Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2675970 ONTARIO INC., 2733181 ONTARIO INC., 2385816 ALBERTA LTD., 2161907 ALBERTA LTD., 2733182 ONTARIO INC., 2737503 ONTARIO INC., 2826475 ONTARIO INC., 14284585 CANADA INC., 2197130 ALBERTA LTD., 2699078 ONTARIO INC., 2708540 ONTARIO CORPORATION, 2734082 ONTARIO INC., TS WELLINGTON INC., 2742591 ONTARIO INC., 2796279 ONTARIO INC., 10006215 MANITOBA LTD., AND 80694 NEWFOUNDLAND & LABRADOR INC.

APPLICATION RECORD

(CCAA Initial Order Application)
(Returnable August 28, 2024)

August 27, 2024

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TO: **THE SERVICE LIST**

Court File No. CV-

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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SERVICE LIST
(as at August 26, 2024)

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Court File No.:

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TAB 1

Court File No.:

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2675970 ONTARIO INC., 2733181 ONTARIO INC., 2385816 ALBERTA LTD., 2161907 ALBERTA LTD., 2733182 ONTARIO INC., 2737503 ONTARIO INC., 2826475 ONTARIO INC., 14284585 CANADA INC., 2197130 ALBERTA LTD., 2699078 ONTARIO INC., 2708540 ONTARIO CORPORATION, 2734082 ONTARIO INC., TS WELLINGTON INC., 2742591 ONTARIO INC., 2796279 ONTARIO INC., 10006215 MANITOBA LTD., AND 80694 NEWFOUNDLAND & LABRADOR INC.

NOTICE OF APPLICATION
(CCAA Initial Order)

TO THE RESPONDENTS

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicants. The claim made by the applicants appears on the following pages.

THIS APPLICATION will come on for a hearing:

☐In person

☐By telephone conference

☒By video conference

at the following location:

https://ca01web.zoom.us/j/61804264297?pwd=MEpzRUtlUVB0UGc4eStsVGNtYmkxUT09
Meeting ID: 618 0426 4297
Passcode: 057603

On **Wednesday, the 28th day of August 2024, at 12:00 pm (Eastern Time).**

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the

Rules of Civil Procedure, serve it on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. If you wish to oppose this application but are unable to pay legal fees, legal aid may be available to you by contacting a local legal aid office.

Date: August 27, 2024

Issued by: _____

Local Registrar

Address of court office:

Ontario Superior Court of
Justice (Commercial List)
330 University Ave.
7th Floor
Toronto, Ontario M5G 1R8

TO: THE SERVICE LIST

APPLICATION

NATURE OF APPLICATION

1. 2675970 Ontario Inc., 2733181 Ontario Inc., 2385816 Alberta Ltd., 2161907 Alberta Ltd., 2733182 Ontario Inc., 2737503 Ontario Inc., 2826475 Ontario Inc., 14284585 Canada Inc., 2197130 Alberta Ltd., 2699078 Ontario Inc., 2708540 Ontario Corporation, 2734082 Ontario Inc., TS Wellington Inc., 2742591 Ontario Inc., 2796279 Ontario Inc., 10006215 Manitoba Ltd., and 80694 Newfoundland & Labrador Inc. (each individually, an "**Applicant**", and collectively, the "**Applicants**") bring this application for an initial order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") that, among other things:

   (a) abridges the time for service of the application and dispenses with service on any other person other than those served;

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

   (c) appoints Alvarez & Marsal Canada Inc. ("**A&M**" or the "**Proposed Monitor**") as Monitor of the Applicants in this CCAA proceeding (if appointed in such capacity, the "**Monitor**");

   (d) stays, for an initial period of not more than 10 days (the "**Initial Stay Period**"), all proceedings and remedies taken or that might be taken in respect of the Applicants, or the current, future or former directors or officers of the Applicants, or affecting the Applicants' business or any of the Applicants' current and future assets, licences, undertakings, and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, except with the

