Permits and Licenses

Schedule F - SISP and Bidding Procedures

Schedule G - Retained Liabilities

Schedule H - Assumed Contracts

The Parties acknowledge that as of the Effective Date, the Schedules (other than Schedules E and F) are not complete. Such Schedules are for the benefit of the Purchaser and may be amended or completed by the Purchaser, in its sole and absolute discretion, on or before the dates set out in such Schedules and on notice to the Company with a copy to the Monitor.

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

## **ARTICLE 2 PURCHASE OF SHARES AND ASSUMPTION OF LIABILITIES**

### **2.1 Purchase and Sale of the Purchased Shares**

Subject to the terms and conditions of this Agreement, effective immediately prior to the Closing Time, the Company shall take the following steps:

- (a) Share Issuance. The Purchaser shall subscribe for and purchase from the Company, and the Company shall issue, assign and transfer to the Purchaser, the Purchased Shares in a number to be determined by the Purchaser, acting reasonably and in consultation with the



Company and the Monitor, having regard to the intended effect of the Transaction, free and clear of all Encumbrances, in exchange for the payment of the Purchase Price.

- (b) Share Consolidation. The Company's Organizational Documents shall be amended to, among other things: (i) consolidate the Purchased Shares and the Existing Shares on the basis of the Consolidation Ratio; and (ii) provide for such additional changes to the rights and conditions attached to the Purchased Shares and Existing Shares as may be requested by the Purchaser, in its sole and unfettered discretion.
- (c) Share Cancellation. Any fractional Purchased Shares and Existing Shares held by any holder of such shares immediately following the consolidation of such shares shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Company's Organizational Documents shall be altered as necessary to achieve such cancellation.
- (d) Equity Interests Extinguished. Any and all Equity Interests (for greater certainty, not including the Post-Consolidation Shares) that remain issued and outstanding immediately following the Consolidation and Cancellation shall be cancelled and extinguished without any Liability, payment or other compensation in respect thereof and all Equity Interests shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any Liability, payment or other compensation in respect thereof.

## 2.2 Excluded Liabilities of the Company

- (a) Pursuant to the Approval and Vesting Order, save and except for the Retained Liabilities, all debts, obligations, Liabilities, Encumbrances (other than Permitted Encumbrances), indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the Humble Group or the Purchased Shares or against, relating to or affecting any of the Retained Assets, or any Excluded Assets or Excluded Contracts, including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule "C", (collectively, the "**Excluded Liabilities**") shall be excluded and will no longer be binding on the Humble Group or the Retained Assets, Employees, Permits and Licenses, or Books and Records following the Closing Time.
- (b) Subject to the Pre-Closing Reorganization and pursuant to the Approval and Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed in full by ResidualCo in accordance with and as further described in Article 4 and the Approval and Vesting Order, and the Humble Group, the Retained Assets, and the Humble Group's undertakings, Business and properties shall be Discharged of such Excluded Liabilities. All Claims attaching to the Excluded Liabilities, if any, shall continue to exist against ResidualCo and the Purchase Price and the Excluded Assets, if any, shall be available to satisfy such Claims.

### ARTICLE 3 PURCHASE PRICE

#### 3.1 Purchase Price

The total aggregate consideration payable by the Purchaser for the Purchased Shares (the “**Purchase Price**”) shall be equal to all amounts outstanding and obligations payable by the Humble Group under or in connection with the Secured Debt, including principal and interest accrued through to and including the Closing Date, plus any fees and expenses associated therewith, plus the value of the Retained Liabilities. As at the Effective Date, the Secured Debt is equal to \$3,727,978.

#### 3.2 Payment of Purchase Price

The Purchase Price shall be paid and satisfied on the Closing Date by the Purchaser assuming the Secured Debt and retaining the Retained Liabilities and performing and/or discharging such amounts as and when they become due.

#### 3.3 Closing Payment

- (a) On the Closing Date, the Purchaser shall pay to the Monitor an amount equal to the sum of: (i) the Priority Payments; (ii) the CCAA Charge Amount; and (iii) the Administrative Wind-down Amount (collectively, the “**Closing Payment**”). The Monitor shall hold the Closing Payment in trust for the benefit of Persons entitled to be paid from the Closing Payment.
- (b) Following the Closing, the Monitor may utilize the Closing Payment to pay and satisfy the Priority Payments, all amounts owing under the CCAA Charges, and the costs incurred in connection with the administration and wind-down of ResidualCo, in its sole discretion and without further authorization from the Humble Group or the Purchaser. Any unused portion of the Closing Payment shall be returned by the Monitor to the Purchaser.
- (c) Notwithstanding the foregoing or anything else contained herein or elsewhere, each of Company and the Purchaser acknowledges and agrees that: (i) the Monitor’s obligations hereunder are and shall remain limited to those specifically set out in this Section 3.3; and (ii) the Monitor is acting solely in its capacity as the CCAA Court-appointed Monitor of the Humble Group pursuant to the Initial Order and not in its personal or corporate capacity, and the Monitor has no liability in connection with this Agreement whatsoever, in its personal or corporate capacity or otherwise, save and except for and only to the extent of the Monitor’s gross negligence or intentional fault. The Parties further acknowledge and agree that the Monitor may rely upon the provisions of this Section 3.3 notwithstanding that the Monitor is not a party to this Agreement.

### ARTICLE 4 TRANSFER OF EXCLUDED ASSETS AND EXCLUDED LIABILITIES

#### 4.1 Transfer of Excluded Assets to ResidualCo

At Closing, the Humble Group shall retain all of the assets owned by it on the Effective Date of this Agreement and any assets acquired by it up to and including Closing, including the HCSHI Shares, equipment and other personal property, the Assumed Contracts, Permits and Licences, Books and Records, Business and undertakings (the “**Retained Assets**”), excluding inventory sold in the ordinary course of Business in the Interim Period and amounts paid in the Interim Period in accordance with the Initial Order

and the DIP Term Sheet. The Retained Assets shall not include: (i) the Excluded Assets; or (ii) the Excluded Contracts, which the Humble Group shall transfer to ResidualCo, in accordance with the Pre-Closing Reorganization, and same shall be vested in ResidualCo pursuant to the Approval and Vesting Order as evidenced by a bill of sale and assignment of contracts (the “**Excluded Assets Bill of Sale**”).

#### **4.2 Transfer of Excluded Liabilities to ResidualCo**

In accordance with the Pre-Closing Reorganization and the Approval and Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed by ResidualCo as evidenced by an assignment and assumption agreement in form and substance acceptable to the Purchaser and the Company (the “**Excluded Liabilities Assumption Agreement**”). Notwithstanding any other provision of this Agreement, neither the Purchaser nor the Company shall assume or have any Liability for any of the Excluded Liabilities and all Excluded Liabilities shall be Discharged from the Purchased Shares, the Company and the Retained Assets as of and from and after the Closing Time.

#### **4.3 Tax Matters**

Pursuant to the Approval and Vesting Order, at the Closing Time, all Taxes owed or owing or accrued due by the Company shall be transferred to, vested in and assumed by ResidualCo. Any audits or reassessments with respect to any Taxes that relate to a time period occurring, or facts arising, prior to the Closing Date, regardless upon when such audit was commenced or completed, and any and all such obligations with respect to such audits or reassessments shall be transferred to and vest in ResidualCo.

Notwithstanding anything to the contrary in this Agreement, the Purchase Price is exclusive of GST/HST, and the Purchaser shall be responsible for the payment, on Closing, of any GST/HST required to be paid or remitted in connection with the consummation of the Transaction contemplated by this Agreement. If applicable, the Company and the Purchaser shall jointly elect that no GST/HST is payable pursuant to the Sales Tax Legislation with respect to the Transaction and the Purchaser will file an election pursuant to section 167 of the Sales Tax Legislation, prepared by the Purchaser and made jointly by the Purchaser and the Company (the “**Section 167 Election**”).

#### **4.4 Release by Purchaser**

Except in connection with any obligations of Company or the Monitor contained in this Agreement, effective as of the Closing, the Purchaser, on its own behalf and on behalf of its Affiliates, hereby releases and forever discharges the Company, the Monitor, and their respective Affiliates, and each of their respective successors and assigns, and all present and former officers, directors, partners, members, shareholders, limited partners, employees, agents, financial and legal advisors of each of them, from any and all actual or potential Released Claims which such Person had, has or may have in the future to the extent relating to the Business, the Purchased Shares or the Retained Liabilities, save and except for Released Claims arising out of fraud, gross negligence, willful misconduct, bad faith or illegal acts.

### **ARTICLE 5 SISP, BIDDING PROCEDURES**

#### **5.1 SISP**

- (a) The Company shall bring a motion for the SISP Order to be heard on or before January 25, 2024. The SISP Order shall recognize the within offer by the Purchaser and the Purchase Price: (i) as a baseline or “stalking horse bid” in respect of the Purchased Shares (the “**Stalking Horse Bid**”); and (ii) as a deemed “Qualified Bid”, with an attendant right on the part of the Purchaser to participate as a bidder in any Auction (as defined below). The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of

determining whether a superior bid can be obtained for the Purchased Shares and the Retained Assets, and that the within Stalking Horse Bid may be the Successful Bid for the Purchased Shares and the Retained Assets.

- (b) In consideration for the Purchaser's expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, and subject to Court approval, the Purchaser shall be entitled to repayment of all professional fees, disbursements and expenses of any kind or nature whatsoever incurred in connection with this Agreement, the SISP, and the Transaction, to a maximum amount of \$75,000 (the "**Professional Fees**"); which shall be payable to the Purchaser in the event that the Stalking Horse Bid is not the Successful Bid. For certainty, the Professional Fees do not form part of the Purchase Price.
- (c) The payment of the Professional Fees shall be approved in the SISP Order and shall, if payable pursuant to Section 5.1(b), be payable to the Purchaser, on behalf of the Company, within two (2) Business Days of the closing of the transaction contemplated by the Successful Bid.
- (d) In the event that one or more Persons submits a Qualified Bid (as defined in the SISP) on or before the Bid Deadline, the Company, in consultation with the Monitor, shall determine if an auction (the "**Auction**") is necessary in order to determine and select a winning bid (the "**Successful Bid**" and the Person submitting such bid being the "**Successful Bidder**"). Upon the selection of a Successful Bidder, there shall be a binding agreement of purchase and sale between the Successful Bidder and the Company. The Company shall forthwith bring a motion following the selection of the Successful Bidder for an order approving the agreement reached with the Successful Bidder and to vest the Purchased Shares in the Successful Bidder and, if granted, shall proceed with closing the transaction forthwith.
- (e) Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the Successful Bidder under the SISP, then upon selection of the other Successful Bid: (i) this Agreement shall be terminated (subject to Section 10.2 and the Purchaser's entitlement to the Professional Fees); (ii) the Purchaser shall be entitled to the Professional Fees; and (iii) neither Party hereto shall have any further Liability or obligation hereunder, except as expressly provided for in this Agreement.
- (f) If no Qualified Bids are received by the Bid Deadline (other than the Stalking Horse Bid), the Company shall forthwith bring a motion to the Court to obtain the Approval and Vesting Order and, if granted, shall proceed with completing the Transaction forthwith.

## ARTICLE 6 REPRESENTATIONS AND WARRANTIES

### 6.1 Representations and Warranties of the Company

The Company hereby represents and warrants as of the date hereof and as of the Closing Time as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Company is a corporation incorporated and existing under the *Business Corporations Act* (Ontario), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

- (b) Corporate Authorization. The execution, delivery and, subject to obtaining of the Approval and Vesting Order in respect of the matters to be approved therein, performance by the Company of this Agreement has been authorized by all necessary corporate action on the part of the Company.
- (c) No Conflict. The execution, delivery and performance by the Company of this Agreement 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) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Company, any agreement binding on the Company or any Applicable Law applicable to the Company, the Humble Group or any of its Affiliates, the Purchased Shares or the Retained Assets, or result in the creation or require the creation of any Encumbrance upon or against the Purchased Shares or the Retained Assets.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject only to obtaining the Approval and Vesting Order.
- (e) Proceedings. There are no proceedings pending against the Company or, to the knowledge of the Company, threatened, with respect to, or in any manner affecting, title to the Purchased Shares or the Retained Assets, which would reasonably be expected to enjoin, delay, restrict or prohibit the transfer of all or any part of the Purchased Shares or the Retained Assets as contemplated by this Agreement or which would reasonably be expected to delay, restrict or prevent the Company from fulfilling any of its obligations set forth in this Agreement, and no event has occurred or circumstance exists which would reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding.
- (f) No Consents or Authorizations. Subject only to obtaining the Approval and Vesting Order, the Company does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any other Person, as a condition to the lawful completion of the Transaction.
- (g) Residency. The Company is not a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable.
- (h) Authorized and Issued Capital and Title to Purchased Shares. Immediately following the Closing Time, the Post-Consolidation Shares will constitute all of the issued and outstanding shares in the capital of the Company and the Purchaser will be the sole registered and beneficial owner of the Post-Consolidation Shares, with good and valid title thereto, free and clear of all Encumbrances, pursuant to and in accordance with the Approval and Vesting Order. Immediately following the Closing Time, the Post-Consolidation Shares will be: (i) duly authorized and validly issued as fully paid and non-assessable; (ii) issued by the Company in compliance with all Applicable Laws; and (iii) there will be no issued and outstanding common shares or other securities of the Company other than the Post-Consolidation Shares nor will there be any securities convertible into or options, equity-based awards or other rights, agreements or commitments that are held by any Person and which are convertible into or exchangeable for common shares or any other securities of the Company.
- (i) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Company of any of the Purchased Shares or the Retained Assets.

- (j) Sophisticated Party. The Company (i) is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement, (ii) has conducted its own analysis and made its own decision to enter into this Agreement and has obtained such independent advice in this regard as it deemed appropriate, and (iii) has not relied on such analysis or decision of any Person other than its own independent advisors.

## 6.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Company as of the date hereof and as of the Closing Time, and acknowledges that the Company is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the *Business Corporations Act* (Ontario), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (e) Proceedings. There are no proceedings pending or, to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.
- (f) Sophisticated Party. Purchaser (i) is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement, (ii) has conducted its own analysis and made its own decision to enter into this Agreement and has obtained such independent advice in this regard as it deemed appropriate, and (iii) has not relied on such analysis or decision of any Person other than its own independent advisors.

## 6.3 As is, Where is

The representations and warranties of the Company shall survive the Closing Time on the Closing Date provided, however, that the Purchaser's sole recourse for any breach or inaccuracy of such representations and warranties shall be against ResidualCo. The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the Purchased Shares (for clarity, together with the Retained Assets) shall be sold and delivered to the Purchaser on an "as is, where is" basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever.

## **ARTICLE 7 COVENANTS**

### **7.1 Closing Date**

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date.

### **7.2 Motion for Approval and Vesting Order**

As soon as practicable after the selection of this Agreement as the Successful Bid in the SISP and in any event by no later than March 15, 2024, the Company shall serve and file with the Court a motion for the issuance of the Approval and Vesting Order, seeking relief that will, *inter alia*, approve this Agreement and the Transaction, and release the officers and directors of the Company, its advisors, the Monitor and the Monitor's counsel. The Company shall use its best efforts to seek the issuance and entry of the Approval and Vesting Order and the Purchaser shall cooperate with the Company in its efforts to obtain the issuance and entry of the Approval and Vesting Order.

### **7.3 Interim Period**

During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Vesting Order and the Pre-Closing Reorganization), the Humble Group shall comply with the terms of the DIP Term Sheet and continue to maintain the Business and operations of the Humble Group and the Retained Assets in substantially the same manner as conducted on the Effective Date and in material compliance with all Applicable Laws, Permits and Licences.

### **7.4 Access During Interim Period**

During the Interim Period, the Company shall give, or cause to be given, to the Purchaser, and its representatives, reasonable access during normal business hours to the Retained Assets, including the Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Business and the Retained Assets as the Purchaser reasonably deems necessary or desirable to further familiarize themselves with the Business and the Retained Assets. Without limiting the generality of the foregoing: (a) the Purchaser and its representatives shall be permitted reasonable access during normal business hours to all documents relating to information scheduled or required to be disclosed under this Agreement and to the Employees; and (b) the Purchaser and its representatives shall be permitted to contact and discuss the Transactions contemplated herein with Governmental Authorities and the Company's customers and contractual counterparties. Subject to any Professional Fees incurred in connection with any such investigations, inspections, surveys, and tests, which shall be reimbursed in accordance with Article 5 hereof, all investigations, inspections, surveys and tests shall be carried out at the Purchaser's sole and exclusive risk and cost, during normal business hours, and without undue interference with the Company's operations and the Company shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser.

### **7.5 Insurance Matters**

Until Closing, the Company shall keep in full force and effect all existing insurance policies and give any notice or present any claim under any such insurance policies consistent with past practice of the Company in the ordinary course of business.

## **7.6 ResidualCo**

On the Closing Date, the Company shall convey the ResidualCo Shares to the Monitor to hold the ResidualCo Shares as agent and bare trustee on behalf of the common shareholders of the Company immediately prior to the Consolidation and Cancellation. For greater certainty, the Monitor shall not have any obligation or duties to take any actions, steps or otherwise in respect of the ResidualCo Shares, subject to direction from the Monitor, or Order of the Court in the CCAA Proceedings.

## **ARTICLE 8 CLOSING ARRANGEMENTS**

### **8.1 Closing**

Closing shall take place on the Closing Date effective as of the Closing Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

### **8.2 Pre-Closing Reorganization**

- (a) Subject to the other terms of this Agreement, the Company shall effect the Pre-Closing Reorganization on the terms and using the steps set out at Exhibit "A"; *provided that* the Purchaser and Company shall cooperate to ensure that the Pre-Closing Reorganization is completed in a tax efficient manner, including by revising the steps thereof as required by the Purchaser.
- (b) The Purchaser and the Company shall work cooperatively and use commercially reasonable efforts to prepare, before the Closing Date, all documentation necessary and do such other acts and things as are necessary to give effect to the Pre-Closing Reorganization.

### **8.3 Company's Closing Deliverables**

At or before the Closing Time, the Company shall deliver or cause to be delivered to the Purchaser the following:

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) evidence of the completion of the Pre-Closing Reorganization, including: (i) confirmation of the due incorporation and organization of ResidualCo; and (ii) evidence of the filing of the amendment to Organizational Documents, as set out in Section 2.1;
- (c) share certificates representing the Post-Consolidation Shares;
- (d) the Excluded Liability Assumption Agreement, signed by the Company and ResidualCo;
- (e) the Excluded Asset Bill of Sale, signed by the Company and ResidualCo;
- (f) the Section 167 Election, if applicable;
- (g) a certificate of an officer of the Company dated as of the Closing Date confirming that all of the representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Company has performed in all material respects the covenants, obligations and agreements to be performed by it prior to the Closing Time;



- (h) the Organizational Documents of the Company and the corporate Books and Records;
- (i) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

#### **8.4 Purchaser's Closing Deliverables**

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Company (or to the Monitor, as applicable), the following:

- (a) payment of the Purchase Price in the form of an assumption of the Secured Debt;
- (b) payment of the Closing Payment to the Monitor by wire transfer of immediately available funds;
- (c) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants, obligations and agreements to be performed by it prior to the Closing Time; and
- (d) such other agreements, documents and instruments as may be reasonably required by the Company to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

### **ARTICLE 9 CONDITIONS OF CLOSING**

#### **9.1 Conditions Precedent in favour of the Parties**

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

- (a) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, vacated, subject to appeal, or leave to appeal and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.
- (b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction;
- (c) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (d) Monitor's Certificate. The Monitor shall have delivered the Monitor's Certificate confirming that all conditions to Closing have either been satisfied or waived by both the Purchaser and the Company.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in Section 9.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

## **9.2 Conditions Precedent in favour of the Purchaser**

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Successful Bid. This Agreement shall have been designated as the Successful Bid in accordance with the terms of the SISF.
- (b) Pre-Closing Reorganization. The Pre-Closing Reorganization shall have been completed in the order and in the timeframes contemplated hereunder.
- (c) Company's Deliverables. The Company shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 8.3.
- (d) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 6.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.
- (e) No Breach of Covenants. The Company shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Company on or before the Closing Date.
- (f) Employees. The Company shall have terminated, and shall have caused the other entities in the Humble Group to have terminated, the employment of any Employees identified by the Purchaser in its sole discretion to be Terminated Employees and all Liabilities owing to any such Terminated Employees in respect of such terminations, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law, shall be Excluded Liabilities or shall be Discharged pursuant to the Approval and Vesting Order.
- (g) ResidualCo. Pursuant to the Approval and Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to ResidualCo or Discharged; (ii) the Excluded Liabilities shall have attached to the Excluded Assets, if any; and (iii) the Humble Group, its Business and property shall have been released and forever Discharged of all Claims and Encumbrances (other than Retained Liabilities, if any) such that, from and after Closing the Business and property of the Humble Group shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities.
- (h) Partial Termination of CCAA Proceedings. Upon Closing, the CCAA Proceedings shall have been terminated in respect of the Humble Group, its Business and property, as set out in the Approval and Vesting Order, but, for greater certainty, shall continue in respect of ResidualCo.

