

**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 March 7, 2024)**

March 4, 2024

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WINDSHIP TRADING LLC

The Applicants

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(as of March 4, 2024)

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2.	Affidavit of Jakob Ripshtein, sworn March 4, 2024
Exhibits to the Affidavit of Jakob Ripshtein, sworn March 4, 2024	
Exhibit A	First Ripshtein Affidavit, without exhibits
Exhibit B	Second Ripshtein Affidavit, without exhibits
Exhibit C	Third Ripshtein Affidavit, without exhibits
Exhibit D	Fourth Ripshtein Affidavit, without exhibits
Exhibit E	Applicants' organizational chart
3.	Draft Approval and Vesting Order
4.	Draft BOB Approval and Vesting Order
5.	Draft Termination Order

TAB 1

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NOTICE OF MOTION

The Applicants will make a motion to the court on Thursday, March 7, 2024 at 11:00 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:

Zoom link to be uploaded to Caselines.

THE MOTION IS FOR

1. an order (“**Approval and Vesting Order**”), substantially in the form of the draft order at **Tab “3”** to the Motion Record, among other things:
 - a. approving the stalking horse purchase agreement entered into between Humble Parent, as vendor, and 1000760498 Ontario Inc. (the “**Purchaser**”) dated as of January 23, 2024, as amended and restated (the “**Purchase Agreement**”);
 - b. authorizing and directing the Applicants to perform their obligations under the Purchase Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction (as defined in the Purchase Agreement);
 - c. transferring and vesting all of the Applicants’ right, title, and interest in and to the Excluded Assets and Excluded Liabilities (as defined in the Purchase Agreement) to and in a corporation to be incorporated (“**ResidualCo**”);
 - d. removing the Applicants as applicants in these CCAA proceedings in order to effect the Transaction;
 - e. vesting in the Purchaser or its nominee or assignee all of the right, title and interest in and to the Post-Consolidation Shares and the Retained Assets (as defined in the Purchase Agreement) free and clear of all Encumbrances, other than Permitted Encumbrances (as defined in the Purchase Agreement), upon the filing of a certificate by the Monitor substantially in the form attached Schedule “A” to the draft Approval and Vesting Order (the “**Monitor’s Certificate**”);

- f. granting certain enhanced powers to the Monitor in respect of ResidualCo;
 - g. approving the releases (the “**Parent Releases**”) provided for in the Purchase Agreement in favour of the officers and directors of the Applicants as of January 5, 2024 (the date of the Initial Order), its advisors, the Monitor and the Monitor’s counsel (the “**Parent Released Parties**”);
 - h. declaring that pursuant to subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1 (“**WEPPA**”), Humble Parent meets the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 (“**WEPP Regulation**”) and Humble Parent former employees are eligible to receive payments in accordance with the WEPPA; and
 - i. sealing the confidential appendix to the Monitor’s Second Report (as defined below);
2. an order (the “**BOB Approval and Vesting Order**” and together with the Approval and Vesting Order, the “**Vesting Orders**”), substantially in the form of the draft order at **Tab “4”** to the Motion Record, among other things:
 - a. authorizing and directing Humble Manitoba and BOBHQ to perform their obligations under the Purchase Agreement with respect to the BOB Transaction (as defined in the Purchase Agreement) and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the BOB Transaction;

- b. transferring and vesting all of BOBHQ's right, title, and interest in and to the Excluded BOB Assets and Excluded BOB Liabilities (as defined in the Purchase Agreement) to and in a corporation to be incorporated ("**ResidualCo**");
 - c. adding ResidualCo as an applicant to these CCAA proceedings and removing BOBHQ as an applicant in these CCAA proceedings in order to effect the Transaction;
 - d. vesting in the Purchaser or its assignee or nominee all of the right, title and interest in and to the BOB Shares (as defined in the Purchase Agreement) free and clear of all Encumbrances, other than Permitted Encumbrances (as defined in the Purchase Agreement), upon the filing of a certificate by the Monitor substantially in the form attached Schedule "A" to the draft BOB Approval and Vesting Order (the "**BOB Monitor's Certificate**");
 - e. granting certain enhanced powers to the Monitor in respect of ResidualCo; and
 - f. approving the releases (the "**BOB Releases**" and together with the Parent Releases, the "**Releases**") provided for in the Purchase Agreement in favour of the officers and directors of BOBHQ as of January 5, 2024 (the date of the Initial Order), its advisors, the Monitor and the Monitor's counsel (the "**BOB Released Parties**" and together with the Parent Released Parties, the "**Released Parties**"); and
3. an order (the "**Termination Order**"), substantially in the form of the draft order at **Tab "5"** to the Motion Record, among other things:
 - a. approving the fees and activities of the Monitor, and the fees of the Monitor's counsel, as set out in the Monitor's Second Report; and

- b. terminating these CCAA proceedings and discharging the Monitor upon completion of the proposed transactions and filing of a termination and discharge certificate (the “**Termination and Discharge Certificate**”); and
4. such further and other relief as counsel may request and this Court deems just.

THE GROUNDS FOR THE MOTION ARE

Background

1. The Applicants distribute cannabis accessories in Canada and the United States. The Applicants applied for urgent relief under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”) on January 5, 2024 because they had insufficient capital to sustain operations on a go-forward basis.
2. On January 5, 2024 the Honourable Justice Cavanagh granted an initial order under the CCAA that, among other things, provided protection to the Applicants.

Sale and Investment Solicitation Process

3. On January 24, 2024 Justice Cavanagh granted an order (the “**SISP Approval Order**”) which, among other things, approved Humble & Fume Inc. (Ontario)’s (“**Humble Parent**”) execution of the Purchase Agreement between Humble Parent as vendor and the Purchaser as purchaser, solely for the purpose of the Purchase Agreement standing as a stalking horse bid, approved a sale and investment solicitation process (“**SISP**”), and confirmed that the Purchase Agreement represented the “Stalking Horse Bid” as defined in and for purposes of the SISP Approval Order.

4. The purpose of the SISP was to solicit offers for the acquisition of or an investment in the business and assets of the Applicants, and to implement one or a combination of such offers, including a potential sale of the business on a going concern basis. The Purchase Agreement was intended to act as a “stalking horse bid” to provide a price floor and efficiency within the SISP.
5. The Applicants worked closely with the Monitor and their advisors to implement the SISP in accordance with its terms, including responding to information requests and assisting with the preparation of the data room.
6. The Monitor completed due diligence on the Applicants, prepared a marketing process and opportunity summary and undertook a marketing process that broadly canvassed a comprehensive network of cannabis industry participants as well as companies focused on capital markets and investments.
7. The Court-approved SISP is now complete.
8. The Applicants have continued to operate in the ordinary course of business and liaise with their various stakeholders including trade creditors, customers, employees and other interested parties.
9. The directors of the Applicants who were affiliated with the Purchaser resigned their directorships on February 16, 2024, in advance of the SISP deadline, to avoid the appearance of a conflict of interest (the “**Resigning Directors**”).
10. Deloitte Restructuring Inc. (the “**Monitor**”) will provide a comprehensive update on the implementation of the SISP in its second report (the “**Second Report**”).

Results of Sale Process

11. The Applicants assisted the Monitor to prepare a list of 90 interested parties. On January 29, 2024, in accordance with the SISP timelines, the Monitor sent a solicitation letter (the “**Teaser Letter**”) to a list of Known Potential Bidders, including the 75 interested parties provided by the Applicants. The list of Known Potential Bidders included, among other parties, Canadian and international venture capital firms, private equity firms, cannabis accessories distributors, cannabis producers, and cannabis retailers.
12. The Data Room went live on February 1, 2024. Throughout the SISP, a total of 11 Potential Bidders signed a non-disclosure agreement and were consequently provided access to the Data Room.
13. Following the Bid Deadline of 5:00 pm (Toronto time) on February 23, 2024, the Monitor received bids from two Bidders (the “**Bids Submitted**”), in addition to the already existing Stalking Horse Bid.
14. The Monitor and the Applicants considered the Bids Submitted and, in accordance with the SISP, determined that the Bids Submitted were not Qualified Bids. This is because the Bids Submitted did not include a cash purchase price in an amount equal to or greater than the Stalking Horse Bid, plus \$125,000, as required by the SISP.
15. At the conclusion of the SISP, the Monitor declared that the Stalking Horse Bid was the Successful Bid.
16. The SISP was commercially reasonable, professionally run, and robust, and it succeeded in generating buyer interest. All reasonable steps to obtain the best price available.

17. Given the breadth and level of expressed buyer interest in the SISP, it is unlikely that an extended sale process would yield any other meaningful opportunities or generate any additional value for the Applicants' stakeholders.
18. The Applicants request this Court's approval of the Purchase Agreement and the Transaction.
19. In addition to seeking approval of the Purchase Agreement and the Transaction through the Approval and Vesting Order, the Applicants are seeking the approval of other relief critical to the completion of the Transaction and the orderly and efficient conclusion of these CCAA proceedings.

Amending and Restating the Stalking Horse Bid

20. Following the Monitor's determination that the Stalking Horse Bid was the Successful Bid, the Applicants, the Purchaser, and the Monitor elected to amend and restate the Stalking Horse Bid, creating the Purchase Agreement, with the objective of bifurcating the transaction proposed therein into two transactions, the Transaction and the BOB Transaction (each defined below and together, the "**Transactions**"):
21. The "**Transaction**" refers to the vesting of newly-issued shares of Humble Parent in the Purchaser, or its assignee or nominee, free and clear of all Encumbrances (except Permitted Encumbrances) in exchange for the Purchaser assuming the Applicants' Secured Debt (as defined in the Purchase Agreement) (the "**Purchase Price**"). This is the same transaction that was initially contemplated in the Stalking Horse Bid. The Transaction will be effected via the Approval and Vesting Order.

22. The “**BOB Transaction**” refers to the vesting of all of the issued and outstanding shares in the capital of BOBHQ, currently owned by Humble Manitoba, in the Purchaser, or its assignee or nominee, free and clear of all Encumbrances (except Permitted Encumbrances) in exchange for an allocation of the Purchase Price. The BOB Transaction will be effected via the BOB Approval and Vesting Order.
23. The rationale for this bifurcation is that the Transaction cannot proceed until such time as the Ontario Securities Commission (“**OSC**”) grants a partial revocation (the “**Partial Revocation**”) of the cease trade order (the “**CTO**”) against Humble Parent, which was issued on December 6, 2023, and discussed in the First Ripshtein Affidavit. The Purchased Shares cannot vest in the Purchaser until the Partial Revocation is granted.
24. The Partial Revocation would allow the Purchased Shares to vest notwithstanding the CTO. Humble Parent intends to apply for the Partial Revocation shortly after the Approval and Vesting Order is granted, should this Honourable Court grant the Approval and Vesting Order. The Applicants anticipate that the Partial Revocation process will take several weeks to conclude.
25. The Transaction is conditional upon the OSC granting the Partial Revocation.
26. The parties wish to convey BOBHQ to the Purchaser in advance of the OSC lifting the CTO. By amending and restating the Stalking Horse Bid to bifurcate the transaction the Applicants and the Purchaser intend to expedite BOBHQ’s emergence from these CCAA proceedings as a going-concern business as soon as possible. It is anticipated that the BOBHQ Transaction will close in advance of the Transaction.

27. To this end, the Applicants and the Purchaser amended and restated the Stalking Horse Bid into the Purchase Agreement.
28. Other than bifurcating the single transaction into two transactions, the fundamentals of the Purchase Agreement remain unchanged. The Purchase Price, the parties thereto, and the conditions to close remain unchanged.
29. The Monitor supports bifurcating the transaction and the approval of the Purchase Agreement, as amended and restated. The Monitor further agrees that the bifurcation does not impact the fundamentals of the transaction that the Monitor approved as the Successful Bid.

The Purchase Agreement

30. The Purchase Agreement contemplates the use of a “reverse vesting order” to preserve contractual relationships that are essential for the Applicants to continue to operate as a going-concern as well as tax losses. A summary of the key terms of the Purchase Agreement with respect to the Transaction are as follows (all capitalized terms not otherwise defined herein shall have the meaning given to them in the Purchase Agreement):
 - (a) **Closing Date:** 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.
 - (b) **Purchase Price:** The assumption by the Purchaser of all indebtedness owing by the Applicants owing under the DIP Loan, the DGC Debt and the Debenture Debt, (collectively, the “**Secured Debt**”) plus the value of the Retained Liabilities.