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

(e) approves an interim financing term sheet dated August 27, 2024 (the "**DIP Term Sheet**") between the Applicants, as borrowers, and TS Investments Corp. as lender ("**TS Investments**" or the "**DIP Lender**"), pursuant to which the DIP Lender has agreed to advance to the Applicants the maximum principal amount of $8 million (the "**DIP Facility**") of which an initial amount of $3.3 million will be advanced during the 10-day Initial Stay Period (the "**Initial DIP Advance**");

(f) extends the Stay of Proceedings to certain of the Applicants' affiliates, being TS-IP Holdings Ltd., TS Programs Ltd., 1000451353 Ontario Inc., and 1000451354 Ontario Inc. (the "**Non-Applicant Entities**");

(g) grants the following priority charges ("**Charges**") against the Applicants' assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), which Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances in favour of any person:

(i) an administration charge in the maximum amount of $400,000 as security for the payment of the professional fees and disbursements of the Monitor, counsel to the Monitor, and counsel to the Applicants incurred in connection with the CCAA proceeding before and after the Initial Order (the "**Administration Charge**");

(ii) a charge in the maximum principal amount of the Initial DIP Advance plus interest, fees and costs as security for the Applicants' obligations under the DIP Term Sheet, and which ranks subordinate to the Administration

Charge and to BMO's existing, pre-filing security for all amounts due under the BMO Credit Agreement ("**BMO Security**") but in priority to the Directors' Charge (the "**DIP Lender's Charge**");

(iii) a charge in the maximum amount of $2.25 million, ranking subordinate to the Administration Charge, the BMO Security, and the DIP Lender's Charge, as security for the Applicants' obligations to indemnify their directors and officers from the obligations and liabilities they may incur as directors or officers of the Applicants after the commencement of the within CCAA proceeding, except for gross negligence or willful misconduct (the "**Directors' Charge**");

(h) authorizes the Applicants to pay certain pre-filing amounts to critical suppliers of the Applicants, with the consent of the Monitor and in accordance with the terms of the DIP Term Sheet and the Cash Flow Projection (as defined herein), up to maximum amount of $330,000 during the Initial Stay Period;

(i) authorizes the Applicants to pay post-filing interest due to the Bank of Montreal ("**BMO**");

(j) authorizes the Applicants to continue to use their cash management system; and

(k) orders a comeback hearing on a date to be scheduled by the Court (the "**Comeback Hearing**").

2. At the Comeback Hearing, the Applicants intend to seek approval of:

(a) an Amended and Restated Initial Order that, among other things:

(i) extends the Stay of Proceedings;

(ii) increases the permitted borrowings under the DIP Facility to the maximum principal amount of $8 million;

(iii) increases the quantum of each of the Administration Charge (to a maximum amount of $850,000), the DIP Lender's Charge (to a maximum principal amount of $8 million plus interest, fees, and expenses), and the Directors' Charge (to a maximum amount of $3 million);

(iv) approves a key employee retention plan ("**KERP**") and authorizes the Applicants to make such payments as contemplated by the KERP in accordance with the terms and conditions of the KERP; and

(v) grants a charge against the Property for the benefit of the key employees referred to in the KERP (the "**KERP Charge**") which KERP Charge shall rank subordinate to the other Charges and the BMO Security; and

(b) an order that, among other things:

(i) authorizes and approves the Applicants' execution of a share subscription agreement (the "**Stalking Horse Agreement**") between the Applicants, as vendors, and TS Investments, as purchaser;

(ii) approves a sale and investment solicitation process (the "**SISP**") in respect of the Applicants in which the Stalking Horse Agreement will serve as the stalking horse bid; and

(iii) authorizes the Applicants and the Monitor to implement the SISP pursuant to its terms.

3. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE APPLICATION ARE:

Overview

2. The Applicants own, operate, and franchise retail dispensaries in Canada selling premium cannabis products and accessories directly to consumers under the corporate banner "Tokyo Smoke" as well as maintain an online platform ("**Digital Platform**") for direct-to-consumer cannabis sales and deliveries ("**Tokyo Smoke**" or the "**Business**").

3. Tokyo Smoke was one of the first chain retailers formed following the legalization of cannabis in Ontario in 2018. Conceived as an experiential retail concept, the Tokyo Smoke brand was predicated on appealing to non-legacy cannabis customers with award-winning design in desirable locations.