- (i) Disclaimer of Excluded Contracts. The Humble Group shall have sent notices of disclaimer for all known Excluded Contracts, and such known Excluded Contracts shall form part of the Excluded Assets.
- (j) Permits and Licenses. The Permits and Licenses shall be in good standing at the Closing Time and no material default shall have occurred under any such Permits and Licenses that remains unremedied and such Permits and Licenses shall remain in good standing immediately following and notwithstanding Closing.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 9.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in Section 9.2 is not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Company to terminate this Agreement.

### **9.3 Conditions Precedent in favour of the Company**

The obligation of the Company to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Company at the Closing all the documents and payments contemplated in Section 8.4.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 6.2 shall be true and correct in all material respects (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Company. Any condition in this Section 9.3 may be waived by the Company in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Company only if made in writing, provided, however that any condition relating to the performance of covenants and agreements by the Purchaser with respect to the HCSHI Shares, HCSHI Documents or HCSHI Claims or Encumbrances may not be waived without approval of the Court. If any condition set forth in this Section 9.3 is not satisfied or performed on or prior to the Outside Date, the Company may elect on written notice to the Purchaser to terminate the Agreement.

## **ARTICLE 10 TERMINATION**

### **10.1 Grounds for Termination**

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Company (with the consent of the Monitor) and the Purchaser;

- (b) by the Company (with the consent of the Monitor) or the Purchaser, if there has been a material violation or breach by the other Party of any agreement, covenant, representation or warranty of such Party in this Agreement which would prevent the satisfaction of, or compliance with, any condition set forth in Article 8, by the Outside Date and such violation or breach has not been waived by the non-breaching Party or cured within five (5) Business Days after written notice thereof from the non-breaching Party to the breaching Party; or
- (c) by the Company (with the consent of the Monitor) or the Purchaser upon written notice to the other Party if: (i) the Closing has not occurred on or prior to the Outside Date; or (ii) the Approval and Vesting Order is not obtained on or before March 15, 2024 (subject to availability of the Court); provided in each case that the failure to close or obtain such order, as applicable, by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement.

## **10.2 Effect of Termination.**

If this Agreement is terminated pursuant to Section 10.1 or 5.1(e), all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of: (a) this Section 10.2; and (b) Section 5.1 with respect to the Purchaser's entitlement to the Professional Fees. Notwithstanding the foregoing, if this Agreement is terminated by the Company pursuant to Section 10.1(b), the Purchaser shall not be entitled to receive the Professional Fees and nothing in this Agreement shall absolve the Purchaser of liability for the violation or breach giving rise to such termination.

## **ARTICLE 11 GENERAL**

### **11.1 Access to Books and Records**

For a period of two years from the Closing Date or for such longer period as may be reasonably required for ResidualCo (or any trustee in bankruptcy of the estate of the ResidualCo) to comply with Applicable Law, the Purchaser shall, and shall cause the Company to, retain all original Books and Records that are transferred to the Purchaser under this Agreement, but the Purchaser is not responsible or liable for any accidental loss or destruction of, or damage to, any such Books and Records. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, ResidualCo (and any representative, agent, former director or officer or trustee in bankruptcy of the estate of the ResidualCo, including the Monitor) has the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser.

### **11.2 Notice**

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

- (a) in the case of the Purchaser, as follows:

**1000760498 Ontario Inc.**  
2 Bloor Street W, Suite 2006  
Toronto, ON, Canada  
M4W 3E2

Attention: Shawn Dym

Email: sdym@yorkplains.com

with a copy to:

**Borden Ladner Gervais LLP**

Bay Adelaide Centre, East Tower  
22 Adelaide St. W, Toronto, ON, Canada  
M5H 4E3

Attention: Jasmine Lothian

Email: jlothian@blg.com

(b) in the case of the Company, as follows:

**Humble & Fume Inc.**

1 Eva Road, Suite 416  
Etobicoke, Ontario M9C 4Z5

Attention: Jakob Ripshtein

Email: jakob@humbleandfume.com

with a copy to:

**Miller Thomson LLP**

40 King Street West, Suite 5800  
Toronto, ON M5H 4A9

Attention: Larry Ellis / Sam Massie

Email: lellis@millerthomson.com / smassie@millerthomson.com

(c) in each case, with a further copy to the Monitor as follows:

**Deloitte Restructuring Inc.**

Suite 200, 8 Adelaide Street West  
Toronto, ON M5H 0A9

Attention: Jordan Sleeth / Todd Ambachtsheer

Email: jsleeth@deloitte.ca / tambachtsheer@deloitte.ca

with a copy to:

**Cozens O'Connor LLP**

Bay Adelaide Centre, North Tower  
Suite 2700, 40 Temperance Street  
Toronto, ON M5H 0B4

Attention: Steven Weisz

Email: sweisz@cozen.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above;

provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

### **11.3 Public Announcements**

The Company shall be entitled to disclose this Agreement to the Court and parties in interest in the CCAA Proceedings, other than any information which the Purchaser advises the Company in writing as being confidential, and this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings. Other than as provided in the preceding sentence or statements made in Court (or in pleadings filed therein) or where required to meet timely disclosure obligations of the Company or any of its Affiliates under Applicable Laws or stock exchange rules, the Company shall not issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the Transactions contemplated hereby without the prior consent of the other Parties, which shall not be unreasonably withheld or delayed.

### **11.4 Time**

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

### **11.5 Survival**

The representations and warranties of the Parties contained in this Agreement shall not merge on Closing and the representations, warranties and covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

### **11.6 Benefit of Agreement**

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, including for greater certainty, ResidualCo, provided that no consent, waiver or agreement of ResidualCo shall be required for any amendment of this Agreement.

### **11.7 Entire Agreement**

This Agreement and the attached Schedules hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any material respect except by written instrument executed by the Company and the Purchaser and with the approval of the Monitor or the Court.

### **11.8 Paramountcy**

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

### **11.9 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of Ontario therefrom.

#### **11.10 Assignment**

- (a) This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, in whole or in part, without the prior written consent of the Company, ResidualCo or the Monitor, provided that: (i) such assignee is a related party or subsidiary of the Purchaser; (ii) the Purchaser provides prior notice of such assignment to the Company and the Monitor; and (iii) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder.
- (b) Except as specifically contemplated herein as it relates to ResidualCo, this Agreement may not be assigned by the Company without the consent of the Purchaser.

#### **11.11 Further Assurances**

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

#### **11.12 Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

#### **11.13 Severability**

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

#### **11.14 Monitor's Certificate**

The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Monitor's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no Liability to the Parties in connection therewith.

#### **11.15 Monitor's Capacity**

In addition to all of the protections granted to the Monitor under the CCAA or any order of the Court in the CCAA Proceedings, the Company and the Purchaser acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Humble Group and not in its personal or corporate capacity, will have no Liability, in its personal or corporate capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever as Monitor.

**[Signature Page Follows]**

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the day and year first above written.

**1000760498 ONTARIO INC.**

By:   
Name: Shawn Dym  
Title: President

I have authority to bind the Corporation.

**HUMBLE & FUME INC.**

By:   
Name: Jakob Ripshtein  
Title: Chief Executive Officer

I have authority to bind the Corporation.



**EXHIBIT "A"**  
**PRE-CLOSING REORGANIZATION**

**Pre-Closing**

1. ResidualCo shall be incorporated by the Company with nominal consideration for common shares and shall be added to the CCAA Proceedings as an Applicant, but shall take no other steps or actions in respect thereof.

**Upon Closing**

The following steps shall be deemed to happen concurrently:

1. The Purchased Shares shall be issued to the Purchaser and the Consolidation and Cancellation shall be effected in accordance with Section 2.1 of this Agreement.
2. The Excluded Assets and Excluded Liabilities shall be transferred to and shall vest in ResidualCo pursuant to the Excluded Asset Bill of Sale, the Excluded Liabilities Assumption Agreement and the Approval and Vesting Order. All Claims attaching to the Excluded Assets and Excluded Liabilities shall continue to exist against ResidualCo and the Excluded Assets, if any, shall be available to satisfy such Claims.
3. The Corporation shall convey the ResidualCo Shares to the Monitor as agent and bare trustee for the holders of the Existing Shares immediately prior to the Consolidation and Cancellation.

**SCHEDULE "A"**  
**EXCLUDED ASSETS**

1. Inventory sold in the ordinary course of Business in the Interim Period.
2. Excluded Contracts.

**[Note: Balance of schedule to be completed prior to Closing.]**

**SCHEDULE "B"**  
**EXCLUDED CONTRACTS**

The following is a non-exhaustive list of Excluded Contracts:

1.

**[Note: Balance of schedule to be completed prior to Closing.]**

**SCHEDULE "C"**  
**EXCLUDED LIABILITIES**

The following is a non-exhaustive list of Excluded Liabilities:

1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Company may be bound as at the Closing Time.
2. Any and all Liabilities pertaining to the administration of the CCAA Proceedings including, without limitation, under any court-ordered charge granted therein.
3. All Liabilities relating to or under the Excluded Contracts and Excluded Assets.
4. All Liabilities to Terminated Employees whose employment with the Company is terminated on or before Closing, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law.
5. Any Liabilities for commissions, fees or other compensation payable to any finder, broker or similar intermediary in connection with the negotiation, execution or delivery of this Agreement or the consummation of the Transaction.
6. Any and all Liabilities that are not Retained Liabilities.

**[Note: Balance of schedule to be completed prior to Closing.]**

**SCHEDULE "D"**  
**PERMITTED ENCUMBRANCES**

**[Note: Balance of schedule to be completed prior to issuance of Approval and Vesting Order.]**

**SCHEDULE “E”**  
**PERMITS & LICENSES**

<b>Regulatory Authority</b>	<b>Authorization Type</b>	<b>Details</b>	<b>Licensee</b>	<b>Effective Date</b>	<b>Expiry Date</b>	<b>Registration Number</b>
Alberta Gaming, Liquor & Cannabis	Cannabis Registration	Authorizes holder to operate in accordance with the provisions of the Gaming, Liquor and Cannabis Act and related Regulations	Humble Cannabis Solutions Inc.	March 29, 2023	March 28, 2025	301973-1
General Manager under the Cannabis Control and Licensing Act of British Columbia	Cannabis Marketing Licence	Authorizes holder to act as a marketing licensee to promote cannabis for the purpose of selling it	Humble Cannabis Solutions Inc.	November 10, 2023	December 31, 2024	CM000052

**SCHEDULE "F"**  
**SISP AND BIDDING PROCEDURES**

**[NTD: To be completed]**

**SCHEDULE "G"**  
**RETAINED LIABILITIES**

**[Note: Balance of schedule to be completed prior to Closing.]**



**SCHEDULE "H"**  
**ASSUMED CONTRACTS**

The following is a comprehensive list of Assumed Contracts:

**[Note: Balance of schedule to be completed prior to Closing.]**

This is Exhibit “G” referred to in the Affidavit of Jakob Ripshtein sworn by Jakob Ripshtein of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on January 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

*Matthew Cressatti*

DA79353421D842D...

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*Commissioner for Taking Affidavits (or as may be)*

**MATTHEW CRESSATTI**

## Sale and Investment Solicitation Process

### Humble & Fume Inc. (Ontario), Humble & Fume Inc. (Manitoba), B.O.B. Headquarters Inc., Fume Labs Inc., Humble Cannabis Solutions Inc., PWF Holdco Inc., and Windship Trading LLC

#### Introduction

1. On January 5, 2024, Humble & Fume Inc. (Ontario), Humble & Fume Inc. (Manitoba), B.O.B. Headquarters Inc., Fume Labs Inc., Humble Cannabis Solutions Inc., PWF Holdco Inc., and Windship Trading LLC (together, the “**Applicants**”) were granted an initial order (as amended or amended and restated from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**” and the “**CCAA Proceedings**”) by the Ontario Superior Court of Justice (the “**CCAA Court**”). The Initial Order, among other things:
  - a. stayed all proceedings against the Applicants, their assets and their respective directors and officers; and
  - b. appointed Deloitte Restructuring Inc. as the monitor of the Applicants (in such capacity, the “**Monitor**”);
2. Further to the Applicants’ restructuring efforts, the Monitor will conduct the sale and investment solicitation process (the “**SISP**”) described herein, with the assistance of the Applicants, and pursuant to the Order of the CCAA Court dated January 24, 2024 (the “**SISP Order**”). The SISP is intended to solicit interest in an acquisition or refinancing of the business or a sale of the assets and/or the business of the Applicants by way of merger, reorganization, recapitalization, primary equity issuance or other similar transaction. The Monitor intends to provide all qualified interested parties with an opportunity to participate in the SISP.
3. The SISP Order also approves the stalking horse agreement between the Applicants and 1000760498 Ontario Inc. or its nominee (in such capacity, the “**Stalking Horse Bidder**”) dated January 23, 2024 (as may be amended from time to time, the “**Stalking Horse Purchase Agreement**”), under which the Stalking Horse Bidder agreed to purchase substantially all of the Applicants’ assets and business operations, and act as the stalking horse bid in the SISP (the “**Stalking Horse Bid**”). The Stalking Horse Bid shall automatically be considered a Qualified Bid (as defined herein) for the purposes of the Auction (as defined herein).

#### Opportunity

4. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Applicants’ assets and business operations (the “**Opportunity**”), including Humble & Fume Inc.’s minority equity interest (the “**HCSHI Minority Interest**”) in HC Solutions Holdings, Inc. a Delaware corporation (“**HCSHI**”). The Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of the Applicants as a going concern or a sale of all, substantially all or one or more components of the Applicants’ assets (the “**Property**”) and business operations (the “**Business**”) as a going concern or otherwise, or some combination thereof (each, a “**Transaction**”).

5. This document describes the SISP, including the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a “**Person**”) may gain access to or continue to have access to due diligence materials concerning the Applicants, the Property and the Business, how bids involving the Applicants, the Property or the Business will be submitted to and dealt with by the Monitor and how Court approval will be obtained in respect of a Transaction.
6. The SISP contemplates a one-stage process that involves the submission by interested parties of binding offers by the Bid Deadline (as defined below).
7. Except to the extent otherwise set forth in a definitive sale or investment agreement with a successful bidder, any Transaction will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in such Court orders.
8. In the SISP, (i) “**Business Day**” means any day (other than Saturday or Sunday) that banks are open for business in Toronto, Ontario. If any deadline date referred to in the SISP falls on a day that is not a Business Day, then such date shall be extended until the next Business Day; and (ii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase, “without limitation”.

## Timeline

9. The following table sets out the key milestones under the SISP:

<b>Milestone</b>	<b>Deadline</b>
Commencement date	Immediately following the granting of the SISP Order
Bid Deadline	February 23, 2024
Auction Date	February 29, 2024
Sale Approval Motion (as defined below) in CCAA Court	Forthwith
Closing of the Transaction	7 days after the granting of the Sale Approval Order

10. Subject to any order of the Court, the dates set out in the SISP may be extended by the Monitor with the consent and approval of the Applicants.

## Solicitation of Interest: Notice of the SISP

11. As soon as reasonably practicable:

- a. the Monitor, in consultation with the Applicants, will prepare a list of potential bidders, including (i) parties that have approached the Applicants or the Monitor indicating an interest in the Opportunity, and (ii) local and international strategic and financial parties who the Applicants, in consultation with the Monitor, believe may be interested in a Transaction pursuant to the SISP, in each case whether or not such party has submitted a letter of intent or similar document (collectively, “**Known Potential Bidders**”);
  - b. the Monitor will arrange for a notice of the SISP (and such other relevant information which the Monitor, in consultation with the Applicants, considers appropriate) (the “**Notice**”) to be published in Insolvency Insider, the Monitor’s website, and any other newspaper, journal, website or media outlet as the Applicants, in consultation with the Monitor, consider appropriate, if any; and
  - c. the Monitor, in consultation with the Applicants, will prepare: (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicants and the Monitor, and their respective counsel (an “**NDA**”).
12. The Monitor will send the Teaser Letter and NDA to each Known Potential Bidder and to any other Person who requests a copy of the Teaser Letter and NDA or who is identified to the Applicants or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

### **Potential Bidders and Due Diligence Materials**

13. Any party who wishes to participate in the SISP (a “**Potential Bidder**”), other than the Stalking Horse Bidder, must provide to the Monitor an NDA executed by it, and which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
14. The Monitor, in consultation with the Applicants, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered an NDA to the Monitor and provided information as to their financial wherewithal to close a transaction such access to due diligence material and information relating to the Property and Business as the Applicants or the Monitor deem appropriate. Due diligence shall include access to an electronic data room containing information about the Applicants, the Property and the Business, and may also include management presentations, on-site inspections, and other matters which a Potential Bidder may reasonably request and as to which the Applicants, in their reasonable business judgment and after consulting with the Monitor, may agree. The Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. Neither the Applicants nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Potential Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Potential Bidders if the Applicants, in

consultation with and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information. Neither the Applicants nor the Monitor is responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the Sale of the Property and the Business.

15. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Applicants.

### **HCSHI Minority Interest Opportunity**

16. Prior to providing access to the due diligence materials to parties interested in the HCSHI Minority Interest Opportunity, the Monitor shall consult with (i) the majority shareholder of HCSHI, (ii) the minority shareholder of HCSHI and (iii) Jakob Ripshtein (collectively the “**Consulting Parties**”) with respect to considering whether the admission of a Known Potential Bidder to the due diligence materials in respect of the HCSHI Minority Interest Opportunity is appropriate in the circumstances if it would create commercial, competitive and/or confidentiality concerns that would make it unlikely that a successful transaction could be completed. The Monitor in making such a determination shall take into consideration the decision of the majority of the Consulting Parties.
17. As part of the SISP, Potential Bidders may wish to review information related to the HCSHI Minority Interest Opportunity. On account of the corporate structure of HCSHI and agreements with the majority shareholder of HCSHI the amount of information that the Applicants may disclose to Potential Bidders may be limited. The Monitor shall consult with the Consulting Parties and shall take into consideration the decision of the majority of the Consulting Parties as the amount of information that the Applicants can disclose to Potential Bidders.
18. By participating in the SISP and potentially acquiring the HCSHI Minority Interest Opportunity, Potential Bidders acknowledge and confirm that they will be governed by the terms of the agreements entered into by Humble Parent as the minority shareholder of HCSHI.

### **Formal Binding Offers**

19. Potential Bidders that wish to make a formal offer to purchase or make an investment in the Applicants or their Property or Business (a “**Bidder**”) shall submit a binding offer (a “**Bid**”) that complies with all of the following requirements to the Monitor and Applicants’ counsel at the addresses specified in Schedule “1” hereto (including by e-mail), so as to be received by them not later than **5:00 PM (EST) on** February 23, 2024 or as may be modified in the Bid process letter that may be circulated by the Monitor to Potential Bidders, with the approval of the Applicants (the “**Bid Deadline**”):
  - a. the Bid must be either a binding offer to:
    - i. acquire all, substantially all or a portion of the Property (a “**Sale Proposal**”); and/or

- ii. make an investment in, restructure, reorganize or refinance the Business or the Applicants (an “**Investment Proposal**”); or
  - iii. carry out any combination of a Sale Proposal and an Investment Proposal by one or more parties acting together or separately;
- b. the Bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Applicants or their Property or Business and is consistent with any necessary terms and conditions established by the Applicants and the Monitor and communicated to Bidders;
- c. the Bid includes a letter stating that the Bidder’s offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
- d. the Bid includes duly authorized and executed Transaction agreements, including the purchase price, investment amount (the “**Purchase Price**”), together with all exhibits and schedules thereto;
- e. the Bid is accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer (to a trust account specified by the Monitor), in an amount equal to ten percent (10%) of the Purchase Price, investment amount or other consideration to be paid in respect of the Bid, to be held and dealt with in accordance with this SISP;
- f. the Bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Applicants and the Monitor to make a determination as to the Bidder’s financial and other capabilities to consummate the proposed transaction;
- g. the Bid is not conditioned on (i) the outcome of unperformed due diligence by the Bidder, or (ii) obtaining financing, but may be conditioned upon the Applicants receiving the required approvals or amendments relating to the licenses required to operate the business, if necessary;
- h. the Bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is otherwise participating or benefiting from such bid;
- i. for a Sale Proposal, the Bid includes:
  - i. the purchase price in Canadian dollars and a description of any non-cash consideration, including details of any liabilities to be assumed by the Bidder and key assumptions supporting the valuation;

- ii. a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
  - iii. a specific indication of the financial capability of the Bidder and the expected structure and financing of the transaction;
  - iv. a description of the conditions and approvals required to complete the closing of the transaction;
  - v. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and
  - vi. any other terms or conditions of the Sale Proposal that the Bidder believes are material to the transaction.
- j. for an Investment Proposal, the Bid includes:
  - i. a description of how the Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization, and a description of any non-cash consideration;
  - ii. the aggregate amount of the equity and/or debt investment to be made in the Business or the Applicants in Canadian dollars.
  - iii. the underlying assumptions regarding the pro forma capital structure;
  - iv. a specific indication of the sources of capital for the Bidder and the structure and financing of the transaction;
  - v. a description of the conditions and approvals required for the Bidder to complete the closing of the transaction;
  - vi. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and
  - vii. any other terms or conditions of the Investment Proposal.
- k. the Bid includes acknowledgements and representations of the Bidder that the Bidder:
  - i. is completing the Transaction on an “as is, where is” basis;
  - ii. has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Applicants prior to making its Bid;



- iii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its Bid; and
  - iv. did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Applicants or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Applicants;
- l. the Bid is received by the Bid Deadline; and
  - m. the Bid contemplates closing the Transaction set out therein 7 days following the granting of the Sale Approval Order.
20. Following the Bid Deadline, the Monitor will assess the Bids received. The Monitor, in consultation with the Applicants, will designate the most competitive bids that comply with the foregoing requirements to be “**Qualified Bids**”. No Bids received shall be deemed not to be Qualified Bids without the approval of the Monitor. Only Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
21. The Stalking Horse Bid shall be deemed to be a Qualified Bid.
22. The Monitor may only designate a Bid as a Qualified Bid where the proposed purchase price is equal to or greater than that contained in the Stalking Horse Bid, and includes a cash purchase price in an amount equal to or greater than the Stalking Horse Bid, plus \$125,000CAD.
23. The Monitor, in consultation with the Applicants, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Bids to be a Qualified Bid. The Monitor and the Applicants will be under no obligation to negotiate identical terms with, or extend identical terms to, each Bidder.
24. The Monitor shall notify each Bidder in writing as to whether its Bid constituted a Qualified Bid within two (2) business days of the Bid Deadline, or at such later time as the Monitor deems appropriate.
25. The Monitor may, in consultation with the Applicants, aggregate separate Bids from unaffiliated Bidders to create one Qualified Bid.