- (c) **Purchased Shares:** The Purchaser will purchase the common shares of Humble Parent in accordance with the Pre-Closing Reorganization.
 - (d) **Excluded Assets, Contracts and Liabilities:** all of the Excluded Assets and Excluded Liabilities will be transferred to and assumed by ResidualCo. All Claims related to Excluded Liabilities will continue to exist as against ResidualCo and the Claims shall attach to the Purchase Price and the Excluded Assets, if any, which shall be available to satisfy such Claims.
 - (e) **Approval and Vesting Order:** the obligations of Humble Parent and the Purchaser to close the Transaction are subject to the granting of the Approval and Vesting Order.
31. A summary of the key terms of the Purchase Agreement with respect to the BOB Transaction are as follows:
- (a) **Closing Date** March 8, 2024, or such earlier or later date as may be agreed by the Parties in writing.
 - (b) **Purchase Price:** The assumption by the Purchaser, or its assignee or nominee, of the portion of the Secured Debt allocated to the BOB Shares by the Purchaser, acting reasonably.
 - (c) **Purchased Shares:** The Purchaser, or its assignee or nominee, will purchase the common shares of BOBHQ.
 - (d) **Excluded Assets, Contracts and Liabilities:** All of the Excluded Assets and Liabilities which are properties, rights, assets or undertakings of BOBHQ or Claims against BOBHQ.

- (e) **Approval and Vesting Order:** the obligations of Humble Manitoba and the Purchaser to close the Transaction are subject to the granting of the BOB Approval and Vesting Order.

Adding ResidualCo as an Applicant

32. In order to consummate the proposed Transactions, the Applicants seek to add ResidualCo as an applicant in these CCAA Proceedings, and remove Humble Parent, Humble Manitoba, BOBHQ, HCS, Fume Labs, PWF, and Windship (i.e. all of the current Applicants) as applicants following closing of the Transactions.

Reverse Vesting to ResidualCo

33. The Transactions are contingent upon a pre-closing reorganization (the “**Pre-Closing Reorganization**”), whereby, the Excluded Assets and Excluded Liabilities shall be transferred to and vest in ResidualCo.
34. The Purchase Agreement is conditional upon this Honourable Court granting a reverse vesting order. The purpose of this structure, as explained below, is to ensure the preservation and efficient operational transfer of the Applicants’ assets and business, including reporting issuer status, tax losses, and critical contractual relationships. This will preserve the structure and ensure the continuity of the Applicants’ going concern operations by preserving key contracts including an exclusive foreign supply arrangement.
35. The Applicants, including Humble Parent and BOBHQ, are counterparties to a number of contracts with major Canadian cannabis industry incumbents. These contracts may only be assigned with the consent of the non-assigning party. A reverse vesting order will ensure

that, post-CCAA termination, the Applicants can continue as a going concern business with their material contracts in place.

36. The Applicants hold an interest in HC Solutions Holdings, Inc. (“**HCSHI**” and the “**HCSHI Minority Interest**”, respectively), a Delaware corporation. 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.
37. The nature of the HCSHI Minority Interest is such that it must remain owned by the Applicants to avoid triggering change of control provisions. As a result, a reverse vesting order is necessary to avoid triggering a change of control and jeopardizing the HCSHI Minority Interest.
38. Additionally, 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. The Applicants intend to preserve these tax losses through the Transaction. These tax losses cannot be preserved within a traditional asset purchase transaction.
39. A reverse vesting transaction will retain Humble Parent’s corporate structure, including its status as a reporting issuer. The Purchaser attributes value to retaining Humble Parent’s status as a reporting issuer following the closing of the Transaction as this status could be a marketable asset following Humble Parent’s emergence from these CCAA proceedings. Humble Parent’s status as a reporting issuer would not be retained in an asset transaction.

40. There is no indication that completing the Transactions under a reverse vesting structure would result in any material prejudice or the impairment of any creditors' rights that would have otherwise been available under an asset sale transaction.

Releases

41. The Releases are a condition precedent of the Transactions, as set out at section 7.2 of the Purchase Agreement.
42. The released parties have made significant contributions to the Applicants' restructuring and have played an integral role to achieve the best possible outcome for the Applicants' stakeholders.
43. The Applicants' directors and officers as of January 5, 2024 (the "**Directors and Officers**") have made significant contributions to these CCAA proceedings. The Directors and Officers maintained key customer and joint venture relationships during the CCAA process so as to ensure that such parties remained aligned with and committed to the Applicants' continuity of business and emergence from restructuring. The Directors and Officers negotiated the Purchase Agreement (including Stalking Horse Bid features) within the SISF for the purpose of ensuring that the sales process proceeded in as stable, efficient and productive manner as was possible. The Resigning Directors assisted in guiding the Applicants through the CCAA process prior to their resignations.
44. The Releases cover all liabilities of the Released Parties:
 - (a) arising pursuant to the terms of the Vesting Orders;

- (b) arising in connection with or relating to the Purchase Agreement or the completion of the Transaction;
 - (c) arising in connection with or relating to the within CCAA proceedings; and
 - (d) related to the management, operations or administration of the Applicants (collectively, the “**Released Claims**”).
45. The purpose of the Releases is to achieve finality for the released parties and the conclusion of the CCAA proceeding in the most efficient manner possible in the circumstances.
46. The terms of the Releases being proposed follow the limitations imposed by the CCAA, and would not extend to any claims against directors and officers based on allegations of misrepresentations made by directors to creditors, or of wrongful and oppressive conduct by directors.

Enhanced Monitor’s Powers

47. ResidualCo will not have an operating business or a board of directors. It will need a decision maker to oversee the entity while it carries out its purpose, which is to stand in the place of the Applicants.
48. The Monitor has the experience necessary to oversee ResidualCo while achieving an expeditious path forward to the conclusion of these CCAA proceedings. As such, it is appropriate to expand the powers of the Monitor over ResidualCo in order to complete the administration of these proceedings.

Sealing Order

49. In order to protect the Applicants' ability to negotiate with other parties in the event that the Transactions does not close as intended, the Applicants are requesting that the confidential appendix to the Monitor's Second Report, to be filed, be sealed pending the closing of the Transactions.

Approval of Monitor's Fees and Activities

50. The Applicants request the approval of the fees and activities of the Monitor, and the fees of the Monitor's counsel, as set out in the Monitor's Second Report and the fee affidavits appended thereto.

Wage Earner's Protection Program

51. The Applicants anticipate that Humble Parent will terminate all of its employees on March 6, 2024 and will cease to operate as a business. Some of these employees may be retained in other entities within the Applicants or related companies.
52. To the extent that any employees are not retained (the "**Terminated Employees**"), the Applicants intend to pay the Terminated Employees all wages, commissions and vacation pay owing up to and including March 6, 2024. However, the Applicants will be unable to pay any termination or severance pay. As a result, the Applicants seek an order pursuant to subsections 5(1)(b)(iv) and 5(5) of the WEPPA declaring that Humble Parents and the Terminated Employees meet the criteria prescribed by section 3.2 of the WEPP Regulation and are individuals to whom the WEPPA applies.

Termination of CCAA Proceedings and Monitor's Discharge

53. Subject to this Court's approval of the proposed Transactions, the Applicants are seeking an order terminating these CCAA proceedings and discharging the Monitor upon the filing of the Termination and Discharge Certificate. Upon termination, the Applicants seek to terminate all court-ordered priority charges, including the DIP Lender's Charge, the Directors' Charge and the Administration Charge.
54. Following closing of the proposed Transactions, the objectives of these CCAA proceedings will have been accomplished.
55. The Monitor seeks all relief sought by the Applicants on this motion.
56. The provisions of the CCAA, including section 11, 11.02, 11.2, 11.52, 36 and the statutory, inherent and equitable jurisdiction of this Court.
57. Subsections 5(1)(b)(iv) and 5(5) of the WEPPA.
58. Section 3.2 of the WEPP Regulation.
59. Rules 1.04, 2.03, 3.02, 16, 37 and 39 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, and section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended; and
60. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

61. The affidavit of Jakob Ripshtein, to be sworn;

62. the Second Report of the Monitor; and
63. such further and other evidence as the lawyers may advise and this Honourable Court may permit.

March 4, 2024

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TO SERVICE LIST

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

NOTICE OF MOTION
(RETURNABLE MARCH 7, 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 March 4, 2024)**

March 4, 2024

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**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 March 4, 2024)**

I, Jakob Ripsztein, 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 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**”) (collectively, the “**Applicants**”) and as such, I have knowledge of the matters hereinafter deposed to.
2. This is my fifth affidavit made in these proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Copies of my first, second, third and fourth affidavits are located on the website of the monitor, Deloitte

Restructuring Inc. (the “**Monitor**”) at the following URL:
<https://www.insolvencies.deloitte.ca/en-ca/pages/Humble-and-Fume.aspx>

3. This affidavit is sworn in support of the Applicants’ motion pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), for the following orders:

(a) an order (“**Approval and Vesting Order**”), substantially in the form of the draft order at **Tab “3”** to the Motion Record, among other things:

- (i) approving the stalking horse purchase agreement entered into between Humble Parent, as vendor, and 1000760498 Ontario Inc. (the “**Purchaser**”) dated as of January 23, 2024, as amended and restated (the “**Purchase Agreement**”);
- (ii) authorizing and directing the Applicants to perform their obligations under the Purchase Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction (as defined in the Purchase Agreement);
- (iii) transferring and vesting all of the Applicants’ right, title, and interest in and to the Excluded Assets and Excluded Liabilities (as defined in the Purchase Agreement) to and in a corporation to be incorporated (“**ResidualCo**”);
- (iv) removing the Applicants as applicants in these CCAA proceedings in order to effect the Transaction;

- (v) vesting in the Purchaser or its nominee all of the right, title and interest in and to the Post-Consolidation Shares (as defined in the Purchase Agreement) free and clear of all Encumbrances, other than Permitted Encumbrances (as defined in the Purchase Agreement), upon the filing of a certificate by the Monitor substantially in the form attached Schedule “A” to the draft Approval and Vesting Order (the “**Monitor’s Certificate**”);
 - (vi) granting certain enhanced powers to the Monitor in respect of ResidualCo;
 - (vii) approving the releases (the “**Parent Releases**”) provided for in the Purchase Agreement in favour of the officers and directors of the Applicants as of January 5, 2024 (the date of the Initial Order), its advisors, the Monitor and the Monitor’s counsel (the “**Parent Released Parties**”);
 - (viii) declaring that pursuant to subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1 (“**WEPPA**”), Humble Parent meets the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 (“**WEPP Regulation**”) and Humble Parent former employees are eligible to receive payments in accordance with the WEPPA; and
 - (ix) sealing the confidential appendix to the Monitor’s Second Report; and
- (b) an order (the “**BOB Approval and Vesting Order**” and together with the Approval and Vesting Order, the “**Vesting Orders**”), substantially in the form of the draft order at **Tab “4”** to the Motion Record, among other things:

- (i) authorizing and directing Humble Manitoba and BOBHQ to perform their obligations under the Purchase Agreement with respect to the BOB Transaction (as defined in the Purchase Agreement) and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the BOB Transaction;
- (ii) transferring and vesting all of BOBHQ's right, title, and interest in and to the Excluded BOB Assets and Excluded BOB Liabilities (as defined in the Purchase Agreement) to and in a corporation to be incorporated ("**ResidualCo**");
- (iii) adding ResidualCo as an applicant to these CCAA proceedings and removing BOBHQ as an applicant in these CCAA proceedings in order to effect the Transaction;
- (iv) vesting in the Purchaser or its assignee or nominee all of the right, title and interest in and to the BOB Shares (as defined in the Purchase Agreement) free and clear of all Encumbrances, other than Permitted Encumbrances (as defined in the Purchase Agreement), upon the filing of a certificate by the Monitor substantially in the form attached Schedule "A" to the draft BOB Approval and Vesting Order (the "**BOB Monitor's Certificate**");
- (v) granting certain enhanced powers to the Monitor in respect of ResidualCo;
and
- (vi) approving the releases (the "**BOB Releases**" and together with the Parent Releases, the "**Releases**") provided for in the Purchase Agreement in favour

of the officers and directors of BOBHQ as of January 5, 2024 (the date of the Initial Order), its advisors, the Monitor and the Monitor's counsel (the "**BOB Released Parties**") and together with the Parent Released Parties, the "**Released Parties**"; and

(c) an order (the "**Termination Order**"), substantially in the form of the draft order at **Tab "5"** to the Motion Record, among other things:

- (i) approving the fees and activities of the Monitor, and the fees of the Monitor's counsel, as set out in the Monitor's Second Report; and
- (ii) terminating these CCAA proceedings and discharging the Monitor upon completion of the proposed transactions and filing of a termination and discharge certificate (the "**Termination and Discharge Certificate**").