4. Since its inception, the Applicants have expanded their operations drastically and have become a leading cannabis retailer with a nationally recognized portfolio of banners and branding. The Applicants have 61 operating corporate retail locations and 29 franchised retail locations across Canada, as well as an e-commerce platform. The majority of the retail stores are located in Ontario, with other locations in Saskatchewan, Manitoba, and Newfoundland and Labrador. The Applicants also employ 474 employees across Canada.

5. Commencing in late 2020, the Applicants began facing financial difficulties resulting from a combination of factors including an expansion in the number of Ontario cannabis retail licenses, burdensome lease terms at underperforming retail stores, the highly-regulated nature of the industry, and the COVID-19 pandemic and associated inflationary economic environment.

6. The confluence of these factors has caused the Applicants to face a severe liquidity crisis with the need for urgent financing and a Stay of Proceedings. Without the urgent

relief sought in this application, the Applicants will not be able to continue as a going concern as they will have no available liquidity commencing the week ending August 30, 2024.

7. The Applicants are insolvent. They are unable to meet their obligations as they generally become due. Among other things, the Applicants' draft consolidated financial statements for the fiscal year ended June 30, 2024 demonstrate that the Applicants' book value of their liabilities exceed the book value of their assets by $89.1 million and the Applicants' expenses exceed their revenue by $29.3 million.

8. If the requested relief is granted under the CCAA, the Applicants intend to work with the Proposed Monitor to implement a comprehensive operational and financial restructuring plan with appropriate milestones for such restructuring. Among other things, the Applicants intend to:

   a. immediately close certain underperforming franchise and corporate stores and disclaim the applicable agreements;

   b. restructure and/or renegotiate the leases for other underperforming franchise and corporate stores, and disclaim such leases if mutually acceptable terms cannot be reached with applicable landlords; and

   c. take steps to reduce operating costs including streamlining the Applicants' operations; and

   d. execute the Stalking Horse Agreement with TS Investments and conduct the SISP to canvass the market for sale, investment and recapitalization opportunities for the Applicants.

9. The Applicants have consulted with their senior secured lender, BMO, prior to filing these application materials. BMO is supportive of the relief being sought in the Initial Order on the basis that any interim financing obtained by the Applicants will be subordinate in priority to BMO's Security, BMO will continue to receive post-filing interest payments, and BMO and the Applicants will negotiate and enter into a forbearance agreement before the Comeback Hearing.

10. The Proposed Monitor supports the Applicants' requested relief.

Stay of Proceedings

11. The Applicants request an Initial Stay Period of ten days until the Comeback Hearing.

12. The Applicants require a Stay of Proceedings and related relief under the CCAA in order to provide the Applicants the breathing space necessary to preserve value, stabilize the Business as a going concern, and develop a go-forward business model that will form the basis of a potential going concern transaction for the benefit of the Applicants and all of their stakeholders.

13. Without the benefit of the Stay of Proceedings and the protections of the CCAA, the Applicants do not have the available liquidity to meet its liabilities and will be forced to cease operations.

14. The Stay of Proceedings is necessary and in the best interests of the Applicants and their stakeholders as it will allow the Applicants to maintain operations, disclaim certain unprofitable and burdensome agreements, streamline their remaining operations with a view to ensuring long term viability, and prepare a sale and investment solicitation process for a going-concern solution to maximize value for their stakeholders.

15. The Proposed Monitor supports the Applicants request for an Initial Stay Period.

Stay of Proceedings over the Non-Applicant Entities

16. The primary debt obligations of the Non-Applicant Entities are affiliated to the Applicants. Although they are not Applicants in the CCAA proceeding, the Non-Applicant Entities will provide cash flow to the Applicants during the CCAA proceeding (as is done in the normal course operations of the Business) and will be treated as assets of one of the Applicants, 2675970 Ontario Inc., for the purpose of any SISP or restructuring transaction in the CCAA proceeding. Accordingly, to ensure stability through the CCAA proceeding, a third-party stay is being sought to avoid any party from taking steps against the Non-Applicant Entities.