### **Evaluation of Competing Bids**

26. A Qualified Bid will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such bid, (ii) the identity, circumstances and ability of the Bidder to successfully complete such Transactions, (iii) the proposed Transaction documents, (iv) factors affecting the speed, certainty and value of the Transaction, (v) the assets included or excluded from the bid, (vi) any related restructuring costs, (vii) the likelihood and timing of consummating such Transaction, each as determined by the Applicants and the

Monitor and (viii) any other factor deemed relevant by the Monitor in consultation with the Applicants.

### **Auction**

27. If the Monitor receives at least one additional Qualified Bid in addition to the Stalking Horse Bid, the Monitor will conduct and administer an Auction in accordance with the terms of this SISP (the “**Auction**”). Instructions to participate in the Auction, which will take place via video conferencing, will be provided to Qualified Parties (as defined below) not less than 24 hours prior to the Auction.
28. Only parties that provided a Qualified Bid by the Bid Deadline, as confirmed by the Monitor, including the Stalking Horse Bid (collectively, the “**Qualified Parties**”), shall be eligible to participate in the Auction. No later than 5:00 p.m. (EST) on the day prior to the Auction, each Qualified Party must inform the Monitor whether it intends to participate in the Auction. The Monitor will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction. If no Qualified Party provides such expression of intent, the Stalking Horse Bidder shall be the Successful Bid (as defined below).

### **Auction Procedure**

29. The Auction shall be governed by the following procedures:
  - a. **Participation at the Auction.** Only the Applicants, the Qualified Parties, including the Stalking Horse Bidder, the Monitor and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent Overbids (as defined below) at the Auction. The Monitor shall provide all Qualified Bidders with the details of the lead bid by 5:00 PM (EST) two (2) Business Days after the Bid Deadline. Each Qualified Bidder must inform the Monitor whether it intends to participate in the Auction no later than 5:00 PM (EST) on the Business Day prior to the Auction;
  - b. **No Collusion.** Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid;
  - c. **Minimum Overbid.** The Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Monitor, in consultation with the Applicants (the “**Initial Bid**”), and any bid made at the Auction by a Qualified Party subsequent to the Monitors announcement of the Initial Bid (each, an “**Overbid**”), must proceed in minimum additional cash increments of \$125,000CAD for the first bid and then in cash increments of \$50,000CAD for each subsequent bid;
  - d. **Bidding Disclosure.** The Auction shall be conducted such that all bids will be made and received in one group video-conference, on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity

of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent bid will be fully disclosed to all other Qualified Parties throughout the entire Auction by video conference room, or such other method of communication the Monitor advises; provided, however, that the Monitor, in its discretion, may establish separate video conference rooms to permit interim discussions between the Monitor and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video conference, on an open basis;

- e. **Bidding Conclusion.** The Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit one or more additional bids with full knowledge and written confirmation of the then-existing highest bid(s); and
- f. **No Post-Auction Bids.** No bids will be considered for any purpose after the Auction has concluded.
- g. **Auction Procedures.** The Monitor shall be at liberty to set additional procedural rules at the Auction as it sees fit.

### **Selection of Successful Bid**

30. Before the conclusion of the Auction, the Monitor, in consultation with the Applicants, will:

- a. review and evaluate each Qualified Bid, considering the factors set out in paragraph 19 and any other factor that the Applicants or the Monitor may reasonably deem relevant, provided that each Qualified Bid may be negotiated among the Monitor in consultation with the Applicants and the Qualified Bidder, and may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and
- b. identify the highest or otherwise best bid received at the Auction (the “**Successful Bid**” and the Qualified Party making such bid, the “**Successful Party**”).

31. The Successful Party shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being selected as such, unless extended by the Monitor, in consultation with the Applicants, subject to the milestones set forth in paragraph 9.

### **Sale Approval Motion Hearing**

32. At the hearing of the motion to approve any transaction with a Successful Party (the “**Sale Approval Motion**”), the Monitor or the Applicants shall seek, among other things, approval from the Court to consummate any Successful Bid, through a vesting order and/or reverse vesting order. All the Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Monitor and the Applicants on and as of the date of approval of the Successful Bid by the Court.

## **Confidentiality and Access to Information**

33. All discussions regarding a Sale Proposal, Investment Proposal, or Bid should be directed through the Monitor. Under no circumstances should the management of the Applicants be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process.
34. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Bidders, Qualified Bids, the details of any Bids submitted or the details of any confidential discussions or correspondence between the Applicants, the Monitor and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Applicants, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Qualified Bidders.

## **Supervision of the SISP**

35. The Monitor shall oversee and conduct the SISP, in all respects, and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out in this SISP Procedure, the SISP Order, the Initial Order and any other orders of the Court, and is entitled to receive all information in relation to the SISP.
36. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Applicants or the Monitor and any Potential Bidder, any Qualified Bidder or any other Person, other than as specifically set forth in a definitive agreement that may be entered into with the Applicants.
37. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Bidder, the Successful Bidder, the Applicants, the DIP Lender, or any other creditor or other stakeholder of the Applicants, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result from gross negligence or willful misconduct of the Monitor. By submitting a bid, each Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or willful misconduct of the Monitor.
38. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a Transaction.
39. The Monitor, in consultation with the Applicants, shall have the right to modify the SISP (including, without limitation, pursuant to the Bid process letter) if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the Service List in these CCAA proceedings shall be advised of any substantive modification to the procedures set forth herein.

## **Deposits**

40. All Deposits received pursuant to this SISP shall be held in trust by the Monitor. The Monitor shall hold Deposits paid by each of the Bidders in accordance with the terms outlined in this SISP. In the event that a Deposit is paid pursuant to this SISP and the Monitor elects not to proceed to negotiate and settle the terms and conditions of a definitive agreement with the Person that paid such Deposit, the Monitor shall return the Deposit to that Person. In the event that the Successful Bidder defaults in the payment or performance of any obligations owed to the Monitor or the Applicants pursuant to any Final Agreement, the Deposit paid by the Successful Bidder, as applicable, shall be forfeited as liquidated damages and not as a penalty.

**Schedule “1”**

**Address of Monitor**

**To the Monitor:**

**Deloitte Restructuring Inc.**

8 Adelaide Street West, Suite 200  
Toronto, ON, Canada, M5H 0A9

Attention: Todd Ambachtsheer and Jorden Sleeth

Email: [tambachtsheer@deloitte.ca](mailto:tambachtsheer@deloitte.ca)  
[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)

with a copy to:

**Cozen O’Connor LLP**

Bay Adelaide Centre – North Tower  
40 Temperance Street, Suite 2700  
Toronto, Ontario M5H 0B4

Attention: Steven Weisz, Heidi Esslinger, and Dilina Lallani

Email: [sweisz@cozen.com](mailto:sweisz@cozen.com)  
[hesslinger@cozen.com](mailto:hesslinger@cozen.com)  
[dlallani@cozen.com](mailto:dlallani@cozen.com)

This is Exhibit “H” referred to in the Affidavit of Jakob Ripshtein sworn by Jakob Ripshtein of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on January 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

*Matthew Cressatti*

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*Commissioner for Taking Affidavits (or as may be)*

**MATTHEW CRESSATTI**



January 18, 2024

Via E-Mail

skukulowicz@cassels.com

tel: +1 416 860 6463

**Miller Thomson LLP**

Scotia Plaza  
40 King Street West  
Suite 5800  
P.O. Box 1011  
Toronto ON M5H 3S1

Attention: Larry Ellis, David Ward, Matthew Cressatti

Email: [lellis@millერთhompson.com](mailto:lellis@millერთhompson.com)  
[dward@millერთhompson.com](mailto:dward@millერთhompson.com)  
[mccressatti@millერთhompson.com](mailto:mccressatti@millერთhompson.com)

**Cozen O'Connor**

Bay Adelaide Centre  
West Tower  
Suite 1100  
Toronto ON M5H 2R2

Attention: Steven Weisz, Heidi Esslinger

Email: [sweisz@cozen.com](mailto:sweisz@cozen.com)  
[HEsslinger@cozen.com](mailto:HEsslinger@cozen.com)

Dear Sirs and Mesdames:

**Re: HUMBLE & FUME INC. (ONTARIO), HUMBLE & FUME INC. (MANITOBA), B.O.B. HEADQUARTERS INC., FUME LABS INC., HUMBLE CANNABIS SOLUTIONS INC., P.W.F. HOLDCO INC., and WINDSHIP TRADING LLC (the "Applicants")**

We are counsel to Storz & Bickel America, Inc.

Our client received notice of the Applicants' CCAA proceedings nearly a week after the initial order was made on January 5, 2024.

Our client is one of the largest secured creditors of Windship Trading LLC ("Windship"). Specifically, Windship granted Storz & Bickel America, Inc. a security interest in certain assets pursuant to section 6.2 of the United States Supply and Distribution Agreement dated January 19, 2021. A copy of the agreement is enclosed for your reference. Storz & Bickel America, Inc.



has filed a UCC-1 in Texas (where Windship is organized and operates, as set out in the affidavit of Jakob Ripshtein dated January 4, 2024). A copy of the UCC search showing the filing is attached for your reference.

The Affidavit of Jakob Ripshtein dated January 4, 2023 omits any reference to this security interest and the motion materials were not served on our client prior to the hearing on the initial application. The Affidavit of Jakob Ripshtein dated January 11, 2023 further states that the "Secured Creditors" support the extension of the stay of proceedings.

Given that our client has not been consulted on these CCAA proceedings, it does not and cannot support any relief at this time. Without further information, including information on the use of proceeds of the assets over which our client holds security and the debtors' intentions for those assets, our client cannot be assured that this CCAA proceeding and the relief requested will not cause it material prejudice.

Please provide us with copies of the cash flow and all draft materials in connection with the SISF and any proposed charges to be granted in the CCAA. We look forward to receiving additional information from you and understanding your proposed path before you return to court to seek any additional relief.

Please add my name and Natalie Levine from my office to the service list.

Yours truly,

Cassels Brock & Blackwell LLP

Shayne Kukulowicz  
Partner

SK

This is Exhibit “I” referred to in the Affidavit of Jakob Ripshtein sworn by Jakob Ripshtein of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on January 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

*Matthew Cressatti*

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*Commissioner for Taking Affidavits (or as may be)*

**MATTHEW CRESSATTI**



**MILLER THOMSON**  
AVOCATS | LAWYERS

MILLER THOMSON LLP  
SCOTIA PLAZA  
40 KING STREET WEST, SUITE 5800  
P.O. BOX 1011  
TORONTO, ON M5H 3S1  
CANADA

T 416.595.8500  
F 416.595.8695

MILLERTHOMSON.COM

January 22, 2024

**Private and Confidential**  
**Sent via E-mail**

**David S. Ward**  
Direct Line: +1 416.595.8625  
dward@millerthomson.com

File No. 0281637.0001

Cassels Brock & Blackwell LLP  
Suite 3200, Bay Adelaide Centre - North Tower  
40 Temperance Street  
Toronto, ON M5H 0B4

Attention: Shayne Kukulowicz & Natalie Levine

Dear Sir/Madame:

**Re: HUMBLE & HUME INC. (ONTARIO), HUMBLE & FUME INC. (MANITOBA), B.O.B. HEADQUARTERS INC., FUME LABS INC., HUMBLE CANNABIS SOLUTIONS INC., P.W.F. HOLDCO INC., and WINDSHIP TRADING LLC (the "Applicants")**

We write in response to your letter of January 18, 2024.

Our CCAA materials to date have been prepared on the basis of a Texas UCC registry search for Windship Trading LLC ("Windship") dated December 6, 2023. Through inadvertence, it appears that this search was not updated immediately prior to filing. We note that your client's UCC registration is dated December 8, 2023.

We have reviewed Storz & Bickel America, Inc.'s ("Storz") UCC financing statement. Your client's UCC registration is for "all inventory obtained by [Windship]...together with the identifiable proceeds of the Inventory".

Storz is the seventh-in-time UCC registrant against Windship.

As you are aware from the affidavit of Jakob Ripshtein, dated January 4, 2024, DGC Investment Inc.'s secured claim totaled approximately \$2,061,153 as of September 30, 2023.

We understand that as at December 8, 2023, Windship held approximately \$1,430 USD of Storz inventory. Windship currently holds \$845 USD of inventory from your client. As at the CCAA filing date Windship had approximately \$64,000 USD cash on hand.

As requested, you have been added to the service list on this matter.

The next hearing is currently scheduled for January 24, 2024 at 9:30 AM. We have not yet served motion materials for that hearing.

Should it assist, we would be pleased to schedule a teleconference with you and counsel for the Monitor, who is copied on this letter, to discuss your client's concerns.

Yours truly,

MILLER THOMSON LLP

Per:

A handwritten signature in blue ink that reads "David S. Ward".

David S. Ward  
DW/MC

- c. Steve Weisz, Cozen O'Connor LLP
- Heidi Esslinger, Cozen O'Connor LLP
- Larry Ellis, Miller Thomson LLP
- Matthew Cressatti, Miller Thomson LLP
- Todd Ambachtsheer, Deloitte



This is Exhibit “J” referred to in the Affidavit of Jakob Ripshtein sworn by Jakob Ripshtein of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on January 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

*Matthew Cressatti*

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*Commissioner for Taking Affidavits (or as may be)*

**MATTHEW CRESSATTI**

## Cressatti, Matthew

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**From:** Levine, Natalie <nlevine@cassels.com>  
**Sent:** Tuesday, January 23, 2024 7:11 AM  
**To:** Ward, David  
**Cc:** Ellis, Larry; Cressatti, Matthew; sweisz@cozen.com; HEsslinger@cozen.com; Moffett, Darlene; Kukulowicz, R. Shayne  
**Subject:** Re: Humble & Fume Inc. et al. [MTDMS-Legal.FID12474495]

Thanks, David. 9:30 this morning works for me. Speak to you then.

**NATALIE E. LEVINE** (she/her/hers)

Partner

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40 Temperance St.

Toronto, ON Canada M5H 0B4 Canada

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**From:** Ward, David <dward@millerthomson.com>  
**Sent:** Monday, January 22, 2024 11:19 PM  
**To:** Levine, Natalie <nlevine@cassels.com>  
**Cc:** Ellis, Larry <lellis@millerthomson.com>; Cressatti, Matthew <mcressatti@millerthomson.com>; sweisz@cozen.com <sweisz@cozen.com>; HEsslinger@cozen.com <HEsslinger@cozen.com>; Moffett, Darlene <dmoffett@millerthomson.com>; Kukulowicz, R. Shayne <skukulowicz@cassels.com>  
**Subject:** RE: Humble & Fume Inc. et al. [MTDMS-Legal.FID12474495]

**CAUTION:** External Email

Dear Natalie,

Thanks for your email and additional explanation of what Storz & Bickel (“S&B”) is seeking.

We are working to better understand the S&B supply relationship and security position. To this end, we have made additional inquiries of our client and have been advised as follows:

Windship currently holds \$845 of inventory from S&B;

The last delivery of goods from S&B to Windship was on January 17, 2023;

Windship last made payment to S&B on April 12, 2023;

From July 2023 to December 2023 Windship sold less than 20K in S&B inventory; and

In FY2023 Windship lost 4.7M. In FY 2022 Windship lost 6.1M. All CAD. These losses were all funded by H&F Parent and other Canadian entities, as well as reduction of working capital (inventory on hand).

Windship currently owes H&F Parent and the other Canadian entities approximately \$10.3M in intercompany payables.

In the above circumstances, it would certainly make sense that we speak tomorrow morning to better understand the nature and scope of your client's asserted security interest.

We are also happy to discuss the progress of the filing and our court materials seeking approval of come-back related relief, including interim financing and a corresponding interim financing charge, a D&O charge, a SISP, and a KERP. As it stands the materials are very much in progress, but we will share them as soon as practicable.

We are asking the Monitor to join the proposed call as well. In the hope that a 9:30 am call may work, we will circulate a ZOOM in the morning.

Thanks,  
David

**DAVID S WARD**

Providing services on behalf of a Professional Corporation  
**Partner**

**MILLER THOMSON LLP**

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P.O. Box 1011  
Toronto, Ontario | M5H 3S1  
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dward@millerthomson.com



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**From:** Levine, Natalie <nlevine@cassels.com>

**Sent:** Monday, January 22, 2024 8:33 PM

**To:** Ward, David <dward@millerthomson.com>

**Cc:** Ellis, Larry <lellis@millerthomson.com>; Cressatti, Matthew <mcressatti@millerthomson.com>; sweisz@cozen.com; HEsslinger@cozen.com; Moffett, Darlene <dmoffett@millerthomson.com>; Kukulowicz, R. Shayne <skukulowicz@cassels.com>

**Subject:** [**\*\*EXT\*\***] RE: Humble & Fume Inc. et al. [MTDMS-Legal.FID12474495]

Dear David:

Thank you for your letter. As you note, the Storz & Bickel security applies not only to the products provided by our client, but also to any proceeds thereof. As noted in Mr. Ripshtein's January 4th Affidavit, the companies have transferred proceeds on an intercompany basis. Please advise as to the amount of proceeds transferred

from Windship Trading LLC to the other debtors between January 19, 2021 and today's date. We are advised by US counsel that such proceeds, when moved as intercompany transfers, remain subject to our client's security interest under Texas law. We require a full accounting of the movement of the proceeds.

Your letter did not include a draft of the materials to be sought at the next court attendance. Please provide those materials so that we may review them and determine our position.

We are available for a conference call on Tuesday morning and remain willing to discuss your proposed path forward.

Thank you.

**Cassels** | **NATALIE E. LEVINE** *(she/her/hers)*  
Partner  
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m: +1 416 786 1552  
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40 Temperance St.  
Toronto, ON Canada M5H 0B4 Canada  
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---

**From:** Moffett, Darlene <dmoffett@millerthomson.com>  
**Sent:** Monday, January 22, 2024 3:00 PM  
**To:** Kukulowicz, R. Shayne <skukulowicz@cassels.com>; Levine, Natalie <nlevine@cassels.com>  
**Cc:** Ward, David <dward@millerthomson.com>; Ellis, Larry <lellis@millerthomson.com>; Cressatti, Matthew <mcressatti@millerthomson.com>; sweisz@cozen.com; HEsslinger@cozen.com  
**Subject:** Humble & Fume Inc. et al. [MTDMS-Legal.FID12474495]

**CAUTION:** External Email

SENT ON BEHALF OF DAVID S. WARD:

Good afternoon,

Please see attached correspondence for your attention.

Regards,  
Darlene Moffett

**DARLENE MOFFETT**  
Legal Assistant

**MILLER THOMSON LLP**  
Services provided through Miltom Management LP

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C., 1985, c. C-36, AS AMENDED  
HUMBLE & FUME INC. (ONTARIO), HUMBLE & FUME INC. (MANITOBA),  
B.O.B. HEADQUARTERS INC., FUME LABS INC., HUMBLE CANNABIS  
SOLUTIONS INC., PWF HOLDCO INC., and WINDSHIP TRADING LLC.

(the “**Applicants**”)

Court File No.: CV-24-00712366-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE -**  
**COMMERCIAL LIST**  
Proceeding commenced at Toronto

**AFFIDAVIT OF JAKOB RIPSHTEIN**  
**(SWORN JANUARY 23, 2024)**

**MILLER THOMSON LLP**  
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Tel: 416.597.4311

Lawyers for the Applicants

# TAB 3

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	WEDNESDAY, THE 24 <sup>th</sup>
	)	
JUSTICE CAVANAGH	)	DAY OF JANUARY, 2024

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 HUMBLE & FUME INC. (ONTARIO), HUMBLE &  
FUME INC. (MANITOBA), BOB HEADQUARTERS INC., FUME LABS INC.,  
HUMBLE CANNABIS SOLUTIONS INC., PWF HOLDCO INC., and  
WINDSHIP TRADING LLC

(the “**Applicants**”)

**AMENDED AND RESTATED INITIAL 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 amending and restating the initial order (“**Initial Order**”) dated January 5, 2024 (“**Initial Filing Date**”), as amended by the stay extension order dated January 12, 2024 was heard this day by Zoom video conference.