II. BACKGROUND

4. On January 5, 2024, the Applicants brought an application to the court for, among other things, protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**").
5. 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"**.
6. 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. On January 23, 2024, I swore an affidavit (the “**Third Ripshtein Affidavit**”) in support of the Applicants’ motion for an amended and restated initial order and a sale and investment solicitation process (“**SISP**”) approval order. A copy of the Third Ripshtein Affidavit, without exhibits, is attached hereto as **Exhibit “D”**.
8. On February 1, 2024 I swore a short affidavit (the “**Fourth Ripshtein Affidavit**”) in support of the Applicants’ motion for a declaration under the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1 (“**WEPPA**”). A copy of the Fourth Ripshtein Affidavit is attached hereto as **Exhibit “E”**.
9. The Applicants distribute 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 “F”** is a copy of the Applicants’ organizational chart.
10. The Honourable Justice Cavanagh granted an order dated January 5, 2024 pursuant to the CCAA (the “**Initial Order**”) in favour of the Applicants. Pursuant to the Initial Order, among other things, the Court:
 - (a) declared that the Applicants are companies to which the CCAA applies;
 - (b) provided a stay of proceedings in favour of the Applicants and their directors and officers up to and including January 15, 2024;

- (c) appointed Deloitte Restructuring Inc. (the “**Monitor**”) as monitor of the Applicants in these proceedings;
 - (d) granted an administration charge in the amount of \$150,000 in favour of counsel for the Applicants, the Monitor, and the Monitor’s counsel (the “**Administration Charge**”) over the Applicants’ assets;
 - (e) authorized the Applicants to incur no further expenses in relation to the Securities Filings (as defined in the Initial Order);
 - (f) authorized the Applicants to continue utilizing their cash management system; and
 - (g) scheduled a comeback hearing returnable January 12, 2024.
11. On January 12, 2024 Justice Cavanagh granted an order extending the stay of proceedings up to and including January 26, 2024.
12. On January 24, 2024 Justice Cavanagh granted:
- (a) an amended and restated initial order including the following relief:
 - (i) extending the stay of proceedings granted pursuant to the Initial Order to and including April 5, 2024;
 - (ii) approving an increase to the Administration Charge to the maximum amount of \$500,000;
 - (iii) approving a second-ranking directors’ and officers’ charge in the maximum amount of \$475,000;

- (iv) approving a Key Employee Retention Plan (“**KERP**”) and authorizing the Applicants to make payments in accordance with the terms of the KERP; and
 - (v) a sealing order in respect of the unredacted KERP; and
 - (b) an order (the “**SISP Approval Order**”), among other things:
 - (i) approving Humble Parent’s execution of the Purchase Agreement between Humble Parent as vendor and the Purchaser as purchaser;
 - (ii) approving the sale and investment solicitation process (“**SISP**”); and
 - (iii) confirming that the Purchase Agreement represents the “Stalking Horse Bid” as defined in and for purposes of the SISP Approval Order.
- 13. On January 26, 2024, Justice Cavanagh granted a second amended and restated initial order approving the Applicants’ entry into an interim financing facility, as borrowers, with the Purchaser as lender and granting a third-ranking charge in favour of the DIP Lender in the maximum amount of USD \$2,500,000.
- 14. On February 5, 2024 Justice Cavanagh granted an order declaring that HCS is a “former employer” who meets the criteria established by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222, and an order that the HCS employees who were terminated during these CCAA proceedings are eligible to receive payments under the Wage Earner Protection Program in accordance with the WEPPA.

III. UPDATE ON CCAA PROCEEDINGS AND SALE PROCESS

15. Since the SISP Order was granted, the Applicants have worked closely with the Monitor and their advisors to implement the SISP in accordance with its terms, including responding to information requests and assisting with the preparation of the data room.
16. The Court-approved SISP is now complete.
17. The Applicants have continued to operate in the ordinary course of business and liaise with their various stakeholders including trade creditors, customers, employees and other interested parties.
18. The Monitor's Second Report to be filed in connection with this motion will provide a comprehensive update on the implementation of the SISP. Below is a high level summary of the results of the SISP, which should be read in conjunction with the Monitor's Second Report.

A. Results of Sale Process

19. All terms capitalized but not defined in this section are as defined in the SISP. The Applicants assisted the Monitor in preparing a list of 90 interested parties (the "**Known Potential Bidders**"). Beginning on January 29, 2024, in accordance with the SISP timelines, the Monitor sent a solicitation letter (the "**Teaser Letter**") and a template non-disclosure agreement to the Known Potential Bidders. The list of Known Potential Bidders included, among other parties, Canadian and international private equity firms, cannabis accessories distributors, cannabis producers, and cannabis retailers.

20. The Monitor published an advertisement for the SISP in the Insolvency Insider email newsletter on January 29, 2024, February 5, 2024, February 12, 2024, and February 19, 2024.
21. The Data Room went live on February 1, 2024. Throughout the SISP, a total of 11 Potential Bidders signed a non-disclosure agreement and were consequently provided access to the Data Room.
22. Shawn Dym, Matt Shalhoub, and Robert Ritchot (the “**Resigning Directors**”) resigned their directorships with the Applicants on February 16, 2024, in advance of the conclusion of the SISP. Mr. Dym, Mr. Shalhoub, and Mr. Ritchot were directors of Humble Parent. Mr. Dym was also a director of HCS.
23. Mr. Dym and Mr. Shalhoub are both associated with the Purchaser and resigned in advance of the Bid Deadline to avoid any appearance of conflict of interest. None of the Resigning Directors were involved in reviewing the received bids on behalf of the Applicants.
24. Following the Bid Deadline of 5:00 pm (Toronto time) on February 23, 2024, the Monitor received bids from two Bidders (the “**Bids Submitted**”), in addition to the already existing Stalking Horse Bid.
25. The Monitor, in consultation with the Applicants, considered the Bids Submitted and, in accordance with the SISP, determined that the Bids Submitted were not Qualified Bids. This is because the Bids Submitted did not include a cash purchase price in an amount equal to or greater than the Stalking Horse Bid, plus \$125,000, as required by the SISP.
26. At the conclusion of the SISP, the Monitor declared that the Stalking Horse Bid was the Successful Bid.

27. The SISP was commercially reasonable, professionally run, and robust and it succeeded in generating buyer interest. I believe that all reasonable steps have been taken to obtain the best price available.
28. Given the breadth and level of expressed buyer interest in the SISP, I believe that it is unlikely that an extended sale process would yield any other meaningful opportunities or generate any additional value for the Applicants' stakeholders.

B. Amending and Restating the Stalking Horse Bid

29. Following the Monitor's determination that the Stalking Horse Bid was the Successful Bid, the Applicants, the Purchaser, and the Monitor elected to amend and restate the Stalking Horse Bid, creating the Purchase Agreement, with the objective of bifurcating the transaction proposed therein into two transactions, the Transaction and the BOB Transaction (each defined below and together, the "**Transactions**"):
 - (a) The "Transaction" refers to the vesting of newly-issued shares of Humble Parent in the Purchaser, or its assignee or nominee, free and clear of all Encumbrances (except Permitted Encumbrances) in exchange for the Purchaser assuming the Applicants' Secured Debt (as defined in the Purchase Agreement) (the "**Purchase Price**"). This is the same transaction that was initially contemplated in the Stalking Horse Bid. The Transaction will be effected via the Approval and Vesting Order.
 - (b) The "BOB Transaction" refers to the vesting of all of the issued and outstanding shares in the capital of BOBHQ, currently owned by Humble Manitoba, in the Purchaser, or its assignee or nominee, free and clear of all Encumbrances (except Permitted

Encumbrances) in exchange for an allocation of the Purchase Price. The BOB Transaction will be effected via the BOB Approval and Vesting Order.

30. The rationale for this bifurcation is that the Transaction cannot proceed until such time as the Ontario Securities Commission (“**OSC**”) grants a partial revocation (the “**Partial Revocation**”) of the cease trade order (the “**CTO**”) against Humble Parent, which was issued on December 6, 2023, and discussed in the First Ripshtein Affidavit. The Purchased Shares cannot vest in the Purchaser until the Partial Revocation is granted.
31. The Partial Revocation would allow the Purchased Shares to vest notwithstanding the CTO. If the Vesting Order is granted, Humble Parent intends to apply for the Partial Revocation shortly thereafter. The Applicants anticipate that the Partial Revocation process will take several weeks to conclude.
32. The Transaction is conditional upon the OSC granting the Partial Revocation.
33. The parties wish to convey BOBHQ to the Purchaser in advance of the OSC lifting the CTO. By amending and restating the Stalking Horse Bid to bifurcate the transaction the Applicants and the Purchaser intend to expedite BOBHQ’s emergence from these CCAA proceedings as a going-concern business as soon as possible. It is anticipated that the BOBHQ Transaction will close in advance of the Transaction.
34. To this end, the Applicants and the Purchaser are in the process of amending and restating the Stalking Horse Bid into the Purchase Agreement. The Applicants and the Purchaser intend to execute the Purchase Agreement shortly. A copy of the Purchase Agreement, along with a redline comparing the Purchase Agreement to the to the Stalking Horse Bid

as approved by this Honourable Court on January 24, 2024 will be attached to the Second Report.

35. Other than bifurcating the single transaction into two transactions, the fundamentals of the Purchase Agreement remain unchanged. The Purchase Price, the parties thereto, and the conditions to close remain unchanged.
36. The Monitor supports bifurcating the transaction and the approval of the Purchase Agreement, as amended and restated. The Monitor further agrees that the bifurcation does not impact the fundamentals of the transaction that the Monitor approved as the Successful Bid.
37. As a result of the bifurcation, the Applicants propose that this Honourable Court grant the “Approval and Vesting Order” in relation to the Transaction and the “BOB Approval and Vesting Order” in relation to the BOB Transaction.

C. The Proposed Transaction

38. The terms of the transaction contemplated by the Stalking Horse Bid are discussed at length in my Third Ripshtein Affidavit, attached here at Exhibit “C”. As mentioned in the Third Ripshtein Affidavit, the Purchaser is an affiliate of the Applicants’ secured creditors.
39. The terms of the Transaction and the BOB Transaction are also detailed in the Monitor’s Second Report.
40. The principal terms of the Purchase Agreement with respect to the Transaction are set out below (this table is reproduced from paragraph 46 of the Third Ripshtein Affidavit with defined terms conformed to this Affidavit):

Term	Details
Seller	Humble Parent
Purchaser	1000760498 Ontario Inc., or its assignee or nominee
Transaction Structure	Reverse-vesting share purchase transaction.
Purchase Price	The assumption by the Purchaser of all indebtedness owing by the Applicants owing under the DIP Loan, the DGC Debt and the Debenture Debt, (collectively, the “ Secured Debt ”) plus the value of the Retained Liabilities. As of the date on which the Purchase Agreement was executed (the “ Effective Date ”) the Secured Debt totaled \$3,727,978.
Purchased Shares	The Purchaser will purchase the common shares of Humble Parent in accordance with the Pre-Closing Reorganization.
Closing Payment	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 Purchaser.
Administrative Wind-down Amount	\$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.
Professional Fees	The DIP Lender 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.
Retained Assets	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.
Excluded Assets	<ol style="list-style-type: none"> 1. Inventory sold in the ordinary course of Business in the Interim Period in accordance with the Initial Order; and 2. Excluded Contracts (as may be determined prior to Closing).
Retained Liabilities	<ol style="list-style-type: none"> 1. Such Liabilities as may be confirmed by the Purchaser prior to Closing;

	<ol style="list-style-type: none"> 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; 3. The DIP Loan, the DGC Debt and the Debenture Debt; and 4. All liabilities related to the Business under any Assumed Contracts or Permits and Licenses forming part of the Retained Assets; <p>in each case solely in respect of the period from and after the Closing Time.</p>
<p>Excluded Liabilities</p>	<ol style="list-style-type: none"> 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; 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; 3. Any and all Liabilities pertaining to the administration of the CCAA Proceedings including, without limitation, under any court-ordered charge granted therein; 4. All Liabilities relating to or under the Excluded Contracts and Excluded Assets; 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; 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 7. Any and all Liabilities that are not Retained Liabilities.

As is, Where is	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.
Key Conditions to Closing	<ol style="list-style-type: none"> 1. The Court shall have issued and entered the Approval and Vesting 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 2. The OSC shall grant a partial revocation of the CTO.
Closing Date	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.

41. The principal terms of the Purchase Agreement with respect to the BOB Transaction are set out below:

Term	Details
Seller	Humble Manitoba
Purchaser	1000760498 Ontario Inc., or its assignee or nominee
Transaction Structure	Reverse-vesting share purchase transaction.
Purchase Price	The assumption by the Purchaser of the portion of the Secured Debt allocated to the BOB Shares by the Purchaser, acting reasonably.
Purchased Shares	The Purchaser will purchase the common shares of BOBHQ.
Retained Assets	BOBHQ shall retain all of the Retained Assets owned by it on the Effective Date.
Excluded Assets	All of the Excluded Assets which are properties, rights, assets or undertakings of BOBHQ.
Retained Liabilities	Such Retained Liabilities that are liabilities owing by BOBHQ.