Appointment of A&M as Monitor

17. A&M has consented to act as the monitor in the CCAA proceedings, subject to Court approval.

18. A&M is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA.

19. A&M has provided guidance and assistance in the commencement of this CCAA proceeding. As a result, A&M has developed knowledge about the Applicants, their Business, operations, financial challenges, strategic initiatives and restructuring efforts to date.

DIP Facility Agreement and DIP Lender's Charge

20. The cash flow statement ("**Cash Flow Projection**") prepared by the Applicants, with the assistance of A&M, indicates that the Applicants anticipate the need for interim financing to fund these CCAA proceedings, including during the Initial Stay Period.

21. In connection with the commencement of these CCAA proceedings, the Applicants entered into the DIP Term Sheet with the DIP Lender, pursuant to which the DIP Lender has agreed to provide the DIP Facility to the Applicants. The DIP Facility contemplates a maximum principal loan amount of $8 million, of which $3.3 million will be advanced during the Initial Stay Period.

22. The DIP Facility is conditional upon, among other things, the obtaining of an order of this Court approving the DIP Term Sheet and other documents to be executed and delivered thereunder, as necessary, and granting the DIP Lender's Charge over the Applicants' Property.

23. The Applicants seek a DIP Lender's Charge in the amount of $3.3 million during the Initial Stay Period. At the Comeback Hearing the Applicants intend to seek an increase to the DIP Lender's Charge to the maximum principal amount of $8 million plus interest, fees and costs.

24. The DIP Lender's Charge is proposed to rank behind the Administration Charge and the BMO Security but ahead of the Directors' Charge.

Administration Charge

25. The Applicants seek an Administration Charge on their Property in the maximum principal amount of $400,000 as part of the proposed Initial Order, to secure the fees and disbursements incurred in connection with services rendered to the Applicants in favour of the Monitor, counsel to the Monitor, and the Applicants' counsel.

26. The Administration Charge is proposed to have first priority over all other Charges and security including the BMO Security.

27. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during these CCAA proceedings in order to complete a successful restructuring.

28. The amount of the Administration Charge is reasonable and appropriate for the period until the Comeback Hearing, at which time the Applicant intends to expand the Administration Charge to the maximum amount of $850,000.

Directors' Charge

29. The Initial Order seeks a Directors' Charge over the Property to secure the Applicants' obligations to indemnify the directors and officers of the Applicants in respect of liabilities they may incur as directors and officers during the CCAA proceedings, up to a maximum principal amount of $2.25 million, save for gross negligence or wilful misconduct.

30. The Directors' Charge is proposed to rank subordinate to the Administration Charge, the DIP Lender's Charge, and the BMO Security.

31. While the Applicants maintain directors' and officers' liability insurance, it is not certain that those policies will provide adequate coverage to the directors and officers under the circumstances. Accordingly, the Applicants' officers and directors have advised they will not remain in office without an adequate indemnity.

32. The approval of the Directors' Charge is in the best interests of the Applicants and their stakeholders as the restructuring efforts would be severely impaired without the involvement of the directors and officers. In particular, the Applicants' current officers and directors have acquired significant knowledge of the cannabis retail industry workings and are familiar with the Applicants' Business.

33. The initial quantum of the Directors' Charge is just and appropriate in the circumstances as it is limited to the Applicants' employee and sales tax obligations during the Initial Stay Period. The Applicant intends to increase the Directors Charge to the maximum amount of $3 million at the Comeback Hearing.

Ability to Pay Critical Pre-Filing Obligations with Approval of the Monitor

34. The Initial Order authorizes the Applicants to pay, with the consent of the Monitor, amounts owing for essential goods or services supplied to the Applicants prior to the date of the Initial Order, with the consent of the Monitor and in accordance with the terms of the DIP Term Sheet and the Cash Flow Projection, up to maximum amount of $330,000 during the Initial Stay Period.

35. Given the regulated nature of the Applicants' Business, the Applicants acquire products and services from a relatively small number of suppliers. The Applicants also work with key service providers to host and maintain the Digital Platform. Timely payment of such suppliers is critical to ensure the continued operations of the Business and to avoid any disruption to the Business or down-time for the Digital Platform.