**ON READING** the affidavit of Jakob Ripshtein sworn January 4, 2024, and the Exhibits thereto (the “**First Ripshtein Affidavit**”), the affidavit of Jakob Ripshtein sworn January 23, 2024 (the “**Third Ripshtein Affidavit**”), the first report (the “**First Report**”) of Deloitte Restructuring Inc. (“**Deloitte**”) in its capacity as monitor of the Applicants (the “**Monitor**”), filed, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, the Monitor, 1000760498 Ontario Inc. (the “**DIP Lender**”) and other counsel appearing on the Participant

Information Form, no one appearing for any other party although duly served as appears from the affidavit of service of Shallon Garrafa, dated January 23, 2024, filed, and on reading the consent of Deloitte to act as the Monitor.

#### **INITIAL ORDER AND INITIAL FILING DATE**

1. **THIS COURT ORDERS** that the Initial Order, reflecting the Initial Filing Date, shall be amended and restated as provided for herein.

#### **SERVICE**

2. **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.

#### **APPLICATION**

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

#### **PLAN OF ARRANGEMENT**

4. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

#### **POSSESSION OF PROPERTY AND OPERATIONS**

5. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or

employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Ripshtein Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after the Initial Filing Date:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the Initial Filing Date, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges; and
- (c) amounts owing for goods, materials or services actually supplied to the Applicants prior to the Initial Filing Date by third party suppliers if, in the opinion of the Applicants, with the consent of the Monitor, the supplier is critical to the Business, ongoing operations of the Applicants, or preservation of the Property and the payment is required to ensure ongoing supply and/or services.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the Initial Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the Initial Filing Date.

9. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the Initial Filing Date, or where such Sales Taxes were accrued or collected prior to the Initial Filing Date but not required to be remitted until on or after the Initial Filing Date, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

10. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including Initial Filing Date, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the Initial Filing Date shall also be paid.

11. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the Initial Filing Date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

## **RESTRUCTURING**

12. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and
- (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").



13. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY**

15. **THIS COURT ORDERS** that until and including April 5, 2024, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

## **NO EXERCISE OF RIGHTS OR REMEDIES**

16. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

## **NO INTERFERENCE WITH RIGHTS**

17. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

## **CONTINUATION OF SERVICES**

18. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Initial Filing Date are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

## **NON-DEROGATION OF RIGHTS**

19. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the Initial Filing Date, nor shall any Person be under any obligation on or after the Initial Filing Date to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

20. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceedings may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the Initial Filing Date and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

## **APPOINTMENT OF MONITOR**

21. **THIS COURT ORDERS** that the Monitor was, as of the Initial Filing Date, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

22. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;

- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and its counsel of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicants in its preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel as agreed to by the DIP Lender;
- (e) advise the Applicants in their development of the Plan and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

23. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

24. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

25. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

26. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

27. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings incurred both before the Initial Filing Date and during the period for which this Order is effective. The Applicants are

hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor and counsel to the Monitor, retainers in the amounts of \$50,000 and \$25,000, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

28. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

#### **ADMINISTRATION CHARGE**

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of the Initial Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 40 and 42 hereof.

#### **DIP FINANCING AND CHARGE**

30. **THIS COURT ORDERS** that the Applicants' are hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lender in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$2,500,000 unless permitted by further Order of this Court.

31. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the term sheet between the Applicants and the DIP Lender dated as of January 23, 2024 (the "**DIP Term Sheet**"), filed.

32. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive**

**Documents**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

33. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 40 and 42 hereof.

34. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon seven days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Term Sheet, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

35. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

#### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

36. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

37. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$475,000 as security for the indemnity provided in paragraph 36 of this Order. The Directors' Charge shall have the priority set out in paragraphs 40 and 42 herein.

38. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 36 of this Order.

#### **KEY EMPLOYEE RETENTION PLAN**

39. **THIS COURT ORDERS** that the Applicants' key employee retention plan (the "**KERP**") described in the Third Ripshtein Affidavit, an unredacted copy of which is attached as the Confidential Appendix to the First Report, be and is hereby approved and the Applicants are authorized and directed to make the payments contemplated thereunder should the employees become entitled thereto in accordance with the terms and conditions of the KERP.



## **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

40. **THIS COURT ORDERS** that the priorities of the Administration Charge, the DIP Lender's Charge and the Directors' Charge and the (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000);

Second – Directors' Charge (to the maximum amount of \$475,000); and

Third – DIP Lender's Charge (to the maximum amount of \$2,500,000).

41. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

42. **THIS COURT ORDERS** that the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

43. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

44. **THIS COURT ORDERS** the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation

of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order and the granting of the Charges do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

45. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

#### **RELIEF FROM REPORTING OBLIGATIONS**

46. **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, and the rules, regulations and policies of the Canadian Securities Exchange (collectively, the "**Securities Legislation**"), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Legislation.

47. **THIS COURT ORDERS** that that none of the directors, officers, employees, and other representatives of the Applicants nor the Monitor shall have any personal liability for any failure

by the Applicants to make any Securities Filings required by the Securities Legislation during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicants. For greater certainty, nothing in this order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the “**Regulators**”) in the matter of regulating the conduct of market participants and to issue cease trade orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an admission by the Regulators that the court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Legislation.

### **SEALING PROVISION**

48. **THIS COURT ORDERS** that the Confidential Appendix to the First Report is hereby sealed pending further Order of the Court and shall not form part of the public record.

### **SERVICE AND NOTICE**

49. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail National Edition a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

50. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of

documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<<https://www.insolvencies.deloitte.ca/en-ca/Pages/humble.aspx>>'.

51. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

52. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

## **GENERAL**

53. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

54. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

55. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby

respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

56. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

57. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order, provided, however, that the Chargees shall be entitled to rely on this Order as issued and entered and on the Charges and priorities set forth paragraphs 40 and 42 hereof with respect to any fees, expenses, liabilities and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed

58. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

59. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c.C-36 AS AMENDED  
HUMBLE & FUME INC. (ONTARIO), HUMBLE & FUME INC. (MANITOBA),  
BOB HEADQUARTERS INC., FUME LABS INC., HUMBLE CANNABIS  
SOLUTIONS INC., PWF HOLDCO INC., and WINDSHIP TRADING LLC.

(the "Applicants")

Court File No.: CV-24-00712366-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE -**  
**COMMERCIAL LIST**

Proceeding commenced at Toronto

**AMENDED AND RESTATED INITIAL ORDER**

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Lawyers for the Applicants

# TAB 4

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	WEDNESDAY, THE 24 <sup>th</sup>
	)	
JUSTICE CAVANAGH	)	DAY OF JANUARY, 2024

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 HUMBLE & FUME INC. (ONTARIO), HUMBLE &  
FUME INC. (MANITOBA), BOB HEADQUARTERS INC., FUME LABS INC.,  
HUMBLE CANNABIS SOLUTIONS INC., PWF HOLDCO INC., and  
WINDSHIP TRADING LLC

(the “**Applicants**”)

**SALE AND INVESTMENT SOLICITATION PROCESS APPROVAL ORDER**

**THIS APPLICATION**, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), for an order, *inter alia*: (i) approving the sale and investment solicitation process (the “**SISP**”) attached as Schedule “A” hereto and (ii) approving the Stalking Horse SPA (as defined below); and certain related relief, was heard this day by Zoom video conference.

**ON READING** the affidavit of Jakob Ripshtein sworn January 4, 2024, and the Exhibits thereto (the “**First Ripshtein Affidavit**”), the affidavit of Jakob Ripshtein sworn January 23, 2024 (the “**Third Ripshtein Affidavit**”), the first report (the “**First Report**”) of Deloitte Restructuring Inc. in its capacity as monitor of the Applicants (the “**Monitor**”), and on hearing the submissions of counsel for the Applicant, the Monitor and other counsel appearing on the Participant Information Form, no one appearing for any other party although duly served as appears from the affidavit of service of Shallon Garrafa dated January 23, 2024, filed.



## **DEFINED TERMS**

1. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meaning ascribed to them in the Stalking Horse SPA.

## **SERVICE**

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record is abridged and validated such that this Motion is properly returnable today, and further service of the Notice of Motion and the Motion Record is hereby dispensed with.

## **APPROVAL OF SALE PROCESS**

3. **THIS COURT ORDERS** that the SISP, subject to such amendments as may be agreed to by the Monitor, the Applicants, in consultation with the Stalking Horse Purchaser (as defined below) in accordance with the terms of the SISP, be and is hereby approved.

4. **THIS COURT ORDERS** that the Monitor is authorized and directed to take such steps as it deems necessary or advisable to carry out and perform its obligations under the SISP and to take such steps and execute such documentation as may be necessary or incidental to the SISP, subject to the terms of the SISP and subject to prior approval of this Court being obtained before completion of any transaction(s) under the SISP.

5. **THIS COURT ORDERS** that the Monitor and its respective assistants, affiliates, partners, employees, representatives and agents shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Monitor in performing its obligations under the SISP as determined by this Court.

## STALKING HORSE SPA

6. **THIS COURT ORDERS** that the execution, delivery, entry into, compliance with, and performance by the Applicants of the Stalking Horse Purchase Agreement dated as of January 23, 2024 (the “**Stalking Horse SPA**”) between Humble & Fume Inc., as Vendor, and 1000760498 Ontario Inc. as Purchaser (the “**Stalking Horse Purchaser**”), substantially in the form attached as Schedule “B” hereto is hereby ratified, authorized and approved.

7. **THIS COURT ORDERS** that the Monitor and the Applicants and their respective counsel be and are hereby authorized but not obligated, to serve or distribute this Order, any other materials, orders, communication, correspondence or other information as may be necessary or desirable in connection with the SISP to any Person or interested party that the Monitor or the Applicants considers appropriate. For greater certainty, any such distribution, communication or correspondence shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

## **PIPEDA**

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Monitor and the Applicants are hereby authorized and permitted to disclose and transfer to each potential bidder (the “**Bidders**”) and to their advisors, if requested by such Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in the Applicants’ records pertaining to its past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale of the Property (“**Sale**”) or investment in the Business (“**Investment**”). Each Bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale or Investment, and if it does not complete a Sale or Investment, shall return all such information to the Monitor and the Applicants, or in the alternative destroy all such information. The Successful Bidder(s) (as defined in the SISP) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the Successful Bid(s) (as defined in the SISP), shall be entitled to use the personal information provided to it that is related to the Property or Business acquired pursuant to the Sale or invested in pursuant to the Investment in a manner which is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Monitor and the Applicants, or ensure that all other personal information is destroyed.

## **GENERAL**

9. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

12. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

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## **Schedule “A” – SISP Guidelines**

## Sale and Investment Solicitation Process

### Humble & Fume Inc. (Ontario), Humble & Fume Inc. (Manitoba), B.O.B. Headquarters Inc., Fume Labs Inc., Humble Cannabis Solutions Inc., PWF Holdco Inc., and Windship Trading LLC

#### Introduction

1. On January 5, 2024, Humble & Fume Inc. (Ontario), Humble & Fume Inc. (Manitoba), B.O.B. Headquarters Inc., Fume Labs Inc., Humble Cannabis Solutions Inc., PWF Holdco Inc., and Windship Trading LLC (together, the “**Applicants**”) were granted an initial order (as amended or amended and restated from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**” and the “**CCAA Proceedings**”) by the Ontario Superior Court of Justice (the “**CCAA Court**”). The Initial Order, among other things:
  - a. stayed all proceedings against the Applicants, their assets and their respective directors and officers; and
  - b. appointed Deloitte Restructuring Inc. as the monitor of the Applicants (in such capacity, the “**Monitor**”);
2. Further to the Applicants’ restructuring efforts, the Monitor will conduct the sale and investment solicitation process (the “**SISP**”) described herein, with the assistance of the Applicants, and pursuant to the Order of the CCAA Court dated January 24, 2024 (the “**SISP Order**”). The SISP is intended to solicit interest in an acquisition or refinancing of the business or a sale of the assets and/or the business of the Applicants by way of merger, reorganization, recapitalization, primary equity issuance or other similar transaction. The Monitor intends to provide all qualified interested parties with an opportunity to participate in the SISP.
3. The SISP Order also approves the stalking horse agreement between the Applicants and 1000760498 Ontario Inc. or its nominee (in such capacity, the “**Stalking Horse Bidder**”) dated January 23, 2024 (as may be amended from time to time, the “**Stalking Horse Purchase Agreement**”), under which the Stalking Horse Bidder agreed to purchase substantially all of the Applicants’ assets and business operations, and act as the stalking horse bid in the SISP (the “**Stalking Horse Bid**”). The Stalking Horse Bid shall automatically be considered a Qualified Bid (as defined herein) for the purposes of the Auction (as defined herein).

#### Opportunity

4. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Applicants’ assets and business operations (the “**Opportunity**”), including Humble & Fume Inc.’s minority equity interest (the “**HCSHI Minority Interest**”) in HC Solutions Holdings, Inc. a Delaware corporation (“**HCSHI**”). The Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of the Applicants as a going concern or a sale of all, substantially all or one or more components of the Applicants’ assets (the “**Property**”) and business operations (the “**Business**”) as a going concern or otherwise, or some combination thereof (each, a “**Transaction**”).

5. This document describes the SISP, including the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a “**Person**”) may gain access to or continue to have access to due diligence materials concerning the Applicants, the Property and the Business, how bids involving the Applicants, the Property or the Business will be submitted to and dealt with by the Monitor and how Court approval will be obtained in respect of a Transaction.
6. The SISP contemplates a one-stage process that involves the submission by interested parties of binding offers by the Bid Deadline (as defined below).
7. Except to the extent otherwise set forth in a definitive sale or investment agreement with a successful bidder, any Transaction will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in such Court orders.
8. In the SISP, (i) “**Business Day**” means any day (other than Saturday or Sunday) that banks are open for business in Toronto, Ontario. If any deadline date referred to in the SISP falls on a day that is not a Business Day, then such date shall be extended until the next Business Day; and (ii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase, “without limitation”.

## Timeline

9. The following table sets out the key milestones under the SISP:

<b>Milestone</b>	<b>Deadline</b>
Commencement date	Immediately following the granting of the SISP Order
Bid Deadline	February 23, 2024
Auction Date	February 29, 2024
Sale Approval Motion (as defined below) in CCAA Court	Forthwith
Closing of the Transaction	7 days after the granting of the Sale Approval Order

10. Subject to any order of the Court, the dates set out in the SISP may be extended by the Monitor with the consent and approval of the Applicants.

## Solicitation of Interest: Notice of the SISP

11. As soon as reasonably practicable:

- a. the Monitor, in consultation with the Applicants, will prepare a list of potential bidders, including (i) parties that have approached the Applicants or the Monitor indicating an interest in the Opportunity, and (ii) local and international strategic and financial parties who the Applicants, in consultation with the Monitor, believe may be interested in a Transaction pursuant to the SISP, in each case whether or not such party has submitted a letter of intent or similar document (collectively, “**Known Potential Bidders**”);
  - b. the Monitor will arrange for a notice of the SISP (and such other relevant information which the Monitor, in consultation with the Applicants, considers appropriate) (the “**Notice**”) to be published in Insolvency Insider, the Monitor’s website, and any other newspaper, journal, website or media outlet as the Applicants, in consultation with the Monitor, consider appropriate, if any; and
  - c. the Monitor, in consultation with the Applicants, will prepare: (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicants and the Monitor, and their respective counsel (an “**NDA**”).
12. The Monitor will send the Teaser Letter and NDA to each Known Potential Bidder and to any other Person who requests a copy of the Teaser Letter and NDA or who is identified to the Applicants or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

### **Potential Bidders and Due Diligence Materials**

13. Any party who wishes to participate in the SISP (a “**Potential Bidder**”), other than the Stalking Horse Bidder, must provide to the Monitor an NDA executed by it, and which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
14. The Monitor, in consultation with the Applicants, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered an NDA to the Monitor and provided information as to their financial wherewithal to close a transaction such access to due diligence material and information relating to the Property and Business as the Applicants or the Monitor deem appropriate. Due diligence shall include access to an electronic data room containing information about the Applicants, the Property and the Business, and may also include management presentations, on-site inspections, and other matters which a Potential Bidder may reasonably request and as to which the Applicants, in their reasonable business judgment and after consulting with the Monitor, may agree. The Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. Neither the Applicants nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Potential Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Potential Bidders if the Applicants, in



consultation with and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information. Neither the Applicants nor the Monitor is responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the Sale of the Property and the Business.

15. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Applicants.

### **HCSHI Minority Interest Opportunity**

16. Prior to providing access to the due diligence materials to parties interested in the HCSHI Minority Interest Opportunity, the Monitor shall consult with (i) the majority shareholder of HCSHI, (ii) the minority shareholder of HCSHI and (iii) Jakob Ripshtein (collectively the “**Consulting Parties**”) with respect to considering whether the admission of a Known Potential Bidder to the due diligence materials in respect of the HCSHI Minority Interest Opportunity is appropriate in the circumstances if it would create commercial, competitive and/or confidentiality concerns that would make it unlikely that a successful transaction could be completed. The Monitor in making such a determination shall take into consideration the decision of the majority of the Consulting Parties.
17. As part of the SISP, Potential Bidders may wish to review information related to the HCSHI Minority Interest Opportunity. On account of the corporate structure of HCSHI and agreements with the majority shareholder of HCSHI the amount of information that the Applicants may disclose to Potential Bidders may be limited. The Monitor shall consult with the Consulting Parties and shall take into consideration the decision of the majority of the Consulting Parties as the amount of information that the Applicants can disclose to Potential Bidders.
18. By participating in the SISP and potentially acquiring the HCSHI Minority Interest Opportunity, Potential Bidders acknowledge and confirm that they will be governed by the terms of the agreements entered into by Humble Parent as the minority shareholder of HCSHI.

### **Formal Binding Offers**

19. Potential Bidders that wish to make a formal offer to purchase or make an investment in the Applicants or their Property or Business (a “**Bidder**”) shall submit a binding offer (a “**Bid**”) that complies with all of the following requirements to the Monitor and Applicants’ counsel at the addresses specified in Schedule “1” hereto (including by e-mail), so as to be received by them not later than **5:00 PM (EST) on February 23, 2024** or as may be modified in the Bid process letter that may be circulated by the Monitor to Potential Bidders, with the approval of the Applicants (the “**Bid Deadline**”):
  - a. the Bid must be either a binding offer to:
    - i. acquire all, substantially all or a portion of the Property (a “**Sale Proposal**”); and/or

- ii. make an investment in, restructure, reorganize or refinance the Business or the Applicants (an “**Investment Proposal**”); or
  - iii. carry out any combination of a Sale Proposal and an Investment Proposal by one or more parties acting together or separately;
- b. the Bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Applicants or their Property or Business and is consistent with any necessary terms and conditions established by the Applicants and the Monitor and communicated to Bidders;
- c. the Bid includes a letter stating that the Bidder’s offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
- d. the Bid includes duly authorized and executed Transaction agreements, including the purchase price, investment amount (the “**Purchase Price**”), together with all exhibits and schedules thereto;
- e. the Bid is accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer (to a trust account specified by the Monitor), in an amount equal to ten percent (10%) of the Purchase Price, investment amount or other consideration to be paid in respect of the Bid, to be held and dealt with in accordance with this SISP;
- f. the Bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Applicants and the Monitor to make a determination as to the Bidder’s financial and other capabilities to consummate the proposed transaction;
- g. the Bid is not conditioned on (i) the outcome of unperformed due diligence by the Bidder, or (ii) obtaining financing, but may be conditioned upon the Applicants receiving the required approvals or amendments relating to the licenses required to operate the business, if necessary;
- h. the Bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is otherwise participating or benefiting from such bid;
- i. for a Sale Proposal, the Bid includes:
  - i. the purchase price in Canadian dollars and a description of any non-cash consideration, including details of any liabilities to be assumed by the Bidder and key assumptions supporting the valuation;

- ii. a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
  - iii. a specific indication of the financial capability of the Bidder and the expected structure and financing of the transaction;
  - iv. a description of the conditions and approvals required to complete the closing of the transaction;
  - v. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and
  - vi. any other terms or conditions of the Sale Proposal that the Bidder believes are material to the transaction.
- j. for an Investment Proposal, the Bid includes:
  - i. a description of how the Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization, and a description of any non-cash consideration;
  - ii. the aggregate amount of the equity and/or debt investment to be made in the Business or the Applicants in Canadian dollars.
  - iii. the underlying assumptions regarding the pro forma capital structure;
  - iv. a specific indication of the sources of capital for the Bidder and the structure and financing of the transaction;
  - v. a description of the conditions and approvals required for the Bidder to complete the closing of the transaction;
  - vi. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and
  - vii. any other terms or conditions of the Investment Proposal.
- k. the Bid includes acknowledgements and representations of the Bidder that the Bidder:
  - i. is completing the Transaction on an “as is, where is” basis;
  - ii. has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Applicants prior to making its Bid;

- iii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its Bid; and
  - iv. did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Applicants or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Applicants;
- l. the Bid is received by the Bid Deadline; and
  - m. the Bid contemplates closing the Transaction set out therein 7 days following the granting of the Sale Approval Order.
20. Following the Bid Deadline, the Monitor will assess the Bids received. The Monitor, in consultation with the Applicants, will designate the most competitive bids that comply with the foregoing requirements to be “**Qualified Bids**”. No Bids received shall be deemed not to be Qualified Bids without the approval of the Monitor. Only Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
21. The Stalking Horse Bid shall be deemed to be a Qualified Bid.
22. The Monitor may only designate a Bid as a Qualified Bid where the proposed purchase price is equal to or greater than that contained in the Stalking Horse Bid, and includes a cash purchase price in an amount equal to or greater than the Stalking Horse Bid, plus \$125,000CAD.
23. The Monitor, in consultation with the Applicants, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Bids to be a Qualified Bid. The Monitor and the Applicants will be under no obligation to negotiate identical terms with, or extend identical terms to, each Bidder.
24. The Monitor shall notify each Bidder in writing as to whether its Bid constituted a Qualified Bid within two (2) business days of the Bid Deadline, or at such later time as the Monitor deems appropriate.
25. The Monitor may, in consultation with the Applicants, aggregate separate Bids from unaffiliated Bidders to create one Qualified Bid.