Excluded Liabilities	Any and all Excluded Liabilities relating to BOBHQ.
As is, Where is	The BOB 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.
Key Conditions to Closing	The Court shall have issued and entered the BOB Approval and Vesting 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.
Closing Date	March 8, 2024, or such earlier or later date as may be agreed by the Parties in writing.

IV. RELIEF SOUGHT

A. Approval of Purchase Agreement and Transaction

42. The Applicants request this Court’s approval of the Purchase Agreement and the Transactions.
43. In addition to seeking approval of the Purchase Agreement and the Transactions through the Vesting Orders, the Applicants are seeking the approval of other relief critical to the completion of the Transactions and the orderly and efficient conclusion of these CCAA proceedings, including, among other things:
- (a) adding ResidualCo as an applicant in these CCAA proceedings and removing the Applicants as applicants;

(b) vesting all of the Excluded Assets, Excluded Contracts, and Excluded Liabilities in ResidualCo, and discharging all Encumbrances (other than the Permitted Encumbrances) against the New Common Shares, the BOB Shares, and the Retained Assets;

(c) granting the Releases; and

(d) granting certain enhanced powers to the Monitor in respect of ResidualCo.

44. As described below, the foregoing relief is necessary to effect the proposed Transactions and in certain cases, are a condition to the Purchase Agreement.

a. Adding ResidualCo as an Applicant

45. In order to consummate the proposed Transactions, the Applicants seek to add ResidualCo as an applicant in these CCAA Proceedings, and remove Humble Parent, Humble Manitoba, BOBHQ, HCS, Fume Labs, PWF, and Windship (i.e. all of the current Applicants) as applicants following closing of the Transactions. The Applicants propose to remove BOBHQ as an applicant and add ResidualCo as an applicant following the closing of the BOB Transaction. The other Applicants will then be removed following the closing of the Transaction.

46. The Applicants intend to cause ResidualCo to be incorporated under the laws of Canada subsequent to the granting of the relief sought on this motion and in advance of closing the Transactions.

47. As mentioned above, all of the Excluded Assets, Excluded Liabilities, Excluded BOB Assets, and Excluded BOB Liabilities will be vested in ResidualCo following its incorporation.

b. Reverse Vesting to ResidualCo

48. The Transactions are contingent upon a pre-closing reorganization (the “**Pre-Closing Reorganization**”), whereby, the Excluded Assets, Excluded Liabilities, Excluded BOB Assets, and Excluded BOB Liabilities shall be transferred to and vest in ResidualCo.
49. The Purchase Agreement is conditional upon this Honourable Court granting a reverse vesting order. The purpose of this structure, as explained below, is to ensure the preservation and efficient operational transfer of the Applicants’ assets and business, including reporting issuer status, tax losses, and critical contractual relationships. This will preserve the structure and ensure the continuity of the Applicants’ going concern operations by preserving key contracts including an exclusive foreign supply arrangement.
50. The Applicants, including Humble Parent and BOBHQ, are counterparties to a number of material contracts with major Canadian cannabis industry incumbents. These contracts may only be assigned with the consent of the non-assigning party. A reverse vesting order will ensure that, post-CCAA termination, the Applicants can continue as a going concern business with their material contracts in place.
51. Additionally, and as indicated in the First Ripshtein Affidavit, BOBHQ has entered into an exclusive supply agreement with a major foreign supplier of cannabis accessories. This agreement is of material value to BOBHQ in that it positions the company as the sole provider of this foreign supplier’s products in Canada. The agreement may only be conveyed with the consent of the non-assigning party. A reverse vesting order will ensure that, post-CCAA termination, the Applicants can maintain the benefit of this exclusive supply arrangement.

52. As discussed in the First and Third Ripshtein Affidavits, the Applicants hold an interest in HC Solutions Holdings, Inc. (“HCSHI” and the “HCSHI Minority Interest”, respectively), a Delaware corporation. 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.
53. The nature of the HCSHI Minority Interest is such that it must remain owned by the Applicants to avoid triggering change of control provisions. As a result, a reverse vesting order is necessary to avoid triggering a change of control and jeopardizing the HCSHI Minority Interest.
54. Additionally, 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. The Applicants intend to preserve these tax losses through the Transactions. I am advised by counsel that such tax losses cannot be preserved within a traditional asset purchase transaction.
55. Further, a reverse vesting transaction will retain Humble Parent’s corporate structure, including its status as a reporting issuer. I understand that the Purchaser attributes value to retaining Humble Parent’s status as a reporting issuer following the closing of the Transaction as this status. I am advised by counsel that Humble Parent’s status as a reporting issuer would not be retained in an asset transaction.
56. The market has been thoroughly canvassed through the SISP. The Purchase Agreement is the best and only available going-concern restructuring option. It will result in continued employment for many of the Applicants’ employees and continued economic relations with suppliers and customers.

57. I believe that the implementation of the Transactions will also minimize professional fees. The Transactions will reduce costs of seeking the consent for assignment of material contracts and avoid the need for international recognition proceedings where an assignment order is required. In addition, ResidualCo will not undertake any business and will file an assignment in bankruptcy at the appropriate time.
58. In all of the circumstances I believe that the Purchase Agreement and the proposed Transactions represent the best possible outcome for the Applicants, and will permit the Applicants to emerge from CCAA protection as a successful, going-concern business.
59. I understand that the Monitor, in its Second Report, will provide its view on (i) the SISP and the commercial reasonableness of the process leading up to the proposed Transactions, (ii) the necessity of the reverse vesting structure, and (iii) the Transactions and the consideration provided for in the Purchase Agreement.

c. Releases

60. The Applicants seek the approval of the Releases in favour of the Released Parties.
61. The Releases are a condition precedent of the Transactions, as set out at section 7.2 of the Purchase Agreement.
62. The Applicants' directors and officers as of January 5, 2024, (the "**Directors and Officers**") have made significant contributions to these CCAA proceedings. The Directors and Officers have maintained key customer and joint venture relationships during the CCAA process to ensure that such parties remained aligned with and committed to the Applicants continuity of business and emergence from restructuring. The Directors and Officers negotiated the Purchase Agreement (including the Stalking Horse Bid features)

within the SISP for the purpose of ensuring that the sales process proceeded in as stable, efficient and productive manner as was possible.

63. The Directors and Officers, including the Resigning Directors, have made substantial contributions to achieving the best possible outcome for the Applicants and their stakeholders. The Directors and Officers have provided important direction leading up to and throughout the filing and administration of the CCAA proceedings. As a result of the Directors and Officers' guidance, the Applicants will be emerging from these CCAA proceedings as a going concern.
64. No new directors or officers have been appointed subsequent to January 5, 2024.
65. The Releases cover all liabilities of the Released Parties:
 - (a) arising pursuant to the terms of the Vesting Orders;
 - (b) arising in connection with or relating to the Purchase Agreement or the completion of the Transaction;
 - (c) arising in connection with or relating to the within CCAA proceedings; and
 - (d) related to the management, operations or administration of the Applicants (collectively, the "**Released Claims**").
66. I am advised by counsel for the Applicants and believe that the terms of the Releases being proposed respect the limitations imposed by the CCAA, and would not extend to any claims against directors and officers based on allegations of misrepresentations made by directors to creditors, or of wrongful and oppressive conduct by directors.

d. Enhanced Monitor's Powers

67. ResidualCo will not have an operating business or a board of directors. It will need a decision maker to oversee the entity while it carries out its purpose, which is to stand in the place of the Applicants.
68. The Monitor has the experience necessary to oversee ResidualCo while achieving an expeditious path forward to the conclusion of these CCAA proceedings. As such, it is appropriate to expand the powers of the Monitor over ResidualCo in order to complete the administration of these proceedings.

B. Sealing Order

69. The Second Report includes a summary of the Submitted Bids, including purchase prices and other deal terms. In order to protect the Applicants' ability to negotiate with other parties in the event that the Transaction does not close as intended, the Applicants are requesting that the Confidential Appendix to the Second Report, to be filed, be sealed pending the closing of the Transaction.

C. Approval of Monitor's Fees and Activities

70. The Applicants request the approval of the fees and activities of the Monitor, and the fees of the Monitor's counsel, as set out in the Monitor's Second Report and the fee affidavits appended thereto.

D. Wage Earner's Protection Program

71. The Applicants anticipate that Humble Parent will terminate all of its employees on March 6, 2024 and will cease to operate as a business. Some of these employees may be retained in other entities within the Applicants or related companies.
72. To the extent that any employees are not retained (the "**Terminated Employees**"), the Applicants intend to pay the Terminated Employees all wages, commissions and vacation pay owing up to and including March 6, 2024. However, the Applicants will be unable to pay any termination or severance pay.

E. Termination of CCAA Proceedings and Monitor's Discharge

73. Subject to this Court's approval of the proposed Transactions, the Applicants are seeking an order terminating these CCAA proceedings and discharging the Monitor upon the filing of the Termination and Discharge Certificate. Upon termination, the Applicants seek to terminate all court-ordered priority charges, including the DIP Lender's Charge, the Directors' Charge and the Administration Charge.
74. Following closing of the Transactions, the objectives of these CCAA proceedings will have been accomplished.
75. I understand that the Monitor supports this relief.

V. FORM OF ORDER AND CONCLUSION

76. I swear this Affidavit in support of an order substantially in the form of the draft orders at Tab "3", Tab "4" and Tab "5" 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 4th day of
March, 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
0AE7986CE32D413...

JAKOB RIPSHEIN

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 March 4, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA79353421D842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

**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 4, 2024)**

January 4, 2024

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Lawyers for the Applicants

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**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 4, 2024)**

I, Jakob Ripsztein, 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.

v. 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 WCDDT 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
ASSETS	<i>Note</i>		
Current assets			
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>
Non-current assets			
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>
TOTAL ASSETS		<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>
Total liabilities			<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 “ Purchaser ”).
Transaction Structure	Reverse-vesting share purchase transaction.

Purchase Price	The assumption by the Purchaser of all indebtedness owing by the Applicants owing to the Secured Lenders under the Debentures and the DGC Loan.
Purchased Shares	The Purchaser will purchase the common shares of Humble Parent in accordance with the Pre-Closing Reorganization.
Professional Fees	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.
Break Fee	\$100,000, inclusive of HST.
Retained Assets	Equipment and personal property, Assumed Contracts, Permits and Licenses, Books and Records, Business and undertakings.
Excluded Assets	<ol style="list-style-type: none"> 1. Inventory sold in the ordinary course of Business in the Interim Period in accordance with the Initial Order; and 2. Excluded Contracts (as may be determined prior to Closing).
Retained Liabilities	<ol style="list-style-type: none"> 1. The DGC Loan. 2. The Debentures. 3. Such other Liabilities as may be confirmed by the Purchaser prior to Closing.
Excluded Liabilities	<ol style="list-style-type: none"> 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

	<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>
As is, Where is	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.
Key Conditions to Closing	<ol style="list-style-type: none"> 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; 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. .
Closing Date	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
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Commissioner for Taking Affidavits

MATTHEW CRESSATTI

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Jakob Ripshtein
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JAKOB RIPSSTEIN

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 4, 2024)

MILLER THOMSON LLP

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Lawyers for the Applicants

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 March 4, 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

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

(the “**Applicants**”)

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

I, Jakob Ripsztein, 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
DA79353421D842D...

Commissioner for Taking Affidavits

MATTHEW CRESSATTI

DocuSigned by:
Jakob Ripshtein
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JAKOB RIPSSTEIN

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
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AFFIDAVIT OF JAKOB RIPSHTEIN
(SWORN JANUARY 11, 2024)

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Lawyers for the Applicants

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 March 4, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:
Matthew Cressatti
DA79353421D842D...

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 23, 2024)**

January 23, 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
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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WINDSHIP TRADING LLC

(the “**Applicants**”)

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

I, Jakob Ripsztein, 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 SISP 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 SISP 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 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 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:

Term	Details
Seller	Humble Parent
Purchaser	1000760498 Ontario Inc.
Transaction Structure	Reverse-vesting share purchase transaction.
Purchase Price	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 " Secured Debt ") plus the value of the Retained Liabilities. As of the date on which the Stalking Horse SPA was executed (the " Effective Date ") the Secured Debt totaled \$3,727,978.
Purchased Shares	The DIP Lender will purchase the common shares of Humble Parent in accordance with the Pre-Closing Reorganization.
Closing Payment	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.