36. As a result, this provision is necessary to avoid major disruptions to the Applicants' Business, which would impair cash flow and its restructuring efforts.

37. The Applicants will seek to increase the maximum amount that can be paid to critical suppliers on the basis of pre-filing amounts to $1 million at the Comeback Hearing.

Other Grounds

38. The Initial Order, including the initial quantum of the Charges, is limited to the relief necessary to maintain the status quo and protect the going-concern nature of the Applicants' Business during the 10-day Initial Stay Period until the Comeback Hearing.

39. In accordance with the CCAA, the Applicants will serve the Application Record on all secured creditors likely to be affected by the Charges.

40. The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court.

41. Rules 1.04, 2.01, 2.03, 3.02, 14.05(2), 38 and 39 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended,

42. Section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended.

43. 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 APPLICATION:

1. The Affidavit of Andrew Williams, sworn August 28, 2024 and the exhibits annexed thereto;

2. the Consent of A&M to act as Monitor;

3. the Pre-Filing Report of A&M as Proposed Monitor, to be filed; and

4. such further and other materials as counsel may advise and as this Honourable Court may permit.

August 27, 2024

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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 A&MENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2675970 ONTARIO INC., et al.

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

NOTICE OF APPLICATION
(RETURNABLE AUGUST 28, 2024)

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Lawyers for the Applicants

TAB 2

Court File No.

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(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 2675970 ONTARIO INC., 2733181 ONTARIO INC., 2385816 ALBERTA LTD., 2161907 ALBERTA LTD., 2733182 ONTARIO INC., 2737503 ONTARIO INC., 2826475 ONTARIO INC., 14284585 CANADA INC., 2197130 ALBERTA LTD., 2699078 ONTARIO INC., 2708540 ONTARIO CORPORATION, 2734082 ONTARIO INC., TS WELLINGTON INC., 2742591 ONTARIO INC., 2796279 ONTARIO INC., 10006215 MANITOBA LTD., AND 80694 NEWFOUNDLAND & LABRADOR INC.

AFFIDAVIT OF ANDREW WILLIAMS
(CCAA Initial Order Application)
(sworn August 28, 2024)

I, **ANDREW WILLIAMS**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY**:

1. I am the President of each of 2675970 Ontario Inc., 2733181 Ontario Inc., 2385816 Alberta Ltd., 2161907 Alberta Ltd., 2733182 Ontario Inc., 2737503 Ontario Inc., 2826475 Ontario Inc., 14284585 Canada Inc., 2197130 Alberta Ltd., 2699078 Ontario Inc., 2708540 Ontario Corporation, 2734082 Ontario Inc., TS Wellington Inc., 2742591 Ontario Inc., 2796279 Ontario Inc., 10006215 Manitoba Ltd., and 80694 Newfoundland & Labrador Inc. (each individually, an "**Applicant**", and collectively, the "**Applicants**"). Accordingly, I have personal knowledge of the matters set out below except where I have obtained information from others. Where I have relied on information from others, I state the source of such information and verily believe it to be true.

2. I make this affidavit in support of the Applicants' application ("**Application**") for an order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") that, among other things:

a) abridges the time for service of the Application and the materials filed in support thereof, and dispenses with further service thereof;

b) declares that each of the Applicants is a debtor company to which the CCAA applies;

c) appoints Alvarez & Marsal Canada Inc. ("**A&M**" or the "**Proposed Monitor**") as the monitor of the Applicants in this CCAA proceeding (if appointed in such capacity, the "**Monitor**");

d) stays, for an initial period of not more than ten (10) days (the "**Initial Stay Period**"), all proceedings and remedies taken or that might be taken in respect of the Applicants, or the current, future or former directors or officers of the Applicants, or affecting the Applicants' business or any of the Applicants' current and future assets, licences, undertakings, and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, except with the prior written consent of the Applicants and the Monitor, or with leave of the Court (the "**Stay of Proceedings**");