### **Evaluation of Competing Bids**

26. A Qualified Bid will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such bid, (ii) the identity, circumstances and ability of the Bidder to successfully complete such Transactions, (iii) the proposed Transaction documents, (iv) factors affecting the speed, certainty and value of the Transaction, (v) the assets included or excluded from the bid, (vi) any related restructuring costs, (vii) the likelihood and timing of consummating such Transaction, each as determined by the Applicants and the

Monitor and (viii) any other factor deemed relevant by the Monitor in consultation with the Applicants.

### **Auction**

27. If the Monitor receives at least one additional Qualified Bid in addition to the Stalking Horse Bid, the Monitor will conduct and administer an Auction in accordance with the terms of this SISP (the “**Auction**”). Instructions to participate in the Auction, which will take place via video conferencing, will be provided to Qualified Parties (as defined below) not less than 24 hours prior to the Auction.
28. Only parties that provided a Qualified Bid by the Bid Deadline, as confirmed by the Monitor, including the Stalking Horse Bid (collectively, the “**Qualified Parties**”), shall be eligible to participate in the Auction. No later than 5:00 p.m. (EST) on the day prior to the Auction, each Qualified Party must inform the Monitor whether it intends to participate in the Auction. The Monitor will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction. If no Qualified Party provides such expression of intent, the Stalking Horse Bidder shall be the Successful Bid (as defined below).

### **Auction Procedure**

29. The Auction shall be governed by the following procedures:
  - a. **Participation at the Auction.** Only the Applicants, the Qualified Parties, including the Stalking Horse Bidder, the Monitor and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent Overbids (as defined below) at the Auction. The Monitor shall provide all Qualified Bidders with the details of the lead bid by 5:00 PM (EST) two (2) Business Days after the Bid Deadline. Each Qualified Bidder must inform the Monitor whether it intends to participate in the Auction no later than 5:00 PM (EST) on the Business Day prior to the Auction;
  - b. **No Collusion.** Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid;
  - c. **Minimum Overbid.** The Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Monitor, in consultation with the Applicants (the “**Initial Bid**”), and any bid made at the Auction by a Qualified Party subsequent to the Monitors announcement of the Initial Bid (each, an “**Overbid**”), must proceed in minimum additional cash increments of \$125,000CAD for the first bid and then in cash increments of \$50,000CAD for each subsequent bid;
  - d. **Bidding Disclosure.** The Auction shall be conducted such that all bids will be made and received in one group video-conference, on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity

of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent bid will be fully disclosed to all other Qualified Parties throughout the entire Auction by video conference room, or such other method of communication the Monitor advises; provided, however, that the Monitor, in its discretion, may establish separate video conference rooms to permit interim discussions between the Monitor and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video conference, on an open basis;

- e. **Bidding Conclusion.** The Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit one or more additional bids with full knowledge and written confirmation of the then-existing highest bid(s); and
- f. **No Post-Auction Bids.** No bids will be considered for any purpose after the Auction has concluded.
- g. **Auction Procedures.** The Monitor shall be at liberty to set additional procedural rules at the Auction as it sees fit.

### **Selection of Successful Bid**

30. Before the conclusion of the Auction, the Monitor, in consultation with the Applicants, will:

- a. review and evaluate each Qualified Bid, considering the factors set out in paragraph 19 and any other factor that the Applicants or the Monitor may reasonably deem relevant, provided that each Qualified Bid may be negotiated among the Monitor in consultation with the Applicants and the Qualified Bidder, and may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and
- b. identify the highest or otherwise best bid received at the Auction (the “**Successful Bid**” and the Qualified Party making such bid, the “**Successful Party**”).

31. The Successful Party shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being selected as such, unless extended by the Monitor, in consultation with the Applicants, subject to the milestones set forth in paragraph 9.

### **Sale Approval Motion Hearing**

32. At the hearing of the motion to approve any transaction with a Successful Party (the “**Sale Approval Motion**”), the Monitor or the Applicants shall seek, among other things, approval from the Court to consummate any Successful Bid, through a vesting order and/or reverse vesting order. All the Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Monitor and the Applicants on and as of the date of approval of the Successful Bid by the Court.

## **Confidentiality and Access to Information**

33. All discussions regarding a Sale Proposal, Investment Proposal, or Bid should be directed through the Monitor. Under no circumstances should the management of the Applicants be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process.
34. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Bidders, Qualified Bids, the details of any Bids submitted or the details of any confidential discussions or correspondence between the Applicants, the Monitor and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Applicants, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Qualified Bidders.

## **Supervision of the SISP**

35. The Monitor shall oversee and conduct the SISP, in all respects, and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out in this SISP Procedure, the SISP Order, the Initial Order and any other orders of the Court, and is entitled to receive all information in relation to the SISP.
36. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Applicants or the Monitor and any Potential Bidder, any Qualified Bidder or any other Person, other than as specifically set forth in a definitive agreement that may be entered into with the Applicants.
37. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Bidder, the Successful Bidder, the Applicants, the DIP Lender, or any other creditor or other stakeholder of the Applicants, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result from gross negligence or willful misconduct of the Monitor. By submitting a bid, each Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or willful misconduct of the Monitor.
38. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a Transaction.
39. The Monitor, in consultation with the Applicants, shall have the right to modify the SISP (including, without limitation, pursuant to the Bid process letter) if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the Service List in these CCAA proceedings shall be advised of any substantive modification to the procedures set forth herein.

## **Deposits**

40. All Deposits received pursuant to this SISP shall be held in trust by the Monitor. The Monitor shall hold Deposits paid by each of the Bidders in accordance with the terms outlined in this SISP. In the event that a Deposit is paid pursuant to this SISP and the Monitor elects not to proceed to negotiate and settle the terms and conditions of a definitive agreement with the Person that paid such Deposit, the Monitor shall return the Deposit to that Person. In the event that the Successful Bidder defaults in the payment or performance of any obligations owed to the Monitor or the Applicants pursuant to any Final Agreement, the Deposit paid by the Successful Bidder, as applicable, shall be forfeited as liquidated damages and not as a penalty.



**Schedule “1”**

**Address of Monitor**

**To the Monitor:**

**Deloitte Restructuring Inc.**

8 Adelaide Street West, Suite 200  
Toronto, ON, Canada, M5H 0A9

Attention: Todd Ambachtsheer and Jorden Sleeth

Email: [tambachtsheer@deloitte.ca](mailto:tambachtsheer@deloitte.ca)  
[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)

with a copy to:

**Cozen O’Connor LLP**

Bay Adelaide Centre – North Tower  
40 Temperance Street, Suite 2700  
Toronto, Ontario M5H 0B4

Attention: Steven Weisz, Heidi Esslinger, and Dilina Lallani

Email: [sweisz@cozen.com](mailto:sweisz@cozen.com)  
[hesslinger@cozen.com](mailto:hesslinger@cozen.com)  
[dlallani@cozen.com](mailto:dlallani@cozen.com)

## **Schedule “B” – Stalking Horse SPA**

**STALKING HORSE PURCHASE AGREEMENT**

This Agreement is made as of the 23<sup>rd</sup> day of January, 2024 (the “**Effective Date**”)

**BY AND AMONG:**

**HUMBLE & FUME INC.**, a corporation formed pursuant to the laws of the Province of Ontario (hereinafter referred to as the “**Company**”)

- and -

**1000760498 ONTARIO INC.**, a corporation formed pursuant to the laws of the Province of Ontario (hereinafter referred to as the “**Purchaser**”)

**WHEREAS**, pursuant to the Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued January 5, 2024 (as amended on January 12, 2024, and as may be further amended or amended and restated from time to time, the “**Initial Order**”), the Company, Humble & Fume Inc. (“**Humble MB**”), B.O.B. Headquarters Inc. (“**BobHQ**”), Humble Cannabis Solutions Inc. (“**HCS**”), Fume Labs Inc. (“**Fume Labs**”), P.W.F. Holdco Inc. (“**PWF**”) and Windship Trading LLC (“**Windship**” and together with the Company, Humble MB, BobHQ, HCS, Fume Labs and PWF, collectively, the “**Humble Group**”) were granted, among other things, creditor protection under the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the “**CCAA**”) and Deloitte Restructuring Inc. was appointed as Monitor of the Humble Group (in such capacity, the “**Monitor**”);

**AND WHEREAS**, in connection with the proceedings initiated by the Initial Order (the “**CCAA Proceedings**”), the Humble Group intends to seek the approval of the Court to run a stalking horse sale and investment solicitation process (as further described in Schedule “**F**”, attached hereto, the “**SISP**”) pursuant to which this Agreement will serve as the Stalking Horse Bid for the Purchased Shares (each as defined herein);

**AND WHEREAS**, in the event that this Agreement is selected as the Successful Bid (as defined herein) in the SISP, the Company has agreed to issue, sell and transfer to the Purchaser, and the Purchaser has agreed to subscribe for and purchase from the Company, the Purchased Shares (as defined herein), subject to and in accordance with the terms and conditions set forth in this Agreement;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties hereby acknowledge and agree as follows:

**ARTICLE 1  
INTERPRETATION****1.1 Definitions**

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

“**Administration Charge**” has the meaning set out in the Initial Order.

“**Administrative Wind-down Amount**” means cash in the amount of \$50,000 to be used to satisfy costs incurred by the Monitor and its professional advisors, and the professional advisors of the Humble Group and ResidualCo: (a) to administer ResidualCo and the Excluded Assets and Excluded Liabilities; and (b) to wind-down and/or dissolve ResidualCo.

“**Affiliate**” has the meaning given to the term “affiliate” in the *Business Corporations Act* (Ontario).

“**Agreement**” means this purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof, with the consent of the Monitor, and “**Article**” and “**Section**” mean and refer to the specified article, section and subsection of this Agreement.

“**Applicable Law**” means, in respect of any Person, property, transaction or event, any: (i) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order; (ii) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority; and (iii) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

“**Approval and Vesting Order**” means an order by the Court, in form and substance satisfactory to the Purchaser, acting reasonably, among other things, approving and authorizing the Transaction.

“**Assumed Contracts**” means the Contracts listed in Schedule “**H**”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof (and including as such Assumed Contracts may be amended, restated, supplemented or otherwise modified from time to time).

“**Auction**” has the meaning set out in Section 5.1(e).

“**Authorization**” means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval or building permit) or from any Person in connection with any easements, contractual rights or other matters.

“**Bid Deadline**” has the meaning set out in Schedule “**F**”.

“**BobHQ**” means B.O.B. Headquarters Inc., a corporation formed pursuant to the laws of the Province of Manitoba.

“**Books and Records**” means: (i) all of the Humble Group’s files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records; and (ii) all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records used or intended for use by, or in the possession of the Company or any other member of the Humble Group or any of their respective Affiliates including information, documents and records relating to the Assumed Contracts, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, cost and pricing information, production reports and records, equipment logs, operating guides and manuals, credit records, records relating to present and

former suppliers and contractors, plans and projections and all other records, data and information stored electronically, digitally or on computer-related media.

“**Business**” means the business conducted by the Humble Group, being a fully integrated distributor of cannabis and cannabis accessories with operations across North America and its head office located in Toronto, Ontario.

“**Business Day**” means a day on which banks are open for business in Toronto, Ontario, but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario.

“**CCAA**” has the meaning set out in the recitals hereto.

“**CCAA Charge Amount**” means cash in an amount sufficient to satisfy the amounts owing in respect of the obligations secured by the CCAA Charges at the Closing Time.

“**CCAA Charges**” means the Administration Charge and the Directors’ Charge.

“**CCAA Proceedings**” has the meaning set out in the recitals hereto.

“**Claims**” means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, audit, chose in or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

“**Closing**” means the closing and consummation of the Transaction.

“**Closing Date**” means the date that is ten (10) Business Days, or such shorter period as the Purchaser may determine by notice in writing to the Company, after the date upon which the conditions set forth in Article 9 have been satisfied or waived, other than any conditions set forth in Article 9 that by their terms are to be satisfied or waived at the Closing (or such other earlier or later date as may be agreed by the Company and the Purchaser in writing).

“**Closing Time**” means 12:01 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

“**Consolidation and Cancellation**” means the consolidation of all Purchased Shares and Existing Shares in accordance with the Consolidation Ratio, and the cancellation of all fractional Purchased Shares and Existing Shares in accordance with Article 2.

“**Consolidation Ratio**” means the ratio by which all Purchased Shares and Existing Shares shall be consolidated, as determined by the Purchaser, acting reasonably and in consultation with the Company and the Monitor, given the intended effect of the Transaction.

“**Contracts**” means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) to which any member of the Humble Group is a party or is bound or in which any member of the Humble Group has, or will at Closing have, any rights or by which any of its property or assets are or may be affected, including any Contracts in respect of Employees.

“**Company**” means Humble & Fume Inc., a corporation incorporated pursuant to the laws of the Province of Ontario.

“**Court**” has the meaning set out in the recitals hereto.

**“Debenture Debt”** means all of the indebtedness and obligations owing by the Company under the Debentures.

**“Debentures”** means the convertible subordinated secured debentures issued by the Company on June 13, 2023.

**“DGC Debt”** means all of the indebtedness and obligations owing by the Humble Group to DGC Investments Inc. under the DGC Loan Agreement.

**“DGC Loan Agreement”** means the loan agreement dated September 1, 2022 among DGC Investments Inc., as lender, the Company, as borrower, and Humble MB, PWF, Windship, BobHQ, Fume Labs and HCS, as guarantors.

**“DIP Loan”** means all of the indebtedness and obligations owing by the Humble Group under the DIP Term Sheet.

**“DIP Term Sheet”** means the debtor-in-possession term sheet dated as of the date hereof, among the Purchaser, as lender, and the members of the Humble Group, as borrowers, as the same may be amended, restated, supplemented and/or modified from time to time.

**“Directors’ Charge”** “has the meaning set out in the Initial Order.

**“Discharge”** means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, the full, final, irrevocable, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property and all proceeds thereof.

**“Effective Date”** has the meaning set out in the preamble hereto.

**“Employee”** means any individual who is employed by any member of the Humble Group as of the Closing Date, whether on a full-time or a part-time basis and includes an employee on short term or long term disability leave, but for certainty excludes any employee whose employment will be terminated pursuant to Section 9.2(f).

**“Employee Priority Claims”** means any Claim for: (i) accrued and unpaid wages and vacation pay owing to an employee of any member of the Humble Group whose employment was terminated between the Filing Date and the Closing Date, including the Terminated Employees; and (ii) unpaid amounts provided for in Section 6(5)(a) of the CCAA.

**“Encumbrance”** means any security interest, lien, Claim, charge, right of retention, deemed trust, judgement, writ of seizure, writ of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party (including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

**“Equity Interests”** has the meaning set out in section 2(1) of the CCAA and includes the Existing Shares, any shareholder agreement in respect of the Existing Shares, and any other interest or entitlement to shares in the capital of the Company, but, for greater certainty, does not include the Post-Consolidation Shares.

**“Excise Tax Act”** means the *Excise Tax Act*, R.S.C, 1985, c. E-15.

**“Excluded Assets”** means the properties, rights, assets and undertakings of the Humble Group listed as “Excluded Assets” on Schedule “A”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof.

**“Excluded Asset Bill of Sale”** has the meaning set out in Section 4.1.

**“Excluded Contracts”** means those Contracts and other agreements of the Humble Group that are not Assumed Contracts and for greater certainty, includes those Contracts and agreements which are listed on Schedule “B”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof; provided, however, that none of the HCSHI Documents will be listed as or otherwise deemed to be an Excluded Contract.

**“Excluded Liabilities”** has the meaning set out in Section 2.2(a).

**“Excluded Liabilities Assumption Agreement”** has the meaning set out in Section 4.2.

**“Existing Shares”** means all of the common shares of the Company that are issued and outstanding immediately prior to the Closing Time, which, for greater certainty, does not include the Purchased Shares or the Post-Consolidation Shares.

**“Fume Labs”** means Fume Labs Inc., a corporation formed pursuant to the laws of the Province of Ontario.

**“Governmental Authority”** means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

**“GST/HST”** means all goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act*.

**“HCS”** means Humble Cannabis Solutions Inc., a corporation formed pursuant to the laws of the Province of Ontario.

**“HCSHI”** means HC Solutions Holdings, Inc. a corporation formed pursuant to the laws of the state of Delaware in the United States of America, and its Affiliates.

**“HCSHI Claim or Encumbrance”** means any Claim or Encumbrance by or in favour of a Person arising under or in connection with an HCSHI Document or relating to the HCSHI Shares.

**“HCSHI Document”** means: (i) the HCSHI Stockholder Agreement; (ii) any document, agreement or understanding between or among the Humble Group and HCSHI, Green Acre Capital Distribution Corp, Green Acre Capital Distribution Corp. II or JThree Investments LLC relating to or entered into in connection the HCSHI Stockholder Agreement or HCSHI, in each case as amended from time to time.

**“HCSHI Shares”** means the shares and Equity Interests in HCSHI owned by the Humble Group.

**“HCSHI Stockholder Agreement”** means [conformed agreement to be referenced], as amended, restated or amended and restated from time to time.

“**Humble Group**” has the meaning set out in the recitals hereto.

“**Humble MB**” means Humble & Fume Inc., a corporation formed pursuant to the laws of the Province of Manitoba.

“**Income Tax Act**” means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

“**Initial Order**” has the meaning set out in the recitals hereto and includes any amended and restated versions of such order.

“**Interim Period**” means the period beginning on the Effective Date and ending at the Closing Time.

“**Liability**” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“**Monitor**” has the meaning set out in the recitals hereto.

“**Monitor’s Certificate**” means a certificate signed by the Monitor to be filed with the Court following Closing substantially in the form attached to the Approval and Vesting Order.

“**Organizational Documents**” means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

“**Outside Date**” means 11:59 pm (Toronto time) on April 15, 2024 or such later date and time as the Company and the Purchaser may agree to in writing.

“**Parties**” means the Company and the Purchaser, and “**Party**” means either of them.

“**Permits and Licenses**” means the orders, permits, licenses, Authorizations, approvals, registrations, consent, waiver or other evidence of authority issued to, granted to, conferred upon, or otherwise created for, the Company or any other member of the Humble Group, by any Governmental Authority, including those related to the Business, the Retained Assets and the Assumed Contracts, and explicitly including those listed on Schedule “**E**”, attached hereto.

“**Permitted Encumbrances**” means those Encumbrances related to the Retained Assets set forth on Schedule “**D**”, as the same may be modified by the Purchaser prior to the granting of the Approval and Vesting Order in accordance with the terms hereof.

“**Person**” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

“**Post-Consolidation Shares**” means the common shares of the Company that will remain after the Consolidation and Cancellation, which shall: (a) represent 100% of the issued and outstanding common shares of the Company after the Consolidation and Cancellation; and (b) be solely owned and controlled by the Purchaser.



**“Pre-Closing Reorganization”** means the transactions, acts or events described in Exhibit “A”, as the same may be modified by the Parties prior to the Closing Time in accordance with the terms hereof and the Approval and Vesting Order, which, unless otherwise expressly provided therein, are to occur immediately prior to the Closing Time.

**“Professional Fees”** has the meaning set out in Section 5.1(b).

**“Priority Payments”** means those priority payments prescribed under subsections 6(3), 6(5) and 6(6) of the CCAA, and the amounts owing under the Employee Priority Claims.

**“Purchase Price”** has the meaning set out in Section 3.1.

**“Purchased Shares”** means the common shares of the Company issued to the Purchaser in exchange for the Purchase Price in accordance with the Pre-Closing Reorganization.

**“Purchaser”** means 1000760498 Ontario Inc., a corporation formed pursuant to the laws of the Province of Ontario.

**“PWF”** means P.W.F. Holdco Inc., a corporation formed pursuant to the laws of the State of Delaware.

**“Released Claims”** means all claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including “claims” as defined in the CCAA and including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

**“ResidualCo”** means a corporation to be incorporated, to which the Excluded Assets and Excluded Liabilities will be transferred as part of the Pre-Closing Reorganization.