Administrative Wind-down Amount	\$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.
Professional Fees	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.
Retained Assets	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.
Excluded Assets	<ol style="list-style-type: none"> 1. Inventory sold in the ordinary course of Business in the Interim Period in accordance with the Initial Order; and 2. Excluded Contracts (as may be determined prior to Closing).
Retained Liabilities	<ol style="list-style-type: none"> 1. Such Liabilities as may be confirmed by the Purchaser prior to Closing; 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; 3. The DIP Loan, the DGC Debt and the Debenture Debt; and 4. All liabilities related to the Business under any Assumed Contracts or Permits and Licenses forming part of the Retained Assets; <p>in each case solely in respect of the period from and after the Closing Time.</p>
Excluded Liabilities	<ol style="list-style-type: none"> 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; 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;

	<ol style="list-style-type: none"> 3. Any and all Liabilities pertaining to the administration of the CCAA Proceedings including, without limitation, under any court-ordered charge granted therein; 4. All Liabilities relating to or under the Excluded Contracts and Excluded Assets; 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; 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 7. Any and all Liabilities that are not Retained Liabilities.
As is, Where is	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.
Key Conditions to Closing	<ol style="list-style-type: none"> 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 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.
Closing Date	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:

Milestone	Deadline
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...

Commissioner for Taking Affidavits

MATTHEW CRESSATTI

DocuSigned by:
Jakob Ripshtein
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JAKOB RIPSSTEIN

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)

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Lawyers for the Applicants

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 March 4, 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 February 1, 2024)**

February 1, 2024

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

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

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

(the “**Applicants**”)

**AFFIDAVIT OF JAKOB RIPSZTEIN
(sworn February 1, 2024)**

I, Jakob Ripsztein, 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 and chairman of the board of Humble & Fume Inc. (“**Humble Parent**”), Humble & Fume Inc. (Manitoba), B.O.B. Headquarters Inc., Humble Cannabis Solutions Inc. (“**HCS**”), Fume Labs Inc., PWF Holdco Inc., and Windship Trading LLC (collectively, the “**Applicants**”) and as such, I have knowledge of the matters hereinafter deposed to.
2. This is my fourth affidavit made in these proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Copies of my first, second, and third affidavits are located on the website of the monitor, Deloitte Restructuring Inc. (the “**Monitor**”) at the following URL:
<https://www.insolvencies.deloitte.ca/en-ca/pages/Humble-and-Fume.aspx>

3. I swear this Affidavit in support of a motion for a declaration that HCS is a “former employer” who meets the criteria established by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 (“**WEPPA Regulations**”), and an order that the HCS employees who were terminated during these CCAA proceedings are eligible to receive payments under the Wage Earner Protection Program (“**WEPP**”) in accordance with the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1 (“**WEPPA**”).

II. BACKGROUND

4. On January 5, 2024, the Applicants brought an application to the court for, among other things, protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”).
5. The Honourable Justice Cavanagh granted an order dated January 5, 2024 pursuant to the CCAA (the “**Initial Order**”) in favour of the Applicants. Pursuant to the Initial Order, among other things, the Court:
 - (a) declared that the Applicants are companies to which the CCAA applies;
 - (b) provided a stay of proceedings in favour of the Applicants and their directors and officers up to and including January 15, 2024;
 - (c) appointed Deloitte Restructuring Inc. (the “**Monitor**”) as monitor of the Applicants in these proceedings;
 - (d) granted an administration charge in the amount of \$150,000 in favour of counsel for the Applicants, the Monitor, and the Monitor’s counsel (the “**Administration Charge**”) over the Applicants’ assets;

- (e) authorized the Applicants to incur no further expenses in relation to the Securities Filings (as defined in the Initial Order);
 - (f) authorized the Applicants to continue utilizing their cash management system; and
 - (g) scheduled a comeback hearing returnable January 12, 2024.
6. On January 12, 2024 Justice Cavanagh granted an order extending the stay of proceedings up to and including January 26, 2024.
7. On January 24, 2024 Justice Cavanagh granted:
- (a) an amended and restated initial order including the following relief:
 - (i) extending the stay of proceedings granted pursuant to the Initial Order to and including April 5, 2024;
 - (ii) approving an increase to the Administration Charge to the maximum amount of \$500,000;
 - (iii) approving a second-ranking directors' and officers' charge in the maximum amount of \$475,000;
 - (iv) approving a Key Employee Retention Plan (“**KERP**”) and authorizing the Applicants to make payments in accordance with the terms of the KERP; and
 - (v) a sealing order in respect of the unredacted KERP; and
 - (b) an order, among other things:

- (i) approving Humble Parents' execution of the stalking horse purchase agreement dated January 23, 2024 (the "**Stalking Horse SPA**") between Humble Parent as vendor and 1000760498 Ontario Inc. (the "**Stalking Horse Purchaser**") as purchaser;
 - (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.
8. On January 26, 2024, Justice Cavanagh granted a second amended and restated initial order approving the Applicants' entry into an interim financing facility, as borrowers, with the Stalking Horse Purchaser as lender and granting a third-ranking charge in favour of the DIP Lender in the maximum amount of USD \$2,500,000.

III. RELIEF SOUGHT

a. Wage Earner Protection Program

9. After commencing these CCAA proceedings, HCS, in consultation with the Monitor, determined that it was necessary, when considering the interests of all stakeholders, to terminate 19 employees (the "**Terminated Employees**") on January 26, 2024. This constitutes the termination of all of HCS's employees as of January 26, 2024. HCS is now being wound-down.
10. The Terminated Employees have not received termination and/or severance pay. The Terminated Employees will be paid all wages, vacation pay and expense reimbursements

due to them as of January 26, 2024 on the next payment date in HCS’s payroll cycle, being February 9, 2024. There is no date confirmed when a claims process will commence and what amount, if any, of distributions to unsecured creditors, such as employees on their claims, can be paid.

- 11. I am advised by Miller Thomson LLP, HCS’s legal counsel, that the WEPP is a federal government program that provides a payment to employees whose employment has been terminated in the insolvency proceeding of their employer and who are owed amounts for termination and severance pay, among other entitlements. I understand and believe that the maximum amount paid by WEPP to employees in 2024 is \$8,507.66.
- 12. The Monitor supports this motion and is prepared to administer the WEPP for the Terminated Employees.

IV. FORM OF ORDER AND CONCLUSION

- 13. I swear this Affidavit in support of an order 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 1st day of February, 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

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HUMBLE & FUME INC. (ONTARIO), HUMBLE & FUME INC. (MANITOBA),
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AFFIDAVIT OF JAKOB RIPSHTEIN
(SWORN FEBRUARY 1, 2024)

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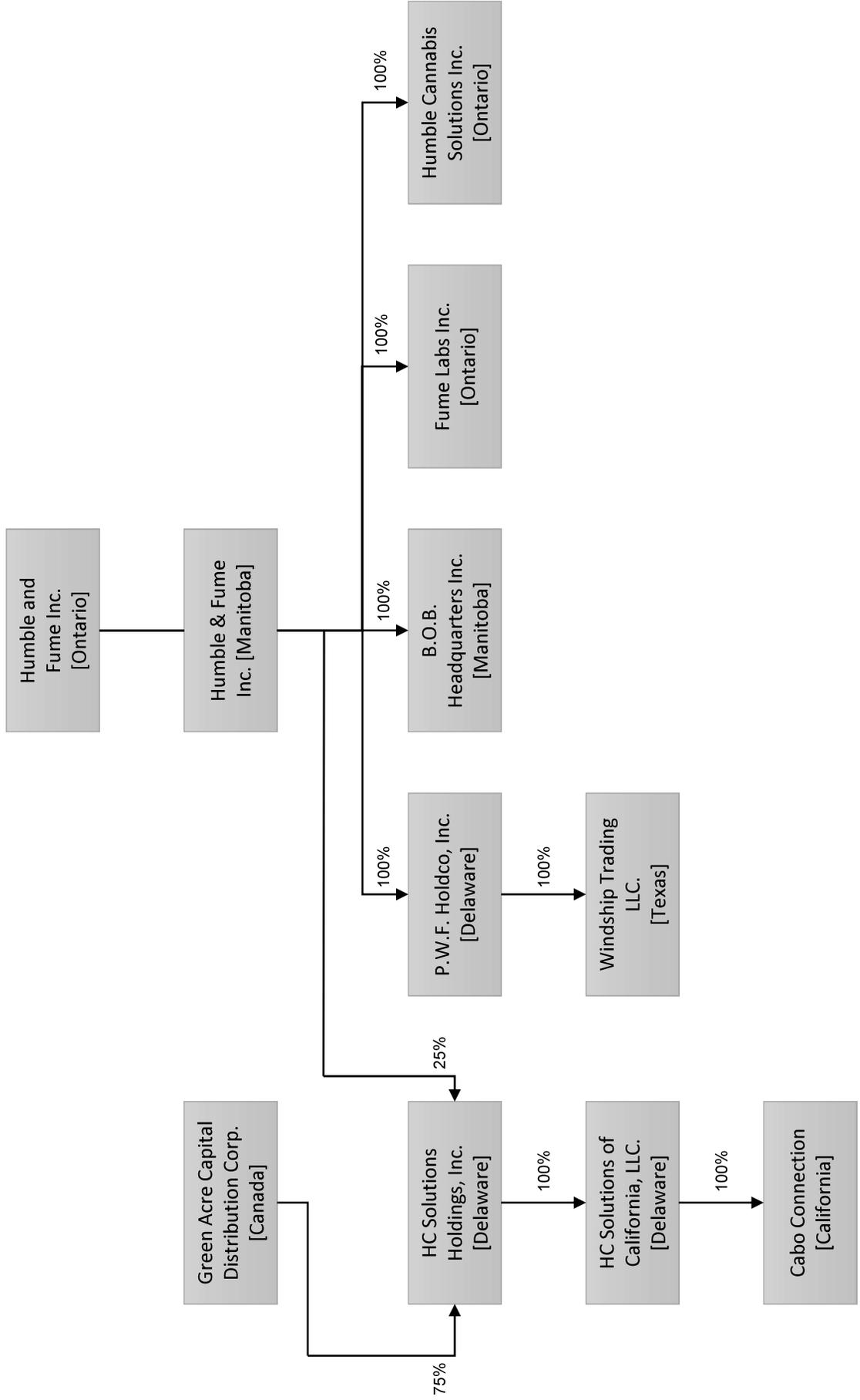
Lawyers for the Applicants

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 March 4, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

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

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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 MARCH 4, 2024)

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TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) THURSDAY THE 7TH
)
JUSTICE CAVANAGH) DAY OF MARCH, 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), B.O.B. HEADQUARTERS INC., FUME LABS
INC., HUMBLE CANNABIS SOLUTIONS INC., PWF HOLDCO INC., and
WINDSHIP TRADING LLC

(the “**Applicants**”)

APPROVAL AND VESTING ORDER

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), for an order, among other things: (i) approving the Amended and Restated Share Purchase Agreement (the “**Purchase Agreement**”), between Humble & Fume Inc. (Ontario) (“**Humble Parent**”), Humble & Fume Inc. (Manitoba) (“**Humble Manitoba**”) and 1000760498 Ontario Inc. or its assignee or nominee, for the purchase and sale of the Post-Consolidation Shares (each capitalized term as defined in the Purchase Agreement) and authorizing and directing the Applicants to perform their obligations under the Purchase Agreement; (ii) removing the Applicants as applicants to these CCAA proceedings in order to carry out the transactions contemplated by the Purchase Agreement (the “**Transaction**”); (iii) transferring and vesting all of the Applicants’ right, title and interest in and to the Excluded Liabilities and the Excluded Assets to and in a corporation to be incorporated (“**ResidualCo**”); (iv) vesting in the Purchaser or its nominee all of the right, title and interest in

and to the Post-Consolidation Shares free and clear of all Encumbrances, other than Permitted Encumbrances (as defined in the Purchase Agreement), upon the filing of a certificate by the Monitor substantially in the form attached as Schedule “A”; (v) granting certain enhanced powers to the Monitor in respect of ResidualCo; (vi) approving the releases (“**Releases**”) provided for in the Purchase Agreement in favour of the officers and directors of the Applicants, their advisors, the Monitor and the Monitor’s counsel (“**Released Parties**”); and (vii) declaring that the *Wage Earners Protection Program Act*, S.C. 2005, c. 47, s.1 applies to Humble Parent was heard this day via Zoom video conference.

ON READING the notice of motion of the Applicants dated March 4, 2024, the affidavit of Jakob Ripshtein, sworn March 4, 2024, the report of Deloitte Restructuring Inc. dated March 5, 2024 (the “**Second Report**”), in its capacity as the court-appointed monitor (the “**Monitor**”) and on hearing the submissions of counsel for the Applicants 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 Maureen McLaren dated March 4, 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 Purchase Agreement.

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.

APPROVAL AND VESTING

3. **THIS COURT ORDERS** that the Purchase Agreement and the Transaction be and are hereby approved and the execution of the Purchase Agreement by Humble Parent is hereby authorized and approved, with such minor amendments as the parties may deem necessary, with the approval of the Monitor. The Applicants are hereby authorized and directed to perform its obligations under the Purchase Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable to effect the Transaction.