e) approves the Applicants' ability to borrow under a debtor-in-possession credit facility (the "**DIP Facility**") up to a maximum principal amount of $8 million, subject to the terms of the interim financing term sheet dated August 27, 2024 (the "**DIP Term Sheet**") between the Applicants, as borrowers, and TS Investments Corp. as lender ("**TS Investments**" or the "**DIP Lender**"), of which an initial amount of $3.3 million will be advanced during the 10-day Initial Stay Period (the "**Initial DIP Advance**");

f) extends the Stay of Proceedings to certain of the Applicants' affiliates, being TS-IP Holdings Ltd., TS Programs Ltd., 1000451353 Ontario Inc., and 1000451354 Ontario Inc. (the "**Non-Applicant Entities**");

g) grants the following priority charges (collectively, the "**Charges**") against the Applicants' assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), which charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances in favour of any person:

i. an "**Administration Charge**" in the maximum amount of $400,000 as security for the payment of the professional fees and disbursements of the Monitor, counsel to the Monitor, and counsel to the Applicants incurred in connection with the CCAA proceeding before and after the Initial Order;

ii. a "**DIP Lender's Charge**" in the maximum principal amount of the Initial DIP Advance plus interest, fees and costs as security for the Applicants' obligations under the DIP Term Sheet, and which ranks subordinate to the Administration Charge and the BMO Security (as defined below) but in priority to the Directors' Charge (as defined below); and

iii. a "**Directors' Charge**" in the maximum amount of $2.25 million, ranking subordinate to the Administration Charge, the BMO Security, and the DIP Lender's Charge, as security for the Applicants' obligations to indemnify their directors and officers from the obligations and liabilities they may incur as directors or officers of the Applicants after the commencement of the within CCAA proceeding, except for gross negligence or wilful misconduct;

h) authorizes the Applicants to pay certain pre-filing amounts to critical suppliers of the Applicants, with the consent of the Monitor and in accordance with the terms of the DIP Term Sheet and the Cash Flow Projection (as defined herein), up to maximum amount of $330,000 during the Initial Stay Period;

i) authorizes the Applicants to pay post-filing interest due to the Bank of Montreal ("**BMO**");

j) authorizes the Applicants to continue to use the Cash Management System (as defined herein); and

k) orders a comeback hearing on a date to be scheduled by the Court (the "**Comeback Hearing**").

3. If the proposed Initial Order is granted, the Applicants intend to return to the Court at the Comeback Hearing to seek:

a) an Amended and Restated Initial Order (the "**ARIO**") that, among other things:

i. extends the Stay of Proceedings;

ii. increases the permitted borrowings under the DIP Facility to the maximum principal amount of $8 million;

iii. increases the quantum of each of the Administration Charge (to a maximum amount of $850,000), the DIP Lender's Charge (to a maximum principal amount of $8 million plus interest, fees, and expenses), and the Directors' Charge (to a maximum amount of $3 million);

iv. increases the quantum that the Applicants can pay to certain suppliers for pre-filing expenses with the consent of the Monitor and in accordance with the terms of the DIP Term Sheet and the Cash Flow Projection (as defined herein) to the maximum amount of $1 million;

v. approves a key employee retention plan ("**KERP**") and authorizes the Applicants to make such payments as contemplated by the KERP in accordance with the terms and conditions of the KERP;

vi. grants a charge against the Property for the benefit of the key employees referred to in the KERP (the "**KERP Charge**"), which KERP Charge shall rank subordinate to the other Charges and the BMO Security; and

b) an order (the "**SISP Approval Order**") that, among other things:

i. authorizes and approves the Applicants' execution of a share subscription agreement (the "**Stalking Horse Agreement**") between the Applicants, as vendors, and TS Investments, as purchaser;

ii. approves a sale and investment solicitation process (the "**SISP**") in respect of the Applicants in which the Stalking Horse Agreement will serve as the stalking horse bid; and

iii. authorizes the Applicants and the Monitor to implement the SISP pursuant to its terms.

4. All references to currency in this affidavit are in Canadian dollars unless otherwise noted.

I. OVERVIEW

5. The Applicants own, operate, and franchise retail dispensaries in Canada selling premium cannabis products and accessories directly to consumers under the corporate banner "Tokyo Smoke", as well as maintain an online platform for direct-to-consumer cannabis sales and deliveries ("**Tokyo Smoke**" or the "**Business**"). There are 61 operating corporate Tokyo Smoke retail locations across Canada and 29 franchised Tokyo Smoke retail locations across Canada. The majority of the retail stores are located in Ontario, with other locations in Saskatchewan, Manitoba, and Newfoundland and Labrador.