**“ResidualCo Shares”** means all of the issued and outstanding shares of ResidualCo.

**“Retained Assets”** has the meaning set out in Section 4.1.

**“Retained Liabilities”** means: (a) Liabilities specifically and expressly designated by the Purchaser as retained Liabilities in Schedule “G”, as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof; (b) the Secured Debt; (c) HCSHI Claims and Encumbrances; (d) all Liabilities and Encumbrances which rank in priority to the Secured Debt to the extent that such Liabilities and Encumbrances are not paid and satisfied at or prior to Closing; and (e) all Liabilities which relate to: (i) the Business under any Assumed Contracts; (ii) any Permits and Licences forming part of the Retained Assets; in each case solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing.

**“SISP”** means the sale and investment solicitation process, to be conducted pursuant to the sale and bidding procedures substantially in the form set out in Schedule “F” hereto.

**“SISP Order”** means an order of the Court, in form and substance acceptable to the Purchaser, approving, among other things: (a) the SISP; (b) this Agreement as the Stalking Horse Bid in the SISP; and (c) the Professional Fees.

**“Stalking Horse Bid”** has the meaning set out in Section 5.1(a).

**“Secured Debt”** means, collectively, the DIP Loan, the DGC Debt and the Debenture Debt.

**“Successful Bid”** has the meaning set out in Section 5.1(e).

**“Successful Bidder”** has the meaning set out in Section 5.1(e).

**“Taxes”** means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers’ compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any Liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

**“Terminated Employee”** means those Employees whose employment will be terminated prior to Closing pursuant to Section 9.2(f), as determined by the Purchaser by written notice to the Company at least ten (10) Business Days prior to the Closing Date.

**“Transaction”** means all of the transactions contemplated by this Agreement, including the purchase and sale transaction whereby the Purchaser will acquire the Purchased Shares.

**“Windship”** means Windship Trading LLC., a corporation formed pursuant to the laws of the State of Texas.

## **1.2 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## **1.3 General Construction**

The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof. The expression “Section” or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

## **1.4 Extended Meanings**

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings and the term “third party” means any other Person other than the Company or the Purchaser, or any Affiliates thereof.

## **1.5 Currency**

All references in this Agreement to dollars, monetary amounts, or to “\$”, are expressed in Canadian currency unless otherwise specifically indicated.

## **1.6 Statutes**

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

## **1.7 Schedules & Amendments to Schedules**

The following exhibits and schedules are attached hereto and incorporated in and form part of this Agreement:

### **EXHIBITS**

Exhibit A - Pre-Closing Reorganization

### **SCHEDULES**

Schedule A - Excluded Assets  
Schedule B - Excluded Contracts  
Schedule C - Excluded Liabilities  
Schedule D - Permitted Encumbrances  
Schedule E - Permits and Licenses  
Schedule F - SISP and Bidding Procedures  
Schedule G - Retained Liabilities  
Schedule H - Assumed Contracts

The Parties acknowledge that as of the Effective Date, the Schedules (other than Schedules E and F) are not complete. Such Schedules are for the benefit of the Purchaser and may be amended or completed by the Purchaser, in its sole and absolute discretion, on or before the dates set out in such Schedules and on notice to the Company with a copy to the Monitor.

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

## **ARTICLE 2 PURCHASE OF SHARES AND ASSUMPTION OF LIABILITIES**

### **2.1 Purchase and Sale of the Purchased Shares**

Subject to the terms and conditions of this Agreement, effective immediately prior to the Closing Time, the Company shall take the following steps:

- (a) Share Issuance. The Purchaser shall subscribe for and purchase from the Company, and the Company shall issue, assign and transfer to the Purchaser, the Purchased Shares in a number to be determined by the Purchaser, acting reasonably and in consultation with the

Company and the Monitor, having regard to the intended effect of the Transaction, free and clear of all Encumbrances, in exchange for the payment of the Purchase Price.

- (b) Share Consolidation. The Company's Organizational Documents shall be amended to, among other things: (i) consolidate the Purchased Shares and the Existing Shares on the basis of the Consolidation Ratio; and (ii) provide for such additional changes to the rights and conditions attached to the Purchased Shares and Existing Shares as may be requested by the Purchaser, in its sole and unfettered discretion.
- (c) Share Cancellation. Any fractional Purchased Shares and Existing Shares held by any holder of such shares immediately following the consolidation of such shares shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Company's Organizational Documents shall be altered as necessary to achieve such cancellation.
- (d) Equity Interests Extinguished. Any and all Equity Interests (for greater certainty, not including the Post-Consolidation Shares) that remain issued and outstanding immediately following the Consolidation and Cancellation shall be cancelled and extinguished without any Liability, payment or other compensation in respect thereof and all Equity Interests shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any Liability, payment or other compensation in respect thereof.

## 2.2 Excluded Liabilities of the Company

- (a) Pursuant to the Approval and Vesting Order, save and except for the Retained Liabilities, all debts, obligations, Liabilities, Encumbrances (other than Permitted Encumbrances), indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the Humble Group or the Purchased Shares or against, relating to or affecting any of the Retained Assets, or any Excluded Assets or Excluded Contracts, including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule "C", (collectively, the "**Excluded Liabilities**") shall be excluded and will no longer be binding on the Humble Group or the Retained Assets, Employees, Permits and Licenses, or Books and Records following the Closing Time.
- (b) Subject to the Pre-Closing Reorganization and pursuant to the Approval and Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed in full by ResidualCo in accordance with and as further described in Article 4 and the Approval and Vesting Order, and the Humble Group, the Retained Assets, and the Humble Group's undertakings, Business and properties shall be Discharged of such Excluded Liabilities. All Claims attaching to the Excluded Liabilities, if any, shall continue to exist against ResidualCo and the Purchase Price and the Excluded Assets, if any, shall be available to satisfy such Claims.

### ARTICLE 3 PURCHASE PRICE

#### 3.1 Purchase Price

The total aggregate consideration payable by the Purchaser for the Purchased Shares (the “**Purchase Price**”) shall be equal to all amounts outstanding and obligations payable by the Humble Group under or in connection with the Secured Debt, including principal and interest accrued through to and including the Closing Date, plus any fees and expenses associated therewith, plus the value of the Retained Liabilities. As at the Effective Date, the Secured Debt is equal to \$3,727,978.

#### 3.2 Payment of Purchase Price

The Purchase Price shall be paid and satisfied on the Closing Date by the Purchaser assuming the Secured Debt and retaining the Retained Liabilities and performing and/or discharging such amounts as and when they become due.

#### 3.3 Closing Payment

- (a) On the Closing Date, the Purchaser shall pay to the Monitor an amount equal to the sum of: (i) the Priority Payments; (ii) the CCAA Charge Amount; and (iii) the Administrative Wind-down Amount (collectively, the “**Closing Payment**”). The Monitor shall hold the Closing Payment in trust for the benefit of Persons entitled to be paid from the Closing Payment.
- (b) Following the Closing, the Monitor may utilize the Closing Payment to pay and satisfy the Priority Payments, all amounts owing under the CCAA Charges, and the costs incurred in connection with the administration and wind-down of ResidualCo, in its sole discretion and without further authorization from the Humble Group or the Purchaser. Any unused portion of the Closing Payment shall be returned by the Monitor to the Purchaser.
- (c) Notwithstanding the foregoing or anything else contained herein or elsewhere, each of Company and the Purchaser acknowledges and agrees that: (i) the Monitor’s obligations hereunder are and shall remain limited to those specifically set out in this Section 3.3; and (ii) the Monitor is acting solely in its capacity as the CCAA Court-appointed Monitor of the Humble Group pursuant to the Initial Order and not in its personal or corporate capacity, and the Monitor has no liability in connection with this Agreement whatsoever, in its personal or corporate capacity or otherwise, save and except for and only to the extent of the Monitor’s gross negligence or intentional fault. The Parties further acknowledge and agree that the Monitor may rely upon the provisions of this Section 3.3 notwithstanding that the Monitor is not a party to this Agreement.

### ARTICLE 4 TRANSFER OF EXCLUDED ASSETS AND EXCLUDED LIABILITIES

#### 4.1 Transfer of Excluded Assets to ResidualCo

At Closing, the Humble Group shall retain all of the assets owned by it on the Effective Date of this Agreement and any assets acquired by it up to and including Closing, including the HCSHI Shares, equipment and other personal property, the Assumed Contracts, Permits and Licences, Books and Records, Business and undertakings (the “**Retained Assets**”), excluding inventory sold in the ordinary course of Business in the Interim Period and amounts paid in the Interim Period in accordance with the Initial Order

and the DIP Term Sheet. The Retained Assets shall not include: (i) the Excluded Assets; or (ii) the Excluded Contracts, which the Humble Group shall transfer to ResidualCo, in accordance with the Pre-Closing Reorganization, and same shall be vested in ResidualCo pursuant to the Approval and Vesting Order as evidenced by a bill of sale and assignment of contracts (the “**Excluded Assets Bill of Sale**”).

#### **4.2 Transfer of Excluded Liabilities to ResidualCo**

In accordance with the Pre-Closing Reorganization and the Approval and Vesting Order, the Excluded Liabilities shall be transferred to, vested in and assumed by ResidualCo as evidenced by an assignment and assumption agreement in form and substance acceptable to the Purchaser and the Company (the “**Excluded Liabilities Assumption Agreement**”). Notwithstanding any other provision of this Agreement, neither the Purchaser nor the Company shall assume or have any Liability for any of the Excluded Liabilities and all Excluded Liabilities shall be Discharged from the Purchased Shares, the Company and the Retained Assets as of and from and after the Closing Time.

#### **4.3 Tax Matters**

Pursuant to the Approval and Vesting Order, at the Closing Time, all Taxes owed or owing or accrued due by the Company shall be transferred to, vested in and assumed by ResidualCo. Any audits or reassessments with respect to any Taxes that relate to a time period occurring, or facts arising, prior to the Closing Date, regardless upon when such audit was commenced or completed, and any and all such obligations with respect to such audits or reassessments shall be transferred to and vest in ResidualCo.

Notwithstanding anything to the contrary in this Agreement, the Purchase Price is exclusive of GST/HST, and the Purchaser shall be responsible for the payment, on Closing, of any GST/HST required to be paid or remitted in connection with the consummation of the Transaction contemplated by this Agreement. If applicable, the Company and the Purchaser shall jointly elect that no GST/HST is payable pursuant to the Sales Tax Legislation with respect to the Transaction and the Purchaser will file an election pursuant to section 167 of the Sales Tax Legislation, prepared by the Purchaser and made jointly by the Purchaser and the Company (the “**Section 167 Election**”).

#### **4.4 Release by Purchaser**

Except in connection with any obligations of Company or the Monitor contained in this Agreement, effective as of the Closing, the Purchaser, on its own behalf and on behalf of its Affiliates, hereby releases and forever discharges the Company, the Monitor, and their respective Affiliates, and each of their respective successors and assigns, and all present and former officers, directors, partners, members, shareholders, limited partners, employees, agents, financial and legal advisors of each of them, from any and all actual or potential Released Claims which such Person had, has or may have in the future to the extent relating to the Business, the Purchased Shares or the Retained Liabilities, save and except for Released Claims arising out of fraud, gross negligence, willful misconduct, bad faith or illegal acts.

### **ARTICLE 5 SISP, BIDDING PROCEDURES**

#### **5.1 SISP**

- (a) The Company shall bring a motion for the SISP Order to be heard on or before January 25, 2024. The SISP Order shall recognize the within offer by the Purchaser and the Purchase Price: (i) as a baseline or “stalking horse bid” in respect of the Purchased Shares (the “**Stalking Horse Bid**”); and (ii) as a deemed “Qualified Bid”, with an attendant right on the part of the Purchaser to participate as a bidder in any Auction (as defined below). The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of

determining whether a superior bid can be obtained for the Purchased Shares and the Retained Assets, and that the within Stalking Horse Bid may be the Successful Bid for the Purchased Shares and the Retained Assets.

- (b) In consideration for the Purchaser's expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, and subject to Court approval, the Purchaser shall be entitled to repayment of all professional fees, disbursements and expenses of any kind or nature whatsoever incurred in connection with this Agreement, the SISP, and the Transaction, to a maximum amount of \$75,000 (the "**Professional Fees**"); which shall be payable to the Purchaser in the event that the Stalking Horse Bid is not the Successful Bid. For certainty, the Professional Fees do not form part of the Purchase Price.
- (c) The payment of the Professional Fees shall be approved in the SISP Order and shall, if payable pursuant to Section 5.1(b), be payable to the Purchaser, on behalf of the Company, within two (2) Business Days of the closing of the transaction contemplated by the Successful Bid.
- (d) In the event that one or more Persons submits a Qualified Bid (as defined in the SISP) on or before the Bid Deadline, the Company, in consultation with the Monitor, shall determine if an auction (the "**Auction**") is necessary in order to determine and select a winning bid (the "**Successful Bid**" and the Person submitting such bid being the "**Successful Bidder**"). Upon the selection of a Successful Bidder, there shall be a binding agreement of purchase and sale between the Successful Bidder and the Company. The Company shall forthwith bring a motion following the selection of the Successful Bidder for an order approving the agreement reached with the Successful Bidder and to vest the Purchased Shares in the Successful Bidder and, if granted, shall proceed with closing the transaction forthwith.
- (e) Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the Successful Bidder under the SISP, then upon selection of the other Successful Bid: (i) this Agreement shall be terminated (subject to Section 10.2 and the Purchaser's entitlement to the Professional Fees); (ii) the Purchaser shall be entitled to the Professional Fees; and (iii) neither Party hereto shall have any further Liability or obligation hereunder, except as expressly provided for in this Agreement.
- (f) If no Qualified Bids are received by the Bid Deadline (other than the Stalking Horse Bid), the Company shall forthwith bring a motion to the Court to obtain the Approval and Vesting Order and, if granted, shall proceed with completing the Transaction forthwith.

## ARTICLE 6 REPRESENTATIONS AND WARRANTIES

### 6.1 Representations and Warranties of the Company

The Company hereby represents and warrants as of the date hereof and as of the Closing Time as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Company is a corporation incorporated and existing under the *Business Corporations Act* (Ontario), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

- (b) Corporate Authorization. The execution, delivery and, subject to obtaining of the Approval and Vesting Order in respect of the matters to be approved therein, performance by the Company of this Agreement has been authorized by all necessary corporate action on the part of the Company.
- (c) No Conflict. The execution, delivery and performance by the Company of this Agreement 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) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Company, any agreement binding on the Company or any Applicable Law applicable to the Company, the Humble Group or any of its Affiliates, the Purchased Shares or the Retained Assets, or result in the creation or require the creation of any Encumbrance upon or against the Purchased Shares or the Retained Assets.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject only to obtaining the Approval and Vesting Order.
- (e) Proceedings. There are no proceedings pending against the Company or, to the knowledge of the Company, threatened, with respect to, or in any manner affecting, title to the Purchased Shares or the Retained Assets, which would reasonably be expected to enjoin, delay, restrict or prohibit the transfer of all or any part of the Purchased Shares or the Retained Assets as contemplated by this Agreement or which would reasonably be expected to delay, restrict or prevent the Company from fulfilling any of its obligations set forth in this Agreement, and no event has occurred or circumstance exists which would reasonably be expected to give rise to or serve as a valid basis for the commencement of any such proceeding.
- (f) No Consents or Authorizations. Subject only to obtaining the Approval and Vesting Order, the Company does not require any consent, approval, waiver or other Authorization from any Governmental Authority or any other Person, as a condition to the lawful completion of the Transaction.
- (g) Residency. The Company is not a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable.
- (h) Authorized and Issued Capital and Title to Purchased Shares. Immediately following the Closing Time, the Post-Consolidation Shares will constitute all of the issued and outstanding shares in the capital of the Company and the Purchaser will be the sole registered and beneficial owner of the Post-Consolidation Shares, with good and valid title thereto, free and clear of all Encumbrances, pursuant to and in accordance with the Approval and Vesting Order. Immediately following the Closing Time, the Post-Consolidation Shares will be: (i) duly authorized and validly issued as fully paid and non-assessable; (ii) issued by the Company in compliance with all Applicable Laws; and (iii) there will be no issued and outstanding common shares or other securities of the Company other than the Post-Consolidation Shares nor will there be any securities convertible into or options, equity-based awards or other rights, agreements or commitments that are held by any Person and which are convertible into or exchangeable for common shares or any other securities of the Company.
- (i) No Other Agreements to Purchase. Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Company of any of the Purchased Shares or the Retained Assets.



- (j) Sophisticated Party. The Company (i) is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement, (ii) has conducted its own analysis and made its own decision to enter into this Agreement and has obtained such independent advice in this regard as it deemed appropriate, and (iii) has not relied on such analysis or decision of any Person other than its own independent advisors.

## 6.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Company as of the date hereof and as of the Closing Time, and acknowledges that the Company is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the *Business Corporations Act* (Ontario), is in good standing under such act and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.
- (d) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject only to the Approval and Vesting Order.
- (e) Proceedings. There are no proceedings pending or, to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.
- (f) Sophisticated Party. Purchaser (i) is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement, (ii) has conducted its own analysis and made its own decision to enter into this Agreement and has obtained such independent advice in this regard as it deemed appropriate, and (iii) has not relied on such analysis or decision of any Person other than its own independent advisors.

## 6.3 As is, Where is

The representations and warranties of the Company shall survive the Closing Time on the Closing Date provided, however, that the Purchaser's sole recourse for any breach or inaccuracy of such representations and warranties shall be against ResidualCo. The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the Purchased Shares (for clarity, together with the Retained Assets) shall be sold and delivered to the Purchaser on an "as is, where is" basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever.

## **ARTICLE 7 COVENANTS**

### **7.1 Closing Date**

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date.

### **7.2 Motion for Approval and Vesting Order**

As soon as practicable after the selection of this Agreement as the Successful Bid in the SISP and in any event by no later than March 15, 2024, the Company shall serve and file with the Court a motion for the issuance of the Approval and Vesting Order, seeking relief that will, *inter alia*, approve this Agreement and the Transaction, and release the officers and directors of the Company, its advisors, the Monitor and the Monitor's counsel. The Company shall use its best efforts to seek the issuance and entry of the Approval and Vesting Order and the Purchaser shall cooperate with the Company in its efforts to obtain the issuance and entry of the Approval and Vesting Order.

### **7.3 Interim Period**

During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Vesting Order and the Pre-Closing Reorganization), the Humble Group shall comply with the terms of the DIP Term Sheet and continue to maintain the Business and operations of the Humble Group and the Retained Assets in substantially the same manner as conducted on the Effective Date and in material compliance with all Applicable Laws, Permits and Licences.

### **7.4 Access During Interim Period**

During the Interim Period, the Company shall give, or cause to be given, to the Purchaser, and its representatives, reasonable access during normal business hours to the Retained Assets, including the Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Business and the Retained Assets as the Purchaser reasonably deems necessary or desirable to further familiarize themselves with the Business and the Retained Assets. Without limiting the generality of the foregoing: (a) the Purchaser and its representatives shall be permitted reasonable access during normal business hours to all documents relating to information scheduled or required to be disclosed under this Agreement and to the Employees; and (b) the Purchaser and its representatives shall be permitted to contact and discuss the Transactions contemplated herein with Governmental Authorities and the Company's customers and contractual counterparties. Subject to any Professional Fees incurred in connection with any such investigations, inspections, surveys, and tests, which shall be reimbursed in accordance with Article 5 hereof, all investigations, inspections, surveys and tests shall be carried out at the Purchaser's sole and exclusive risk and cost, during normal business hours, and without undue interference with the Company's operations and the Company shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser.

### **7.5 Insurance Matters**

Until Closing, the Company shall keep in full force and effect all existing insurance policies and give any notice or present any claim under any such insurance policies consistent with past practice of the Company in the ordinary course of business.

## **7.6 ResidualCo**

On the Closing Date, the Company shall convey the ResidualCo Shares to the Monitor to hold the ResidualCo Shares as agent and bare trustee on behalf of the common shareholders of the Company immediately prior to the Consolidation and Cancellation. For greater certainty, the Monitor shall not have any obligation or duties to take any actions, steps or otherwise in respect of the ResidualCo Shares, subject to direction from the Monitor, or Order of the Court in the CCAA Proceedings.

## **ARTICLE 8 CLOSING ARRANGEMENTS**

### **8.1 Closing**

Closing shall take place on the Closing Date effective as of the Closing Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

### **8.2 Pre-Closing Reorganization**

- (a) Subject to the other terms of this Agreement, the Company shall effect the Pre-Closing Reorganization on the terms and using the steps set out at Exhibit “A”; *provided that* the Purchaser and Company shall cooperate to ensure that the Pre-Closing Reorganization is completed in a tax efficient manner, including by revising the steps thereof as required by the Purchaser.
- (b) The Purchaser and the Company shall work cooperatively and use commercially reasonable efforts to prepare, before the Closing Date, all documentation necessary and do such other acts and things as are necessary to give effect to the Pre-Closing Reorganization.