4. **THIS COURT ORDERS** that this Order shall constitute the only authorization required by the Applicants to proceed with the Transaction (including, for certainty, the Pre-Closing Reorganization) and that no shareholder or other approval shall be required in connection therewith.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a copy of the Monitor's certificate (the "**Monitor's Certificate**") to the Purchaser (the time of such delivery being referred to herein as the "**Effective Time**"), substantially in the form attached as **Schedule "A"** hereto, the following shall occur and shall be deemed to have occurred at the Effective Time in the following sequence:

- (a) first, all of the Applicants' right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo, and all Claims and Encumbrances (each as defined below) shall continue to attach to the Excluded Assets and to the proceeds from the purchase price in accordance with paragraph 6 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;

- (b) second, all Excluded Liabilities (which, for greater certainty, shall include 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 the Applicants' shall be transferred to, assumed by and vest absolutely and exclusively in ResidualCo such that the Excluded Liabilities shall become obligations of ResidualCo and shall no longer be obligations of the Applicants;
- (c) third, Humble Parent's Organizational Documents shall be amended or shall be deemed to have been amended in accordance with the Consolidation and Cancellation;
- (d) fourth, in consideration for the Purchase Price, Humble Parent shall issue the Purchased Shares to the Purchaser, and all right, title and interest in and to the Purchased Shares shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, pledges, reservations of ownership, rights of retention, royalties, options, rights of pre-emption, privileges, assignments (as security), actions, judgements, any and all restrictions on the transfer of shares, equity securities, partnership or membership units or interests or other interests in property, including rights of first refusal, rights of first offer, shotgun rights, purchase options, change of control consent rights, puts or forced sales provisions or similar rights of shareholders, members or lenders in respect of such interests, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, writs of enforcement, writs of seizure, or

- any other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order or any other orders in these CCAA proceedings; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry systems, with the exception of the Permitted Encumbrances (all of which are collectively referred to as the “**Encumbrances**”); for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Shares are hereby expunged and discharged as against the Purchased Shares, and, for greater certainty, this Court orders that, notwithstanding anything else in this order, the Encumbrances and the Claims do not include the Permitted Encumbrances;
- (e) fifth, pursuant to the Consolidation and Cancellation, all Equity Interests of Humble Parent outstanding prior to the issuance of the Purchased Shares, including all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any Person (as defined below) and are convertible or exchangeable for any securities of Humble Parent, or which require the issuance, sale or transfer by the Humble Parent of any shares or other securities of Humble Parent and/or the share capital of Humble Parent or otherwise relating thereto, shall be deemed terminated and cancelled without consideration and the only Equity Interests of Humble Parent that shall remain shall be the Purchased Shares; and

- (f) sixth, the Applicants shall be deemed to cease being Applicants in these CCAA proceedings, and shall be deemed to be released from the purview of the Initial Order and all other orders of this Court granted in respect of these CCAA proceedings, save and except for this Order, the provisions of which (as they relate to the Applicants) shall continue to apply in all respects.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Shares (the “**Proceeds**”) shall stand in the place and stead of the Purchased Shares and Retained Assets, and that from and after the delivery of the Monitor’s Certificate, all Claims and Encumbrances shall attach to the Proceeds and the Excluded Assets with the same priority as they had with respect to the Purchased Shares and Retained Assets immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor’s Certificate, forthwith after delivery thereof in connection with the Transaction.

8. **THIS COURT ORDERS** that the Monitor may rely on written notice from Humble Parent and the Purchaser regarding the fulfilment or waiver of conditions to closing under the Purchase Agreement and shall have no liability with respect to delivery of the Monitor’s Certificate.

9. **THIS COURT ORDERS** that pursuant to section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Applicants or the Monitor, as the case may be, are authorized, permitted and directed to, at the Effective Time, disclose to the Purchaser all human resources and payroll information in the records or the Applicants pertaining to past and current employees of the Applicants. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the

personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Applicants.

10. **THIS COURT ORDERS AND DECLARES** that, at the Effective Time and without limiting the provisions of paragraph 5 hereof, the Purchaser and the Applicants shall be deemed released from any and all claims, liabilities (direct, indirect, absolute or contingent) or obligations with respect to any taxes (including penalties and interest thereon) of, or that relate to, the Applicants (provided such release shall not apply to taxes in respect of the business and operations conducted by the Applicants after the Effective Time), including, without limiting the generality of the foregoing, all taxes that could be assessed against the Purchaser or the Applicants (including any predecessor corporations) pursuant to section 160 of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), or any provincial equivalent, in connection with the Applicants, or to the Administrative Charge established under the Initial Order.

11. **THIS COURT ORDERS** that except to the extent expressly contemplated by the Purchase Agreement, all contracts to which the Applicants are parties upon delivery of the Monitor's Certificate will be and remain in full force and effect upon and following delivery of the Monitor's Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

- (a) any event that occurred on or prior to the delivery of the Monitor's Certificate and is not continuing that would have entitled such Person to enforce those rights or

remedies (including defaults or events of default arising as a result of the insolvency of any Applicant);

- (b) the insolvency of any Applicant or the fact that the Applicants sought or obtained relief under the CCAA;
- (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the Purchase Agreement, the Transaction or the provisions of this Order, or any other Order of the Court in these proceedings; or
- (d) any transfer or assignment, or any change of control of the Applicants arising from the implementation of the Purchase Agreement, the Transaction or the provisions of this Order.

12. **THIS COURT ORDERS** that from and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of the Applicants then existing or previously committed by any of the Applicants, or caused by the Applicants, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition or obligation, expressed or implied, in any Contract existing between such Person and the Applicants arising directly or indirectly from the filing of the Applicants under the CCAA and the implementation of the Transaction, including without limitation any of the matters or events listed in paragraph 11 hereof and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse Humble Parent from performing its obligations under the

Purchase Agreement or be a waiver of defaults by Humble Parent under the Purchase Agreement or related documents.

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

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

- (a) the nature of the Retained Liabilities retained by the Applicants, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transaction or this Order;
- (b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo;
- (c) any Person that prior to the Effective Time had a valid right or claim against the Applicants under or in respect of any Excluded Contract or Excluded Liability (each an “**Excluded Liability Claim**”) shall no longer have such right or claim against the Applicants but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contract or Excluded Liability from and after the Effective

Time in its place and stead, and nothing in this Order limits, lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and

- (d) the Excluded Liability Claim of any Person against ResidualCo following the Effective Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against the Applicants prior to the Effective Time.

15. **THIS COURT ORDERS AND DECLARES** that, as of the Effective Time all references in any Order of this Court in respect of these CCAA proceedings to (i) an “Applicant” or the “Applicants” shall refer to and include ResidualCo, and (ii) “Property” shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, of ResidualCo (the “**ResidualCo Property**”), and, for greater certainty, each of the Charges (as defined in the Initial Order, as amended and restated from time to time), shall constitute a charge on the ResidualCo Property.

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

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C 195, c. B-3, as amended (the “**BIA**”), in respect of the Applicants and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicants;

the Purchase Agreement and the implementation of the Transaction (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in

and to ResidualCo and the transfer and vesting of the Purchased Shares in and to the Purchaser) and any payments by or to the Purchaser, the Applicants or the Monitor authorized herein shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and/or ResidualCo and shall not be void or voidable by creditors of the Applicants or ResidualCo, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

MONITOR'S ENHANCED POWERS

17. **THIS COURT ORDERS** that in addition to the powers and duties of the Monitor set out in the Amended and Restated Initial Order or any other Order of this Court in this CCAA proceeding, and without altering in any way the limitations and obligations of ResidualCo as a result of these proceedings, the Monitor be and is hereby authorized and empowered, but not required to:

- (a) take any and all actions and steps, and execute all documents and writings, on behalf of, and in the name of ResidualCo in order to facilitate the performance of any ongoing obligations of ResidualCo, including with respect to any Excluded Liability Claim, and to carry out the Monitor's duties under this Order or any other Order of this Court in the within CCAA proceeding;
- (b) exercise any powers which may be properly exercised by a board of directors of ResidualCo;

- (c) cause ResidualCo to retain the services of any person as an employee, consultant, or other similar capacity all under the supervision and direction of the Monitor and on the terms as agreed with the Monitor;
- (d) open one or more new accounts (the “**ResidualCo Accounts**”) into which all funds, monies, cheques, instruments and other forms of payment payable to ResidualCo shall be deposited from and after the making of this Order from any source whatsoever and to operate and control, as applicable, on behalf of ResidualCo, the ResidualCo Accounts in such manner as the Monitor, in its sole discretion, deems necessary or appropriate to assist with the exercise of the Monitor’s powers and duties;
- (e) cause ResidualCo to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the winding-down of ResidualCo or the distribution of the proceeds of the ResidualCo Property or any other related activities, including in connection with bringing the within CCAA proceeding to an end;
- (f) engage, deal, communicate, negotiate, agree and settle with any creditor or other stakeholder of ResidualCo in the name of or on behalf of ResidualCo;
- (g) claim or cause ResidualCo to claim any and all insurance refunds or tax refunds, including refunds of harmonized sales taxes, to which ResidualCo is entitled;
- (h) have access to all books and records that are the property of ResidualCo in ResidualCo’s possession or control in addition to the Applicant’s books and records in accordance with the terms of the Purchase Agreement;

- (i) assign ResidualCo, or cause ResidualCo to be assigned, into bankruptcy, and the Monitor shall be entitled but not obligated to act as trustee in bankruptcy thereof; and
- (j) apply to this Court for advice and directions or any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter.

18. **THIS COURT ORDERS** that notwithstanding anything contained in this Order, the Monitor is not and shall not be or be deemed to be, a director, officer or employee of ResidualCo or the Applicants.

19. **THIS COURT ORDERS** that notwithstanding anything contained in this Order, ResidualCo shall remain in possession and control of its property and business and the Monitor shall not take, or be deemed to have taken, possession or control of the property or business of ResidualCo, or any part thereof.

20. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of the Court, the Monitor and its legal counsel shall continue to have the benefit of all of the indemnities, charges, protections and priorities as set out in the Initial Order and any other Order of this Court and all such indemnities, charges, protections and priorities shall apply and extend to the Monitor and the fulfillment of its duties and the carrying out of the provisions of this Order.

21. **THIS COURT ORDERS** that nothing in this Order shall constitute or be deemed to constitute the Monitor as receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of ResidualCo.

22. **THIS COURT ORDERS** that the power and authority granted to the Monitor by virtue of this Order shall, if exercised in any case, be paramount to the power and authority of ResidualCo with respect to such matters and, in the event of a conflict between the terms of this Order and those of the Initial Order or any other Order of this Court, the provisions of this Order shall govern.

RELEASES

23. **THIS COURT ORDERS** that effective upon the filing of the Monitor's Certificate, (i) the directors, officers, and employees as of January 5, 2024, legal counsel and advisors of the Applicants (including, for certainty, ResidualCo) and (ii) the Monitor and its legal counsel (collectively, the "**Released Parties**") shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind 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 equity and whether based in statute or otherwise) based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to the filing of the Monitor's Certificate (a) undertaken or completed pursuant to the terms of this Order, (b) arising in connection with or relating to the Purchase Agreement or the completion of the Transaction, (c) arising in connection with or relating to the within CCAA proceedings, or (d) related to the management, operations or administration of the Applicants (collectively, the "**Released Claims**"), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, provided that nothing in this paragraph shall waive,

discharge, release, cancel or bar any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

WAGE EARNER PROTECTION PLAN

24. **THIS COURT ORDERS AND DECLARES** that pursuant to subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1 (“**WEPPA**”), Humble Parent and its former employees meet the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 and are individuals to whom the WEPPA applies as of the date of this Order.

SEALING ORDER

25. **THIS COURT ORDERS** that the Confidential Appendix to the Second Report shall be kept sealed and confidential and shall not form part of the public record, until closing of the Transaction or until further order of the Court.

GENERAL

26. **THIS COURT ORDERS** that, following the Effective Time, the Purchaser and its representatives shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against the Post-Consolidation Shares and the Retained Assets.

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
[RESIDUALCO]

28. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere, 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.

29. **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.

30. **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.

JUSTICE CAVANAGH

SCHEDULE “A” – FORM OF MONITOR’S CERTIFICATE

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**”)

RECITALS

A. Pursuant to order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List), dated January 5, 2024, as amended on January 12, 2024, January 24, 2024 and January 26, 2024 (the “**Initial Order**”) the Applicants were granted protection from their creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and Deloitte Restructuring Inc. was appointed as the monitor (“**Monitor**”) of the Applicants.