### **8.3 Company’s Closing Deliverables**

At or before the Closing Time, the Company shall deliver or cause to be delivered to the Purchaser the following:

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) evidence of the completion of the Pre-Closing Reorganization, including: (i) confirmation of the due incorporation and organization of ResidualCo; and (ii) evidence of the filing of the amendment to Organizational Documents, as set out in Section 2.1;
- (c) share certificates representing the Post-Consolidation Shares;
- (d) the Excluded Liability Assumption Agreement, signed by the Company and ResidualCo;
- (e) the Excluded Asset Bill of Sale, signed by the Company and ResidualCo;
- (f) the Section 167 Election, if applicable;
- (g) a certificate of an officer of the Company dated as of the Closing Date confirming that all of the representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Company has performed in all material respects the covenants, obligations and agreements to be performed by it prior to the Closing Time;

- (h) the Organizational Documents of the Company and the corporate Books and Records;
- (i) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

#### **8.4 Purchaser's Closing Deliverables**

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Company (or to the Monitor, as applicable), the following:

- (a) payment of the Purchase Price in the form of an assumption of the Secured Debt;
- (b) payment of the Closing Payment to the Monitor by wire transfer of immediately available funds;
- (c) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants, obligations and agreements to be performed by it prior to the Closing Time; and
- (d) such other agreements, documents and instruments as may be reasonably required by the Company to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

### **ARTICLE 9 CONDITIONS OF CLOSING**

#### **9.1 Conditions Precedent in favour of the Parties**

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

- (a) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, vacated, subject to appeal, or leave to appeal and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.
- (b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction;
- (c) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (d) Monitor's Certificate. The Monitor shall have delivered the Monitor's Certificate confirming that all conditions to Closing have either been satisfied or waived by both the Purchaser and the Company.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in Section 9.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

## **9.2 Conditions Precedent in favour of the Purchaser**

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Successful Bid. This Agreement shall have been designated as the Successful Bid in accordance with the terms of the SISP.
- (b) Pre-Closing Reorganization. The Pre-Closing Reorganization shall have been completed in the order and in the timeframes contemplated hereunder.
- (c) Company's Deliverables. The Company shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 8.3.
- (d) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 6.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.
- (e) No Breach of Covenants. The Company shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Company on or before the Closing Date.
- (f) Employees. The Company shall have terminated, and shall have caused the other entities in the Humble Group to have terminated, the employment of any Employees identified by the Purchaser in its sole discretion to be Terminated Employees and all Liabilities owing to any such Terminated Employees in respect of such terminations, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law, shall be Excluded Liabilities or shall be Discharged pursuant to the Approval and Vesting Order.
- (g) ResidualCo. Pursuant to the Approval and Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to ResidualCo or Discharged; (ii) the Excluded Liabilities shall have attached to the Excluded Assets, if any; and (iii) the Humble Group, its Business and property shall have been released and forever Discharged of all Claims and Encumbrances (other than Retained Liabilities, if any) such that, from and after Closing the Business and property of the Humble Group shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities.
- (h) Partial Termination of CCAA Proceedings. Upon Closing, the CCAA Proceedings shall have been terminated in respect of the Humble Group, its Business and property, as set out in the Approval and Vesting Order, but, for greater certainty, shall continue in respect of ResidualCo.

- (i) Disclaimer of Excluded Contracts. The Humble Group shall have sent notices of disclaimer for all known Excluded Contracts, and such known Excluded Contracts shall form part of the Excluded Assets.
- (j) Permits and Licenses. The Permits and Licenses shall be in good standing at the Closing Time and no material default shall have occurred under any such Permits and Licenses that remains unremedied and such Permits and Licenses shall remain in good standing immediately following and notwithstanding Closing.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 9.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in Section 9.2 is not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Company to terminate this Agreement.

### **9.3 Conditions Precedent in favour of the Company**

The obligation of the Company to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

- (a) Purchaser's Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Company at the Closing all the documents and payments contemplated in Section 8.4.
- (b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 6.2 shall be true and correct in all material respects (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.
- (c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Company. Any condition in this Section 9.3 may be waived by the Company in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Company only if made in writing, provided, however that any condition relating to the performance of covenants and agreements by the Purchaser with respect to the HCSHI Shares, HCSHI Documents or HCSHI Claims or Encumbrances may not be waived without approval of the Court. If any condition set forth in this Section 9.3 is not satisfied or performed on or prior to the Outside Date, the Company may elect on written notice to the Purchaser to terminate the Agreement.

## **ARTICLE 10 TERMINATION**

### **10.1 Grounds for Termination**

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Company (with the consent of the Monitor) and the Purchaser;

- (b) by the Company (with the consent of the Monitor) or the Purchaser, if there has been a material violation or breach by the other Party of any agreement, covenant, representation or warranty of such Party in this Agreement which would prevent the satisfaction of, or compliance with, any condition set forth in Article 8, by the Outside Date and such violation or breach has not been waived by the non-breaching Party or cured within five (5) Business Days after written notice thereof from the non-breaching Party to the breaching Party; or
- (c) by the Company (with the consent of the Monitor) or the Purchaser upon written notice to the other Party if: (i) the Closing has not occurred on or prior to the Outside Date; or (ii) the Approval and Vesting Order is not obtained on or before March 15, 2024 (subject to availability of the Court); provided in each case that the failure to close or obtain such order, as applicable, by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement.

## **10.2 Effect of Termination.**

If this Agreement is terminated pursuant to Section 10.1 or 5.1(e), all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of: (a) this Section 10.2; and (b) Section 5.1 with respect to the Purchaser's entitlement to the Professional Fees. Notwithstanding the foregoing, if this Agreement is terminated by the Company pursuant to Section 10.1(b), the Purchaser shall not be entitled to receive the Professional Fees and nothing in this Agreement shall absolve the Purchaser of liability for the violation or breach giving rise to such termination.

## **ARTICLE 11 GENERAL**

### **11.1 Access to Books and Records**

For a period of two years from the Closing Date or for such longer period as may be reasonably required for ResidualCo (or any trustee in bankruptcy of the estate of the ResidualCo) to comply with Applicable Law, the Purchaser shall, and shall cause the Company to, retain all original Books and Records that are transferred to the Purchaser under this Agreement, but the Purchaser is not responsible or liable for any accidental loss or destruction of, or damage to, any such Books and Records. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, ResidualCo (and any representative, agent, former director or officer or trustee in bankruptcy of the estate of the ResidualCo, including the Monitor) has the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser.

### **11.2 Notice**

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

- (a) in the case of the Purchaser, as follows:

**1000760498 Ontario Inc.**  
2 Bloor Street W, Suite 2006  
Toronto, ON, Canada  
M4W 3E2

Attention: Shawn Dym

Email: sdym@yorkplains.com

with a copy to:

**Borden Ladner Gervais LLP**

Bay Adelaide Centre, East Tower  
22 Adelaide St. W, Toronto, ON, Canada  
M5H 4E3

Attention: Jasmine Lothian

Email: jlothian@blg.com

(b) in the case of the Company, as follows:

**Humble & Fume Inc.**

1 Eva Road, Suite 416  
Etobicoke, Ontario M9C 4Z5

Attention: Jakob Ripshtein

Email: jakob@humbleandfume.com

with a copy to:

**Miller Thomson LLP**

40 King Street West, Suite 5800  
Toronto, ON M5H 4A9

Attention: Larry Ellis / Sam Massie

Email: lellis@millერთhompson.com / smassie@millერთhompson.com

(c) in each case, with a further copy to the Monitor as follows:

**Deloitte Restructuring Inc.**

Suite 200, 8 Adelaide Street West  
Toronto, ON M5H 0A9

Attention: Jordan Sleeth / Todd Ambachtsheer

Email: jsleeth@deloitte.ca / tambachtsheer@deloitte.ca

with a copy to:

**Cozens O'Connor LLP**

Bay Adelaide Centre, North Tower  
Suite 2700, 40 Temperance Street  
Toronto, ON M5H 0B4

Attention: Steven Weisz

Email: sweisz@cozen.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above;



provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

### **11.3 Public Announcements**

The Company shall be entitled to disclose this Agreement to the Court and parties in interest in the CCAA Proceedings, other than any information which the Purchaser advises the Company in writing as being confidential, and this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings. Other than as provided in the preceding sentence or statements made in Court (or in pleadings filed therein) or where required to meet timely disclosure obligations of the Company or any of its Affiliates under Applicable Laws or stock exchange rules, the Company shall not issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the Transactions contemplated hereby without the prior consent of the other Parties, which shall not be unreasonably withheld or delayed.

### **11.4 Time**

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

### **11.5 Survival**

The representations and warranties of the Parties contained in this Agreement shall not merge on Closing and the representations, warranties and covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

### **11.6 Benefit of Agreement**

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, including for greater certainty, ResidualCo, provided that no consent, waiver or agreement of ResidualCo shall be required for any amendment of this Agreement.

### **11.7 Entire Agreement**

This Agreement and the attached Schedules hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any material respect except by written instrument executed by the Company and the Purchaser and with the approval of the Monitor or the Court.

### **11.8 Paramountcy**

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

### **11.9 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of Ontario therefrom.

#### **11.10 Assignment**

- (a) This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, in whole or in part, without the prior written consent of the Company, ResidualCo or the Monitor, provided that: (i) such assignee is a related party or subsidiary of the Purchaser; (ii) the Purchaser provides prior notice of such assignment to the Company and the Monitor; and (iii) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder.
- (b) Except as specifically contemplated herein as it relates to ResidualCo, this Agreement may not be assigned by the Company without the consent of the Purchaser.

#### **11.11 Further Assurances**

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

#### **11.12 Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

#### **11.13 Severability**

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

#### **11.14 Monitor's Certificate**

The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Monitor's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no Liability to the Parties in connection therewith.

#### **11.15 Monitor's Capacity**

In addition to all of the protections granted to the Monitor under the CCAA or any order of the Court in the CCAA Proceedings, the Company and the Purchaser acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Humble Group and not in its personal or corporate capacity, will have no Liability, in its personal or corporate capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever as Monitor.

**[Signature Page Follows]**

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the day and year first above written.

**1000760498 ONTARIO INC.**

By:   
Name: Shawn Dym  
Title: President

I have authority to bind the Corporation.

**HUMBLE & FUME INC.**

By:   
Name: Jakob Ripshtein  
Title: Chief Executive Officer

I have authority to bind the Corporation.

**EXHIBIT "A"**  
**PRE-CLOSING REORGANIZATION**

**Pre-Closing**

1. ResidualCo shall be incorporated by the Company with nominal consideration for common shares and shall be added to the CCAA Proceedings as an Applicant, but shall take no other steps or actions in respect thereof.

**Upon Closing**

The following steps shall be deemed to happen concurrently:

1. The Purchased Shares shall be issued to the Purchaser and the Consolidation and Cancellation shall be effected in accordance with Section 2.1 of this Agreement.
2. The Excluded Assets and Excluded Liabilities shall be transferred to and shall vest in ResidualCo pursuant to the Excluded Asset Bill of Sale, the Excluded Liabilities Assumption Agreement and the Approval and Vesting Order. All Claims attaching to the Excluded Assets and Excluded Liabilities shall continue to exist against ResidualCo and the Excluded Assets, if any, shall be available to satisfy such Claims.
3. The Corporation shall convey the ResidualCo Shares to the Monitor as agent and bare trustee for the holders of the Existing Shares immediately prior to the Consolidation and Cancellation.

**SCHEDULE "A"**  
**EXCLUDED ASSETS**

1. Inventory sold in the ordinary course of Business in the Interim Period.
2. Excluded Contracts.

**[Note: Balance of schedule to be completed prior to Closing.]**

**SCHEDULE "B"**  
**EXCLUDED CONTRACTS**

The following is a non-exhaustive list of Excluded Contracts:

1.

**[Note: Balance of schedule to be completed prior to Closing.]**

**SCHEDULE "C"**  
**EXCLUDED LIABILITIES**

The following is a non-exhaustive list of Excluded Liabilities:

1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Company may be bound as at the Closing Time.
2. Any and all Liabilities pertaining to the administration of the CCAA Proceedings including, without limitation, under any court-ordered charge granted therein.
3. All Liabilities relating to or under the Excluded Contracts and Excluded Assets.
4. All Liabilities to Terminated Employees whose employment with the Company is terminated on or before Closing, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law.
5. Any Liabilities for commissions, fees or other compensation payable to any finder, broker or similar intermediary in connection with the negotiation, execution or delivery of this Agreement or the consummation of the Transaction.
6. Any and all Liabilities that are not Retained Liabilities.

**[Note: Balance of schedule to be completed prior to Closing.]**

**SCHEDULE "D"**  
**PERMITTED ENCUMBRANCES**

**[Note: Balance of schedule to be completed prior to issuance of Approval and Vesting Order.]**



**SCHEDULE “E”**  
**PERMITS & LICENSES**

<b>Regulatory Authority</b>	<b>Authorization Type</b>	<b>Details</b>	<b>Licensee</b>	<b>Effective Date</b>	<b>Expiry Date</b>	<b>Registration Number</b>
Alberta Gaming, Liquor & Cannabis	Cannabis Registration	Authorizes holder to operate in accordance with the provisions of the Gaming, Liquor and Cannabis Act and related Regulations	Humble Cannabis Solutions Inc.	March 29, 2023	March 28, 2025	301973-1
General Manager under the Cannabis Control and Licensing Act of British Columbia	Cannabis Marketing Licence	Authorizes holder to act as a marketing licensee to promote cannabis for the purpose of selling it	Humble Cannabis Solutions Inc.	November 10, 2023	December 31, 2024	CM000052

**SCHEDULE "F"**  
**SISP AND BIDDING PROCEDURES**

**[NTD: To be completed]**

**SCHEDULE "G"**  
**RETAINED LIABILITIES**

**[Note: Balance of schedule to be completed prior to Closing.]**

**SCHEDULE "H"**  
**ASSUMED CONTRACTS**

The following is a comprehensive list of Assumed Contracts:

**[Note: Balance of schedule to be completed prior to Closing.]**

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c.C-36 AS AMENDED  
HUMBLE & FUME INC. (ONTARIO), HUMBLE & FUME INC. (MANITOBA),  
BOB HEADQUARTERS INC., FUME LABS INC., HUMBLE CANNABIS  
SOLUTIONS INC., PWF HOLDCO INC., and WINDSHIP TRADING LLC.

(the "Applicants")

Court File No.: CV-24-00712366-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE -  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**SALE AND INVESTMENT SOLICITATION  
PROCESS APPROVAL ORDER**

**MILLER THOMSON LLP**  
Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1011  
Toronto, ON Canada M5H 3S1

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lellis@millerthomson.com  
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Tel: 416.595.8625

**Matthew Cressatti LSO#: 77944T**  
mcressatti@millerthomson.com  
Tel: 416.597.4311

Lawyers for the Applicants

# TAB 5

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE ) ~~FRIDAY~~ WEDNESDAY, THE  
JUSTICE CAVANAGH ) ~~FIFTH~~ 24<sup>th</sup>  
DAY OF JANUARY, 2024

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 HUMBLE & FUME INC. (ONTARIO), HUMBLE &  
FUME INC. (MANITOBA), BOB HEADQUARTERS INC., FUME LABS INC.,  
HUMBLE CANNABIS SOLUTIONS INC., PWF HOLDCO INC., and  
WINDSHIP TRADING LLC

(the "Applicants")

AMENDED AND RESTATED INITIAL ORDER

THIS ~~APPLICATION~~ 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 amending and restating the initial order ("Initial Order") dated January 5, 2024 ("Initial Filing Date"), as amended by the stay extension order dated January 12, 2024 was heard this day by Zoom video conference.

ON READING the affidavit of Jakob Ripshtein sworn January 4, 2024, and the Exhibits thereto (the "First Ripshtein Affidavit"), the affidavit of Jakob Ripshtein sworn January 23, 2024 (the "Third Ripshtein Affidavit"), the first report (the "First Report") of Deloitte Restructuring Inc. ("Deloitte") in its capacity as monitor of the Applicants (the "Monitor"), filed, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant,

~~Deloitte Restructuring Inc., in its capacity as proposed monitor of the Applicants (“Monitor”)~~the Monitor, 1000760498 Ontario Inc. (the “DIP Lender”) and other counsel appearing on the Participant Information Form, no one ~~else~~ appearing for any other party although duly served as appears from the affidavit of service ~~of Kim Sellers sworn~~ Shallon Garrafa, dated January 523, 2024, filed, and on reading the consent ~~of the Monitor~~Deloitte to act as the Monitor, .

## INITIAL ORDER AND INITIAL FILING DATE

1. **THIS COURT ORDERS** that the Initial Order, reflecting the Initial Filing Date, shall be amended and restated as provided for herein.

## **SERVICE**

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

## **APPLICATION**

3. ~~2.~~ **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

## **PLAN OF ARRANGEMENT**

4. ~~3.~~ **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

## **POSSESSION OF PROPERTY AND OPERATIONS**

5. ~~4.~~ **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants



are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. ~~5.~~ **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Ripshtein Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. ~~6.~~ **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after ~~this Order~~ the Initial Filing Date:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the ~~date of this Order~~ Initial Filing Date, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; ~~and~~
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges; and
- (c) amounts owing for goods, materials or services actually supplied to the Applicants prior to the Initial Filing Date by third party suppliers if, in the opinion of the Applicants, with the consent of the Monitor, the supplier is critical to the Business,

ongoing operations of the Applicants, or preservation of the Property and the payment is required to ensure ongoing supply and/or services.

8. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after ~~this Order~~ the Initial Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the ~~date of this Order~~ Initial Filing Date.

9. ~~8.~~ **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the ~~date of this Order~~ Initial Filing Date, or where such Sales Taxes were accrued or collected prior to the ~~date of this Order~~ Initial Filing Date but not required to be remitted until on or after the ~~date of this Order~~ Initial Filing Date, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal

realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

10. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including ~~the date of this Order~~ Initial Filing Date, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the ~~date of this Order~~ Initial Filing Date shall also be paid.

11. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of ~~this date~~ the Initial Filing Date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

## **RESTRUCTURING**

12. ~~11.~~ **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and
- (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

13. ~~12.~~ **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

14. ~~13.~~ **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY**

15. ~~14.~~ **THIS COURT ORDERS** that until and including ~~January 15~~April 5, 2024, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with

the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

16. ~~15.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH RIGHTS**

17. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

#### **CONTINUATION OF SERVICES**

18. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile

numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the ~~date of this Order~~Initial Filing Date are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

## **NON-DEROGATION OF RIGHTS**

19. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the ~~date of this Order~~Initial Filing Date, nor shall any Person be under any obligation on or after the ~~date of this Order~~Initial Filing Date to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

20. ~~19.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceedings may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the ~~date hereof~~Initial Filing Date and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

## **APPOINTMENT OF MONITOR**

21. ~~20.~~ **THIS COURT ORDERS** that the Monitor ~~is hereby~~was, as of the Initial Filing Date, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and

shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

22. ~~21.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and its counsel of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicants in its preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel as agreed to by the DIP Lender;
- (e) ~~(e)~~ advise the Applicants in their development of the Plan and any amendments to the Plan;
- (f) ~~(d)~~ assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) ~~(e)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

(h) ~~(f)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(i) ~~(g)~~ perform such other duties as are required by this Order or by this Court from time to time.

23. ~~22.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

24. ~~23.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

25. ~~24.~~ **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is



confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

26. ~~25.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

27. ~~26.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings incurred both before the Initial Filing Date and during the period for which this Order is effective. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor and counsel to the Monitor, retainers in the amounts of \$50,000 and \$25,000, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

28. ~~27.~~ **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

#### ADMINISTRATION CHARGE

29. ~~28.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of ~~\$150,000~~ \$500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of ~~this~~ the Initial Order in respect of these proceedings. The Administration Charge shall have the priority set out in ~~paragraph 30~~ paragraphs 40 and 42 hereof.

#### DIP FINANCING AND CHARGE

30. THIS COURT ORDERS that the Applicants' are hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lender in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$2,500,000 unless permitted by further Order of this Court.

31. THIS COURT ORDERS that such credit facility shall be on the terms and subject to the conditions set forth in the term sheet between the Applicants and the DIP Lender dated as of January 23, 2024 (the "**DIP Term Sheet**"), filed.

32. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

33. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 40 and 42 hereof.

34. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon seven days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or

the Property under or pursuant to the DIP Term Sheet, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

35. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

#### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

36. THIS COURT ORDERS that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

37. THIS COURT ORDERS that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$475,000 as security for the indemnity provided in paragraph 36 of this Order. The Directors' Charge shall have the priority set out in paragraphs 40 and 42 herein.

38. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 36 of this Order.

#### KEY EMPLOYEE RETENTION PLAN

39. THIS COURT ORDERS that the Applicants' key employee retention plan (the "KERP") described in the Third Ripshtein Affidavit, an unredacted copy of which is attached as the Confidential Appendix to the First Report, be and is hereby approved and the Applicants are authorized and directed to make the payments contemplated thereunder should the employees become entitled thereto in accordance with the terms and conditions of the KERP.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

40. THIS COURT ORDERS that the priorities of the Administration Charge, the DIP Lender's Charge and the Directors' Charge and the (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000);

Second – Directors' Charge (to the maximum amount of \$475,000); and

Third – DIP Lender's Charge (to the maximum amount of \$2,500,000).

41. ~~29.~~ THIS COURT ORDERS that the filing, registration or perfection of the ~~Administration Charge~~Charges shall not be required, and that the ~~Administration Charge~~Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the ~~Administration Charge~~Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

42. ~~30.~~ THIS COURT ORDERS that the ~~Administration Charge~~Charges shall constitute a charge on the Property and such ~~Administration Charge~~Charges shall rank in priority to all other

security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

43. ~~31.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with the ~~Administration Charge~~Charges unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the ~~Administration Charge~~Charges, or further Order of this Court.