B. Pursuant to the Approval and Vesting Order of the Court, granted March 7, 2024 (the “**Order**”), the court approved the transaction (the “**Transaction**”) contemplated by the Stalking Horse Purchase Agreement dated January 23, 2024 (the “**Purchase Agreement**”), between Humble & Fume Inc. (“**Humble Parent**”), and 1000760498 Ontario Inc. (the “**Purchaser**”) and ordered, *inter alia*, that (i) all of the Applicants’ right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in [●] (“**ResidualCo**”); (ii) all of the Excluded Liabilities shall be transferred to and assumed by and vest in ResidualCo; (iii) all of the right, title and interest in and to the Post-Consolidation Shares shall vest absolutely and exclusively in the Purchaser, which vesting is, in each case, to be effective upon the delivery by the Monitor to the Purchaser of a certificate confirming that the Monitor has received written confirmation in the

form and substance satisfactory to the Monitor from the Purchaser and Humble Parent that all conditions to closing have been satisfied or waived by the parties to the Purchase Agreement.

C. Capitalized terms not defined herein shall have the meaning given to them in the Order.

THE MONITOR CERTIFIES the following:

1. The Monitor has received written confirmation from the Purchaser and from Humble Parent, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived by the parties to the Purchase Agreement.
2. This Monitor's certificate was delivered by the Monitor at _____ on _____, 2024.

) **DELOITTE RESTRUCTURING INC.,**
) in its capacity as court-appointed monitor
) of the Applicants and not in its personal
) capacity
) Per: _____
) Name: Todd Ambachtsheer, LIT
) Title: Senior Vice President
)

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

APPROVAL AND VESTING ORDER

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Lawyers for the Applicants

TAB 4

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) THURSDAY THE 7TH
)
JUSTICE CAVANAGH) DAY OF MARCH, 2024

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

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

(the “**Applicants**”)

BOB APPROVAL AND VESTING ORDER

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), for an order, among other things: (i) approving the Amended and Restated Share Purchase Agreement (the “**Purchase Agreement**”) between Humble & Fume Inc. (Ontario) (“**Humble Parent**”), Humble & Fume Inc. (Manitoba) (“**Humble Manitoba**”) and 1000760498 Ontario Inc., or its assignee or nominee, for the purchase and sale of the BOB Shares (each capitalized term as defined in the Purchase Agreement) and authorizing and directing BOBHQ to perform its obligations under the Purchase Agreement; (ii) adding a corporation to be incorporated (“**ResidualCo**”) as an applicant to these CCAA proceedings and removing BOBHQ as an applicant to these CCAA proceedings in order to carry out the BOB Transactions contemplated by the Purchase Agreement (the “**BOB BOB Transaction**”); (iii) transferring and vesting all of BOBHQ’s right, title and interest in and to the Excluded BOB Liabilities and the Excluded BOB Assets to and in ResidualCo; (iv) vesting in the

Purchaser or its nominee all of the right, title and interest in and to the BOB Shares and the Retained Assets owned by BOBHQ on the BOB Closing Date (the “**Retained BOB Assets**”) free and clear of all Encumbrances, other than Permitted Encumbrances (as defined in the Purchase Agreement), upon the filing of a certificate by the Monitor substantially in the form attached as Schedule “A”; (v) granting certain enhanced powers to the Monitor in respect of ResidualCo; and (vi) approving the releases (“**Releases**”) provided for in the Purchase Agreement in favour of the officers and directors of BOBHQ, its advisors, the Monitor and the Monitor’s counsel (“**Released Parties**”) was heard this day via Zoom video conference.

ON READING the notice of motion of the Applicants dated March 4, 2024, the affidavit of Jakob Ripshtein, sworn March 4, 2024, the report of Deloitte Restructuring Inc. dated March 5, 2024 (the “**Second Report**”), in its capacity as the court-appointed monitor (the “**Monitor**”) and on hearing the submissions of counsel for the Applicants 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 Maureen McLaren dated March 4, 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 Purchase Agreement.

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.

APPROVAL AND VESTING

3. **THIS COURT ORDERS** that the Purchase Agreement and the BOB BOB Transaction be and are hereby approved and the execution of the Purchase Agreement by Humble Parent and Humble Manitoba is hereby authorized and approved, with such minor amendments as the parties may deem necessary, with the approval of the Monitor. BOBHQ is hereby authorized and directed to perform its obligations under the Purchase Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable to effect the BOB Transaction.

4. **THIS COURT ORDERS** that this Order shall constitute the only authorization required by Humble Manitoba to proceed with the BOB Transaction and that no shareholder or other approval shall be required in connection therewith.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a copy of the BOB Certificate (the “**BOB Certificate**”) to the Purchaser (the time of such delivery being referred to herein as the “**Effective Time**”), substantially in the form attached as **Schedule “A”** hereto, the following shall occur and shall be deemed to have occurred at the Effective Time in the following sequence:

- (a) first, all of BOBHQ’s right, title and interest in and to the Excluded BOB Assets shall vest absolutely and exclusively in ResidualCo, and all Claims and Encumbrances (each as defined below) shall continue to attach to the Excluded BOB Assets and to the proceeds from the purchase price in accordance with paragraph 6 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;
- (b) second, all Excluded BOB Liabilities (which, for greater certainty, shall include all debts, obligations, Liabilities, Encumbrances (other than Permitted Encumbrances),

indebtedness, Excluded BOB 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 BOBHQ shall be transferred to, assumed by and vest absolutely and exclusively in ResidualCo such that the Excluded BOB Liabilities shall become obligations of ResidualCo and shall no longer be obligations of BOBHQ;

- (c) third, in consideration for the Purchase Price, Humble Manitoba shall transfer the BOB Shares to the Purchaser, or its assignee or nominee, and all right, title and interest in and to the BOB Shares shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, pledges, reservations of ownership, rights of retention, royalties, options, rights of pre-emption, privileges, assignments (as security), actions, judgements, any and all restrictions on the transfer of shares, equity securities, partnership or membership units or interests or other interests in property, including rights of first refusal, rights of first offer, shotgun rights, purchase options, change of control consent rights, puts or forced sales provisions or similar rights of shareholders, members or lenders in respect of such interests, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, writs of enforcement, writs of seizure, or any other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order or any other orders in these

- CCAA proceedings; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry systems, with the exception of the Permitted Encumbrances (all of which are collectively referred to as the “**Encumbrances**”); for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the BOB Shares are hereby expunged and discharged as against the BOB Shares, and, for greater certainty, this Court orders that, notwithstanding anything else in this order, the Encumbrances and the Claims do not include the Permitted Encumbrances;
- (d) fifth, all Equity Interests of BOBHQ outstanding prior to the issuance of the BOB Shares, including all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any Person (as defined below) and are convertible or exchangeable for any securities of BOBHQ, or which require the issuance, sale or transfer by BOBHQ of any shares or other securities of BOBHQ and/or the share capital of BOBHQ or otherwise relating thereto, shall be deemed terminated and cancelled without consideration and the only Equity Interests of BOBHQ that shall remain shall be the BOB Shares; and
- (e) sixth, BOBHQ shall be deemed to cease being Applicants in these CCAA proceedings, and shall be deemed to be released from the purview of the Initial Order and all other orders of this Court granted in respect of these CCAA proceedings, save and except for this Order, the provisions of which (as they relate to BOBHQ) shall continue to apply in all respects.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the BOB Shares (the “**Proceeds**”) shall stand in the place and stead of the BOB Shares and Retained BOB Assets as they pertain to BOBHQ, and that from and after the delivery of the BOB Certificate, all Claims and Encumbrances shall attach to the Proceeds and the Excluded BOB Assets with the same priority as they had with respect to the BOB Shares and Retained BOB Assets immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the BOB Certificate, forthwith after delivery thereof in connection with the BOB Transaction.

8. **THIS COURT ORDERS** that the Monitor may rely on written notice from Humble Manitoba and the Purchaser regarding the fulfilment or waiver of conditions to closing under the Purchase Agreement and shall have no liability with respect to delivery of the BOB Certificate.

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

10. **THIS COURT ORDERS AND DECLARES** that, at the Effective Time and without limiting the provisions of paragraph 5 hereof, the Purchaser and BOBHQ shall be deemed released from any and all claims, liabilities (direct, indirect, absolute or contingent) or obligations with

respect to any taxes (including penalties and interest thereon) of, or that relate to, BOBHQ (provided such release shall not apply to taxes in respect of the business and operations conducted by BOBHQ after the Effective Time), including, without limiting the generality of the foregoing, all taxes that could be assessed against the Purchaser or BOBHQ (including any predecessor corporations) pursuant to section 160 of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), or any provincial equivalent, in connection with BOBHQ, or to the Administrative Charge established under the Initial Order.

11. **THIS COURT ORDERS** that except to the extent expressly contemplated by the Purchase Agreement, all contracts to which BOBHQ is a party to upon delivery of the BOB Certificate will be and remain in full force and effect upon and following delivery of the BOB Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

- (a) any event that occurred on or prior to the delivery of the BOB Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of BOBHQ);
- (b) the insolvency of BOBHQ or the fact that BOBHQ sought or obtained relief under the CCAA;

- (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the Purchase Agreement, the BOB Transaction or the provisions of this Order, or any other Order of the Court in these proceedings; or
- (d) any transfer or assignment, or any change of control of BOBHQ arising from the implementation of the Purchase Agreement, the BOB Transaction or the provisions of this Order.

12. **THIS COURT ORDERS** that from and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of BOBHQ then existing or previously committed by BOBHQ, or caused by BOBHQ, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition or obligation, expressed or implied, in any Contract existing between such Person and BOBHQ arising directly or indirectly from the filing of BOBHQ under the CCAA and the implementation of the BOB Transaction, including without limitation any of the matters or events listed in paragraph 11 hereof and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse Humble Manitoba from performing its obligations under the Purchase Agreement or be a waiver of defaults by Humble Manitoba under the Purchase Agreement or related documents.

13. **THIS COURT ORDERS** that from and after the Effective Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders,

declarations and assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against BOBHQ relating in any way to or in respect of any Excluded BOB Assets, Excluded BOB Liabilities or Excluded BOB Contracts and any other claims, obligations and other matters that are waived, released, expunged or discharged pursuant to this Order.

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

- (a) the nature of the Retained Liabilities retained by BOBHQ, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the BOB Transaction or this Order;
- (b) the nature of the Excluded BOB Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo;
- (c) any Person that prior to the Effective Time had a valid right or claim against BOBHQ under or in respect of any Excluded BOB Contract or Excluded BOB Liability (each an “**Excluded BOB Liability Claim**”) shall no longer have such right or claim against BOBHQ but will have an equivalent Excluded BOB Liability Claim against ResidualCo in respect of the Excluded BOB Contract or Excluded BOB Liability from and after the Effective Time in its place and stead, and nothing in this Order limits, lessens or extinguishes the Excluded BOB Liability Claim of any Person as against ResidualCo; and
- (d) the Excluded BOB Liability Claim of any Person against ResidualCo following the Effective Time shall have the same rights, priority and entitlement as such Excluded BOB Liability Claim had against BOBHQ prior to the Effective Time.

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

- (a) ResidualCo shall be a company to which the CCAA applies; and
- (b) ResidualCo shall be added as an Applicant in these CCAA proceedings and all references in any Order of this Court in respect of these CCAA proceedings to (i) an “Applicant” or the “Applicants” shall refer to and include ResidualCo, and (ii) “Property” shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, of ResidualCo (the “**ResidualCo Property**”), and, for greater certainty, each of the Charges (as defined in the Initial Order, as amended and restated from time to time), shall constitute a charge on the ResidualCo Property.