44. ~~32.~~ **THIS COURT ORDERS** the ~~Administration Charge~~Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the ~~Administration Charge~~Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the ~~Administration Charge~~Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the ~~Administration Charge~~Charges; and
- (c) the payments made by the Applicants pursuant to this Order and the granting of the ~~Administration Charge~~Charges do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

45. ~~33.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

## RELIEF FROM REPORTING OBLIGATIONS

46. ~~34.~~ **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the “**Securities Filings**”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, and the rules, regulations and policies of the Canadian Securities Exchange (collectively, the “**Securities Legislation**”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Legislation.

47. ~~35.~~ **THIS COURT ORDERS** that that none of the directors, officers, employees, and other representatives of the Applicants nor the Monitor shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Legislation during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicants. For greater certainty, nothing in this order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the “**Regulators**”) in the matter of regulating the conduct of market participants and to issue cease trade orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an admission by the Regulators that the court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Legislation.

## SEALING PROVISION

48. **THIS COURT ORDERS** that the Confidential Appendix to the First Report is hereby sealed pending further Order of the Court and shall not form part of the public record.

## SERVICE AND NOTICE

49. ~~36.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail National Edition a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

50. ~~37.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ‘<<https://www.insolvencies.deloitte.ca/en-ca/Pages/humble.aspx> >’.

51. ~~38.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants’ creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

52. ~~39.~~ **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

## **GENERAL**

53. ~~40.~~ **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

54. ~~41.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

55. ~~42.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

56. ~~43.~~ **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.



57. ~~44.~~ **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order, provided, however, that the Chargees shall be entitled to rely on this Order as issued and entered and on the Charges and priorities set forth paragraphs 40 and 42 hereof with respect to any fees, expenses, liabilities and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed

58. ~~45.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

59. ~~46.~~ **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c.C-36 AS AMENDED  
HUMBLE & FUME INC. (ONTARIO), HUMBLE & FUME INC. (MANITOBA),  
BOB HEADQUARTERS INC., FUME LABS INC., HUMBLE CANNABIS  
SOLUTIONS INC., PWF HOLDCO INC., and WINDSHIP TRADING LLC.  
(the "Applicants")

Court File No.: CV-24-00712366-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE -**  
**COMMERCIAL LIST**  
Proceeding commenced at Toronto

**AMENDED AND RESTATED INITIAL ORDER**

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Document comparison by Workshare Compare on Tuesday, January 23, 2024 6:08:23 PM

Input:	
Document 1 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/74555857/1
Description	#74555857v1<Legal> - Initial Order (Jan 4) [Draft]
Document 2 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/74555846/6
Description	#74555846v6<Legal> - Amended and Restated Initial Order (Jan 23) [Draft]
Rendering set	Standard

Legend:	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

<b>Statistics:</b>	
	Count
Insertions	151
Deletions	97
Moved from	1
Moved to	1
Style changes	0
Format changes	0
Total changes	250

# TAB 6

Court File No. — Court File No.: CV-24-00712366-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE ) ~~WEEKDAY~~ WEDNESDAY, THE #24<sup>th</sup>  
 )  
JUSTICE — CAVANAGH ) DAY OF ~~MONTH~~ JANUARY,  
 ) ~~20YR~~ 2024

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF ~~[APPLICANT'S NAME]~~ HUMBLE & FUME INC.  
(ONTARIO), HUMBLE & FUME INC. (MANITOBA), BOB  
HEADQUARTERS INC., FUME LABS INC., HUMBLE CANNABIS  
SOLUTIONS INC., PWF HOLDCO INC., and WINDSHIP TRADING LLC

(the "~~Applicant~~" "Applicants")

AMENDED AND RESTATED INITIAL ORDER

THIS ~~APPLICATION~~ MOTION, made by the ~~Applicant~~ Applicants, pursuant to the  
*Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an  
order amending and restating the initial order ("Initial Order") dated January 5, 2024 ("Initial  
Filing Date"), as amended by the stay extension order dated January 12, 2024 was heard this day  
~~at 330 University Avenue, Toronto, Ontario~~ by Zoom video conference.

ON READING the affidavit of ~~[NAME]~~ Jakob Ripshtein sworn ~~[DATE]~~ January 4, 2024,  
and the Exhibits thereto (the "First Ripshtein Affidavit"), the affidavit of Jakob Ripshtein  
sworn January 23, 2024 (the "Third Ripshtein Affidavit"), the first report (the "First Report")  
of Deloitte Restructuring Inc. ("Deloitte") in its capacity as monitor of the Applicants (the  
"Monitor"), filed, and on being advised that the secured creditors who are likely to be affected  
by the charges created herein were given notice, and on hearing the submissions of counsel for

~~[NAMES]~~ the Applicant, the Monitor, 1000760498 Ontario Inc. (the “**DIP Lender**”) and other counsel appearing on the Participant Information Form, no one appearing for ~~[NAME]~~<sup>1</sup> any other party although duly served as appears from the affidavit of service of ~~[NAME]~~ sworn ~~[DATE]~~ Shallon Garrafa], dated January 23, 2024, filed, and on reading the consent of ~~[MONITOR’S NAME]~~ Deloitte to act as the Monitor~~;~~.

## INITIAL ORDER AND INITIAL FILING DATE

1. **THIS COURT ORDERS** that the Initial Order, reflecting the Initial Filing Date, shall be amended and restated as provided for herein.

## **SERVICE**

2. ~~1.~~ **THIS COURT ORDERS** that the time for service of the Notice of ~~Application~~ Motion and the ~~Application~~ Motion Record is hereby abridged and validated<sup>2</sup> so that this ~~Application~~ Motion is properly returnable today and hereby dispenses with further service thereof.

## **APPLICATION**

3. ~~2.~~ **THIS COURT ORDERS AND DECLARES** that the ~~Applicant is a company~~ Applicants are companies to which the CCAA applies.

## **PLAN OF ARRANGEMENT**

4. ~~3.~~ **THIS COURT ORDERS** that the ~~Applicant~~ Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

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<sup>1</sup> ~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

<sup>2</sup> ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~



## POSSESSION OF PROPERTY AND OPERATIONS

5. ~~4.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall remain in possession and control of ~~its~~their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the ~~Applicant~~Applicants shall continue to carry on business in a manner consistent with the preservation of ~~its~~their business (the "**Business**") and Property. The ~~Applicant is~~Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by ~~it~~them, with liberty to retain such further Assistants as ~~it deems~~they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. ~~5.~~ **[THIS COURT ORDERS** that the ~~Applicant~~Applicants shall be entitled to continue to utilize the central cash management system<sup>3</sup> currently in place as described in the Ripshtein Affidavit ~~of [NAME] sworn [DATE]~~ or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the ~~Applicant~~Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the ~~Applicant~~Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.]

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<sup>3</sup> ~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

7. ~~6.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after ~~this Order~~the Initial Filing Date:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the ~~date of this Order~~Initial Filing Date, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; ~~and~~
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges; and
- (c) amounts owing for goods, materials or services actually supplied to the Applicants prior to the Initial Filing Date by third party suppliers if, in the opinion of the Applicants, with the consent of the Monitor, the supplier is critical to the Business, ongoing operations of the Applicants, or preservation of the Property and the payment is required to ensure ongoing supply and/or services.

8. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the ~~Applicant~~Applicants shall be entitled but not required to pay all reasonable expenses incurred by the ~~Applicant~~Applicants in carrying on the Business in the ordinary course after ~~this Order~~the Initial Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the ~~Applicant~~Applicants following the ~~date of this Order~~Initial Filing Date.

9. ~~8.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the ~~Applicant~~Applicants in connection with the sale of goods and services by the ~~Applicant~~Applicants, but only where such Sales Taxes are accrued or collected after the ~~date of this Order~~Initial Filing Date, or where such Sales Taxes were accrued or collected prior to the ~~date of this Order~~Initial Filing Date but not required to be remitted until on or after the ~~date of this Order~~Initial Filing Date, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the ~~Applicant~~Applicants.

10. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed ~~for-resiliated~~<sup>4</sup> in accordance with the CCAA, the ~~Applicant~~Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the ~~Applicant~~Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including ~~the date of~~

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<sup>4</sup> ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

~~this Order~~Initial Filing Date, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the ~~date of this Order~~Initial Filing Date shall also be paid.

11. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, the ~~Applicant~~Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the ~~Applicant~~Applicants to any of ~~its~~their creditors as of ~~this date~~the Initial Filing Date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of ~~its~~their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

## RESTRUCTURING

12. ~~11.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall, subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined)~~, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of ~~its~~their business or operations, ~~{and to dispose of redundant or non-material assets not exceeding \$● in any one transaction or \$● in the aggregate}~~<sup>5</sup>;
- (b) ~~{~~terminate the employment of such of ~~its~~their employees or temporarily lay off such of ~~its~~their employees as ~~it deems~~they deem appropriate~~}~~; and
- (c) pursue all avenues of refinancing of ~~its~~their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the ~~Applicant~~Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

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<sup>5</sup> ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

13. ~~12.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall provide each of the relevant landlords with notice of the ~~Applicant~~Applicants's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the ~~Applicant~~Applicants's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the ~~Applicant disclaims~~Applicants disclaim ~~{or resiliates}~~ the lease governing such leased premises in accordance with Section 32 of the CCAA, ~~it~~they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~{or resiliation}~~ of the lease shall be without prejudice to the ~~Applicant's~~Applicants' claim to the fixtures in dispute.

14. ~~13.~~ **THIS COURT ORDERS** that if a notice of disclaimer ~~{or resiliation}~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~{or resiliation}~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the ~~Applicant~~Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer ~~{or resiliation}~~, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the ~~Applicant~~Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE ~~APPLICANT~~APPLICANTS OR THE PROPERTY**

15. ~~14.~~ **THIS COURT ORDERS** that until and including ~~{DATE—MAX. 30 DAYS}~~April 5, 2024, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the ~~Applicant~~Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the ~~Applicant~~Applicants and the

Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the ~~Applicant~~Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

## **NO EXERCISE OF RIGHTS OR REMEDIES**

16. ~~15.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the ~~Applicant~~Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the ~~Applicant~~Applicants to carry on any business which the ~~Applicant is~~Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

## **NO INTERFERENCE WITH RIGHTS**

17. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the ~~Applicant~~Applicants, except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court.

## **CONTINUATION OF SERVICES**

18. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the ~~Applicant~~Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the ~~Applicant~~Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the

~~Applicant~~Applicants, and that the ~~Applicant~~Applicants shall be entitled to the continued use of ~~its~~their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the ~~date of this Order~~Initial Filing Date are paid by the ~~Applicant~~Applicants in accordance with normal payment practices of the ~~Applicant~~Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the ~~Applicant~~Applicants and the Monitor, or as may be ordered by this Court.

## NON-DEROGATION OF RIGHTS

19. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the ~~date of this Order~~Initial Filing Date, nor shall any Person be under any obligation on or after the ~~date of this Order~~Initial Filing Date to advance or re-advance any monies or otherwise extend any credit to the ~~Applicant~~Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.<sup>6</sup>

## PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. ~~19.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no ~~Proceeding~~Proceedings may be commenced or continued against any of the former, current or future directors or officers of the ~~Applicant~~Applicants with respect to any claim against the directors or officers that arose before the ~~date hereof~~Initial Filing Date and that relates to any obligations of the ~~Applicant~~Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the ~~Applicant~~Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Applicant~~Applicants or this Court.

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<sup>6</sup> ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

## **~~DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE~~**

~~20. — THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings,<sup>7</sup> except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.~~

~~21. — THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge")<sup>8</sup> on the Property, which charge shall not exceed an aggregate amount of \$●, as security for the indemnity provided in paragraph [20] of this Order. The Directors' Charge shall have the priority set out in paragraphs [38] and [40] herein.~~

~~22. — THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph [20] of this Order.~~

## **APPOINTMENT OF MONITOR**

21. ~~23.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME] is hereby~~ the Monitor was, as of the Initial Filing Date, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ~~Applicant~~ Applicants with the powers and obligations set out in the CCAA or set forth herein and that the ~~Applicant~~ Applicants and

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<sup>7</sup> ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

<sup>8</sup> ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~



~~its~~their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the ~~Applicant~~Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

22. ~~24.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the ~~Applicant's~~Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the ~~Applicant~~Applicants, to the extent required by the ~~Applicant~~Applicants, in ~~its~~their dissemination, to the DIP Lender and its counsel ~~on a [TIME INTERVAL]~~basis of financial and other information as agreed to between the ~~Applicant~~Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the ~~Applicant~~Applicants in its preparation of the ~~Applicant~~Applicants's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel ~~on a periodic basis, but not less than [TIME INTERVAL], or as otherwise~~on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender;
- (e) advise the ~~Applicant~~Applicants in ~~its~~their development of the Plan and any amendments to the Plan;
- (f) assist the ~~Applicant~~Applicants, to the extent required by the ~~Applicant~~Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ~~Applicant~~Applicants, to the extent that is necessary to adequately assess the ~~Applicant's~~Applicants' business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

23. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

24. ~~26.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

25. ~~27.~~ **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the ~~Applicant and the DIP Lender~~Applicants with information provided by the ~~Applicant~~Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the ~~Applicant~~Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the ~~Applicant~~Applicants may agree.

26. ~~28.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

27. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the ~~Applicant~~Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the ~~Applicant~~Applicants as part of the costs of these proceedings incurred both before the Initial Filing Date and during the period for which this Order is effective. The ~~Applicant is~~Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the ~~Applicant~~Applicants on a ~~[TIME INTERVAL]~~weekly basis and, in addition, the ~~Applicant is~~Applicants are hereby authorized to pay to the Monitor, and counsel to the Monitor, ~~and counsel to the Applicant,~~ retainers in the ~~amount[s]~~amounts of \$~~●~~[-\$50,000 and \$25,000, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

28. ~~30.~~ **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

#### ADMINISTRATION CHARGE

29. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the ~~Applicant~~Applicants's counsel shall be entitled to the benefit of and are hereby granted a charge

(the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$~~500,000~~, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of ~~this~~the Initial Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~{38}~~40 and ~~{40}~~42 hereof.

## **DIP FINANCING AND CHARGE**

30. ~~32.~~ **THIS COURT ORDERS** that the ~~Applicant is~~Applicants' are hereby authorized and empowered to obtain and borrow under a credit facility from ~~{DIP LENDER'S NAME}~~ (the "**DIP Lender**") in order to finance the ~~Applicant's~~Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$~~2,500,000~~ unless permitted by further Order of this Court.

31. ~~33.~~ **THIS COURT ORDERS** ~~THAT~~that such credit facility shall be on the terms and subject to the conditions set forth in the ~~commitment letter~~term sheet between the ~~Applicant~~Applicants and the DIP Lender dated as of ~~{DATE}~~January 23, 2024 (the "~~Commitment Letter~~DIP Term Sheet"), filed.

32. ~~34.~~ **THIS COURT ORDERS** that the ~~Applicant is~~Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the ~~Commitment Letter~~DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the ~~Applicant is~~Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the ~~Commitment Letter~~DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

33. ~~35.~~ **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs ~~{38}~~40 and ~~{40}~~42 hereof.

34. ~~36.~~ **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ~~seven~~ seven days' notice to the ~~Applicant~~Applicants and the Monitor, may exercise any and all of its rights and remedies against the ~~Applicant~~Applicants or the Property under or pursuant to the ~~Commitment Letter~~DIP Term Sheet, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the ~~Applicant~~Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the ~~Applicant~~Applicants against the obligations of the ~~Applicant~~Applicants to the DIP Lender under the ~~Commitment Letter~~DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the ~~Applicant~~Applicants and for the appointment of a trustee in bankruptcy of the ~~Applicant~~Applicants; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the ~~Applicant~~Applicants or the Property.

35. ~~37.~~ **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the ~~Applicant~~Applicants under the CCAA, or any proposal filed by the ~~Applicant~~Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

#### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

36. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any

officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

37. THIS COURT ORDERS that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the “Directors’ Charge”) on the Property, which charge shall not exceed an aggregate amount of \$475,000 as security for the indemnity provided in paragraph 36 of this Order. The Directors’ Charge shall have the priority set out in paragraphs 40 and 42 herein.

38. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors’ Charge, and (b) the Applicants’ directors and officers shall only be entitled to the benefit of the Directors’ Charge to the extent that they do not have coverage under any directors’ and officers’ insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 36 of this Order.

#### KEY EMPLOYEE RETENTION PLAN

39. THIS COURT ORDERS that the Applicants’ key employee retention plan (the “KERP”) described in the Third Ripshtein Affidavit, an unredacted copy of which is attached as the Confidential Appendix to the First Report, be and is hereby approved and the Applicants are authorized and directed to make the payments contemplated thereunder should the employees become entitled thereto in accordance with the terms and conditions of the KERP.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

40. ~~38.~~ THIS COURT ORDERS that the priorities of the ~~Directors’ Charge, the~~ Administration Charge ~~and~~, the DIP Lender’s Charge and the Directors’ Charge and the (collectively, the “Charges”), as among them, shall be as follows<sup>9</sup>:

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<sup>9</sup>~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

First – Administration Charge (to the maximum amount of \$●500,000);

Second – ~~DIP Lender~~Directors's Charge (to the maximum amount of \$475,000);  
and

Third – ~~Directors~~DIP Lender's Charge (to the maximum amount of  
\$●2,500,000).

41. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges")~~ shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

42. ~~40.~~ **THIS COURT ORDERS** that ~~each of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

43. ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~Applicant~~Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, ~~any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge,~~Charges unless the ~~Applicant~~Applicants also ~~obtains~~obtain the prior written consent of the Monitor, ~~the DIP Lender~~ and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~Charges, or further Order of this Court.

44. ~~42.~~ **THIS COURT ORDERS** ~~that the Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") ~~and/or the DIP Lender~~ thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued

pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the ~~Applicant~~Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) ~~neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents~~ shall not create or be deemed to constitute a breach by the ~~Applicant~~Applicants of any Agreement to which ~~it is~~they are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from ~~the Applicant entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents~~; and
- (c) the payments made by the ~~Applicant~~Applicants pursuant to this Order, ~~the Commitment Letter or the Definitive Documents~~, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

45. ~~43.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the ~~Applicant's~~Applicants' interest in such real property leases.

#### **RELIEF FROM REPORTING OBLIGATIONS**

46. **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting



securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, and the rules, regulations and policies of the Canadian Securities Exchange (collectively, the “**Securities Legislation**”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Legislation.

47. **THIS COURT ORDERS** that that none of the directors, officers, employees, and other representatives of the Applicants nor the Monitor shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Legislation during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicants. For greater certainty, nothing in this order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the “**Regulators**”) in the matter of regulating the conduct of market participants and to issue cease trade orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an admission by the Regulators that the court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Legislation.

### **SEALING PROVISION**

48. **THIS COURT ORDERS** that the Confidential Appendix to the First Report is hereby sealed pending further Order of the Court and shall not form part of the public record.

### **SERVICE AND NOTICE**

49. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~ the Globe and Mail National Edition a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the

~~Applicant~~Applicants of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

50. ~~45.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at

~~<http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>~~<http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL

‘<~~@~~<https://www.insolvencies.deloitte.ca/en-ca/Pages/humble.aspx>>’.

51. ~~46.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the ~~Applicant~~Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the ~~Applicant's~~Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Applicant~~Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

52. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed

to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

## GENERAL

53. ~~47.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

54. ~~48.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the ~~Applicant~~Applicants, the Business or the Property.

55. ~~49.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the ~~Applicant~~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 ~~Applicant~~Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the ~~Applicant~~Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

56. ~~50.~~ **THIS COURT ORDERS** that each of the ~~Applicant~~Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

57. ~~51.~~ **THIS COURT ORDERS** that any interested party (including the ~~Applicant~~Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order

sought or upon such other notice, if any, as this Court may order~~;~~ provided, however, that the Chargees shall be entitled to rely on this Order as issued and entered and on the Charges and priorities set forth paragraphs 40 and 42 hereof with respect to any fees, expenses, liabilities and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed

58.     ~~52.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

59.     **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c.C-36 AS AMENDED  
HUMBLE & FUME INC. (ONTARIO), HUMBLE & FUME INC. (MANITOBA),  
BOB HEADQUARTERS INC., FUME LABS INC., HUMBLE CANNABIS  
SOLUTIONS INC., PWF HOLDCO INC., and WINDSHIP TRADING LLC.

(the "**Applicants**")

Court File No.: CV-24-00712366-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE -**  
**COMMERCIAL LIST**  
Proceeding commenced at Toronto

**AMENDED AND RESTATED INITIAL ORDER**

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Description	#74089746v1<Legal> - Model Order
Document 2 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/74555846/6
Description	#74555846v6<Legal> - Amended and Restated Initial Order (Jan 23) [Draft]
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<b>Statistics:</b>	
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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c.C-36 AS AMENDED  
HUMBLE & FUME INC. (ONTARIO), HUMBLE & FUME INC. (MANITOBA), BOB  
HEADQUARTERS INC., FUME LABS INC., HUMBLE CANNABIS SOLUTIONS  
INC., PWF HOLDCO INC., and WINDSHIP TRADING LLC.  
(the "Applicants")

Court File No.: CV-24-00712366-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE -  
COMMERCIAL LIST**

**Proceeding commenced at Toronto**

**MOTION RECORD  
(RETURNABLE JANUARY 24, 2024)**

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