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

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C 195, c. B-3, as amended (the “**BIA**”), in respect of BOBHQ and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of BOBHQ;

the Purchase Agreement and the implementation of the BOB Transaction (including without limitation the transfer and vesting of the Excluded BOB Assets, Excluded BOB Contracts and Excluded BOB Liabilities in and to ResidualCo and the transfer and vesting of the BOB Shares in and to the Purchaser) and any payments by or to the Purchaser, BOBHQ or the Monitor authorized herein shall be binding on any trustee in bankruptcy that may be appointed in respect of BOBHQ

and/or ResidualCo and shall not be void or voidable by creditors of BOBHQ or ResidualCo, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable BOB Transaction under the CCAA, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

MONITOR'S ENHANCED POWERS

17. **THIS COURT ORDERS** that in addition to the powers and duties of the Monitor set out in the Amended and Restated Initial Order or any other Order of this Court in this CCAA proceeding, and without altering in any way the limitations and obligations of ResidualCo as a result of these proceedings, the Monitor be and is hereby authorized and empowered, but not required to:

- (a) take any and all actions and steps, and execute all documents and writings, on behalf of, and in the name of ResidualCo in order to facilitate the performance of any ongoing obligations of ResidualCo, including with respect to any Excluded Liability Claim, and to carry out the Monitor's duties under this Order or any other Order of this Court in the within CCAA proceeding;
- (b) exercise any powers which may be properly exercised by a board of directors of ResidualCo;
- (c) cause ResidualCo to retain the services of any person as an employee, consultant, or other similar capacity all under the supervision and direction of the Monitor and on the terms as agreed with the Monitor;

- (d) open one or more new accounts (the “**ResidualCo Accounts**”) into which all funds, monies, cheques, instruments and other forms of payment payable to ResidualCo shall be deposited from and after the making of this Order from any source whatsoever and to operate and control, as applicable, on behalf of ResidualCo, the ResidualCo Accounts in such manner as the Monitor, in its sole discretion, deems necessary or appropriate to assist with the exercise of the Monitor’s powers and duties;
- (e) cause ResidualCo to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the winding-down of ResidualCo or the distribution of the proceeds of the ResidualCo Property or any other related activities, including in connection with bringing the within CCAA proceeding to an end;
- (f) engage, deal, communicate, negotiate, agree and settle with any creditor or other stakeholder of ResidualCo in the name of or on behalf of ResidualCo;
- (g) claim or cause ResidualCo to claim any and all insurance refunds or tax refunds, including refunds of harmonized sales taxes, to which ResidualCo is entitled;
- (h) have access to all books and records that are the property of ResidualCo in ResidualCo’s possession or control in addition to the Applicant’s books and records in accordance with the terms of the Purchase Agreement;
- (i) assign ResidualCo, or cause ResidualCo to be assigned, into bankruptcy, and the Monitor shall be entitled but not obligated to act as trustee in bankruptcy thereof; and

- (j) apply to this Court for advice and directions or any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter.

18. **THIS COURT ORDERS** that notwithstanding anything contained in this Order, the Monitor is not and shall not be or be deemed to be, a director, officer or employee of ResidualCo or the Applicants.

19. **THIS COURT ORDERS** that notwithstanding anything contained in this Order, ResidualCo shall remain in possession and control of its property and business and the Monitor shall not take, or be deemed to have taken, possession or control of the property or business of ResidualCo, or any part thereof.

20. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of the Court, the Monitor and its legal counsel shall continue to have the benefit of all of the indemnities, charges, protections and priorities as set out in the Initial Order and any other Order of this Court and all such indemnities, charges, protections and priorities shall apply and extend to the Monitor and the fulfillment of its duties and the carrying out of the provisions of this Oder.

21. **THIS COURT ORDERS** that nothing in this Order shall constitute or be deemed to constitute the Monitor as receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of ResidualCo.

22. **THIS COURT ORDERS** that the power and authority granted to the Monitor by virtue of this Order shall, if exercised in any case, be paramount to the power and authority of ResidualCo

with respect to such matters and, in the event of a conflict between the terms of this Order and those of the Initial Order or any other Order of this Court, the provisions of this Order shall govern.

RELEASES

23. **THIS COURT ORDERS** that effective upon the filing of the BOB Certificate, (i) the directors, officers, and employees as of January 5, 2024, legal counsel and advisors of BOBHQ (including, for certainty, ResidualCo) and (ii) the Monitor and its legal counsel (collectively, the “**Released Parties**”) shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind 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 equity and whether based in statute or otherwise) based in whole or in part on any act or omission, BOB Transaction, dealing or other occurrence existing or taking place prior to the filing of the BOB Certificate (a) undertaken or completed pursuant to the terms of this Order, (b) arising in connection with or relating to the Purchase Agreement or the completion of the BOB Transaction, (c) arising in connection with or relating to the within CCAA proceedings, or (d) related to the management, operations or administration of BOBHQ (collectively, the “**Released Claims**”), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, provided that nothing in this paragraph shall waive, discharge, release, cancel or bar any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

GENERAL

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

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

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

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

26. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere, 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.

27. **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.

28. **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.

JUSTICE CAVANAGH

SCHEDULE “A” – FORM OF BOB CERTIFICATE

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**”)

RECITALS

A. Pursuant to order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List), dated January 5, 2024, as amended on January 12, 2024, January 24, 2024 and January 26, 2024 (the “**Initial Order**”) BOBHQ was granted protection from their creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and Deloitte Restructuring Inc. was appointed as the monitor (“**Monitor**”) of BOBHQ.

B. Pursuant to the Approval and Vesting Order of the Court, granted March 7, 2024 (the “**Order**”), the court approved the BOB Transaction (the “**BOB Transaction**”) contemplated by the Amended and Restated Share Purchase Agreement (the “**Purchase Agreement**”) between Humble & Fume Inc. (Ontario) (“**Humble Parent**”), Humble & Fume Inc. (Manitoba) (“**Humble Manitoba**”) and 1000760498 Ontario Inc. or its assignee or nominee, and ordered, *inter alia*, that (i) all of BOBHQ’s right, title and interest in and to the Excluded BOB Assets shall vest absolutely and exclusively in [●] (“**ResidualCo**”); (ii) all of the Excluded BOB Liabilities shall be transferred to and assumed by and vest in ResidualCo; (iii) all of the right, title and interest in and to the BOB Shares and the Retained BOB Assets, shall vest absolutely and exclusively in the Purchaser, or its nominee, which vesting is, in each case, to be effective upon the delivery by the Monitor to the Purchaser of a certificate confirming that the Monitor has received written confirmation in the

form and substance satisfactory to the Monitor from the Purchaser and Humble Manitoba that all conditions to closing have been satisfied or waived by the parties to the Purchase Agreement.

C. Capitalized terms not defined herein shall have the meaning given to them in the Order.

THE MONITOR CERTIFIES the following:

1. The Monitor has received written confirmation from the Purchaser and from Humble Manitoba, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived by the parties to the Purchase Agreement.
2. This BOB Certificate was delivered by the Monitor at _____ on _____, 2024.

) **DELOITTE RESTRUCTURING INC.,**
) in its capacity as court-appointed monitor
) of BOBHQ and not in its personal capacity
) Per: _____
) Name: Todd Ambachtsheer, LIT
) Title: Senior Vice President
)

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

BOB APPROVAL AND VESTING ORDER

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Lawyers for BOBHQ

TAB 5

TAB 6

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) THURSDAY THE 7TH
)
JUSTICE CAVANAGH) DAY OF MARCH, 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), B.O.B. HEADQUARTERS INC., FUME LABS
INC., HUMBLE CANNABIS SOLUTIONS INC., PWF HOLDCO INC., and
WINDSHIP TRADING LLC

(the “**Applicants**”)

TERMINATION ORDER

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), for an order, among other things, (i) approving the activities, conduct and report of Deloitte Restructuring Inc. (the “**Monitor**” or “**Deloitte**”) in its capacity as court-appointed monitor of the Applicants in these CCAA proceedings; (ii) approving the fees and disbursements of the Monitor and the Monitor’s legal counsel, as described in the report of the Monitor dated March 5, 2024, (the “**Second Report**”) and the fee affidavits appended thereto which approval, for greater certainty, includes amounts estimated to complete the Monitor and its counsel’s responsibilities and duties hereunder; (iii) terminating these CCAA proceedings and discharging the Monitor at the CCAA Termination Time; (iv) terminating the Court-ordered charges approved in these CCAA proceedings effective

as at the CCAA Termination Time; and, (vi) permitting the Applicants, or any one of them, to file for bankruptcy; was heard this day via Zoom video conference.

ON READING the notice of motion of the Applicants dated March 4, 2024, the affidavit of Jakob Ripshtein, sworn March 4, 2024 (the “**Fifth Ripshtein Affidavit**”), the Second Report, and on hearing the submissions of counsel for the Applicants 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 Mauren McLaren dated March 4, 2024, filed.

DEFINED TERMS

1. **THIS COURT ORDERS** that, unless otherwise defined herein, capitalized terms used in this Order shall have the meaning given to them in the order of the Honourable Justice Cavanagh, granted on January 5, 2024 (the “**Initial Order**”), as most recently amended and restated by the Honourable Justice Cavanagh on January 26, 2024 (the “**Second ARIO**”).

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.

TERMINATION OF CCAA PROCEEDINGS

3. **THIS COURT ORDERS** that, upon service by the Monitor of an executed certificate substantially in the form attached hereto as **Schedule “A”** (the “**Termination Certificate**”) on the service list in these CCAA proceedings certifying that, to the best of the knowledge and belief of the Monitor, all matters to be attended to in connection with the CCAA proceedings have been completed, the within CCAA proceedings shall be terminated without any other act or formality

(the “**CCAA Termination Time**”), save and except as provided in this Order, and provided that nothing herein impacts the validity of any Orders made in these CCAA proceedings or any action or steps taken by any Person pursuant thereto.

4. **THIS COURT ORDERS** that the Monitor is hereby directed to file a copy of the Termination Certificate with the Court as soon as is practicable following the service thereof on the service list in these CCAA proceedings.

DISCHARGE OF MONITOR

5. **THIS COURT ORDERS** that effective at the CCAA Termination Time, Deloitte shall be and is hereby discharged from its duties as the monitor and shall have no further duties, obligations or responsibilities as monitor from and after the CCAA Termination Time, provided that, notwithstanding its discharge as monitor, Deloitte shall have the authority to carry out, complete or address any matters in its role as monitor that are ancillary or incidental to these CCAA proceedings following the CCAA Termination Time, as may be required or appropriate (“**Remaining Activities**”).

6. **THIS COURT ORDERS** that, notwithstanding any provision of this Order, Deloitte’s discharge or the termination of these CCAA proceedings, nothing herein shall affect, vary, derogate from, limit or amend, and Deloitte shall continue to have the benefit of, all of the rights, approvals and protections in favour of Deloitte at law or pursuant to the CCAA, the Initial Order, or any other Order of this Court in these CCAA proceedings or otherwise, all of which are expressly continued and confirmed following and after the CCAA Termination Time, including in connection with any Remaining Activities and other actions taken by Deloitte following the CCAA Termination Time with respect to the Applicants or these CCAA proceedings.

APPROVAL OF ACTIVITIES AND FEES

7. **THIS COURT ORDERS** that the first report of the Monitor dated January 24, 2024 and the Second Report of the Monitor and the activities described therein are hereby approved, provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approvals.

8. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its legal counsel as set out in the Second Report and the fee affidavits appended thereto, are hereby approved.

9. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and its counsel estimated not to exceed \$50,000, exclusive of HST and any fees to be incurred by Deloitte Restructuring Inc. in its capacity as trustee in bankruptcy in respect of the Applicants, for the completion of the Remaining Activities, are hereby approved.

ASSIGNMENT IN BANKRUPTCY

10. **THIS COURT ORDERS** that at such time as the Applicants determine that it is necessary or desirable to do so, including for greater certainty at a time prior to the CCAA Termination Time:

- (a) The Applicants or the Monitor on their behalf are hereby authorized to make an assignment in bankruptcy pursuant to *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended (“**BIA**”); and
- (b) Deloitte is hereby authorized and empowered, but not obligated, to act as trustee in bankruptcy in respect of the Applicants.

GENERAL

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or any other foreign jurisdiction 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 or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without any need for filing or entry.

JUSTICE CAVANAGH

**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 [RESIDUALCO]

(the “**Applicants**”)

TERMINATION CERTIFICATE

RECITALS

A. Pursuant to order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List), dated January 5, 2024, as amended on January 12, 2024, January 24, 2024 and January 26, 2024 (the “**Initial Order**”) the Applicants were granted protection from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and Deloitte Restructuring Inc. was appointed as the monitor (“**Monitor**”) of the Applicants.

B. Pursuant to an Order of this Court dated March 7, 2024 (the “**CCAA Termination Order**”), among other things, Deloitte shall be discharged as the monitor and the Applicants’ CCAA proceedings shall be terminated upon the service of this Termination Certificate on the service list in these CCAA proceedings.

C. Unless otherwise indicated herein, capitalized terms used in this Termination Certificate shall have the meaning given to them in the Initial Order or the Termination Order, as applicable.

THE MONITOR CERTIFIES the following:

1. To the knowledge of the Monitor, all matters to be attended to in connection with the Applicants' CCAA proceedings have been completed.

ACCORDINGLY, the CCAA Termination Time as defined in the CCAA Termination Order has occurred.

DATED at Toronto, Ontario this _____ day of _____, 2024.

) **DELOITTE RESTRUCTURING INC.**,
) in its capacity as court-appointed monitor
) of the Applicants and not in its personal
) capacity
) Per: _____
) Name: Todd Ambachtsheer, LIT
) Title: Senior Vice President
)

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

CCAA TERMINATION ORDER

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Lawyers for the Applicants

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

MOTION RECORD
(Returnable March 7, 2024)

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