6. Tokyo Smoke was one of the first chain retailers formed following the legalization of cannabis in Ontario in 2018. Conceived as an experiential retail concept, the Tokyo Smoke brand was predicated on appealing to non-legacy cannabis customers with award-winning design in desirable locations.

7. Cannabis retail licenses were initially scarce and difficult to obtain. The licensing process, administered by the Alcohol and Gaming Commission of Ontario ("**AGCO**"), was lottery based and the criteria to obtain a license were strict. Accordingly, licenses were valuable and the demand for recreational cannabis was anticipated to outpace supply as a result of the small number of licensed retailers.

8. Since 2018, the cannabis market has shifted dramatically as the restrictions on the licensing process eased. The number of cannabis retail licenses in Ontario has increased from less than 100 initial licenses to over 1,600 licenses. Further, due to the highly regulated nature of cannabis retail, all cannabis retail supply in the Ontario, Newfoundland, and Manitoba markets is sourced from one regulated wholesaler in each province, resulting in minimal differentiation of product between retailers. The easing of restrictions on the cannabis retail regulatory framework

and environment resulted in an oversaturation of retail outlets in the market and significant competitive price pressure among retailers.

9. The Applicants are experiencing liquidity constraints due to, among other things, changes in the licensing regime which have devalued cannabis retail licenses and saturated the market, challenges in the cannabis retail space as a result of the lack of product differentiation and downward price pressure, burdensome real property lease terms at underperforming retail stores, as well as increased operating costs due to the broader economic environment. These factors have suppressed revenue and dramatically increased costs.

10. The Applicants have determined that it is necessary to restructure the Business to meet their immediate liquidity challenges and to align the cost structure of the Business with its projected revenue stream to ensure long term viability. The Applicants have arranged interim financing from TS Investments, an existing secured creditor and direct and indirect shareholder of the Applicants, to permit them to restructure the Business. Without immediate access to interim financing, the Applicants will not be able to meet their obligations as they become due.

11. If the relief sought by the Applicants is granted, the Applicants intend to take the following restructuring steps, among others:

a) immediately disclaim certain unprofitable contracts and leases relating to underperforming stores;

b) seek to restructure and/or renegotiate certain other underperforming locations with landlords, and potentially disclaim additional leases if acceptable terms cannot be reached with the applicable landlords;

c) streamline remaining operations to reduce the Applicants' cost structure; and

d) execute a Stalking Horse Agreement with TS Investments and conduct a SISP to solicit a sale, investment or refinancing offer superior to the consideration offered by the Staking Horse Bidder in an effort to maximize realization for creditors, preserve employment, and allow the Business to continue as a going concern.

12. I do verily believe that the Applicants are insolvent and are companies to which the CCAA applies.

II. THE APPLICANTS

A. Corporate Structure

13. The Applicants are corporate entities comprising the Tokyo Smoke enterprise. A chart showing the Applicants' corporate structure including each entity's jurisdiction of incorporation and registered office is attached hereto as **Exhibit "A"**.

i. ParentCo

14. 2675970 Ontario Inc. ("**ParentCo**") is a non-operating holding company incorporated under the Ontario *Business Corporations Act*, R.S.O. 1990, c. B. 16. ParentCo's registered office is located in Toronto, Ontario and its direct sole shareholder is TS Investments. A copy of ParentCo's corporate profile report is attached hereto as **Exhibit "B"**.

15. The other Applicants are each direct or indirect wholly owned subsidiaries of ParentCo.

ii. Operating Corporations

16. The Applicants' Business includes the direct operation of Tokyo Smoke retail locations owned by the Applicants (the "**Corporate Stores**") in addition to the franchising of locations pursuant to various franchise agreements (the "**Franchised Stores**"). The Franchised Stores are owned and operated by franchisees.

17. The Applicant entities directly operating Corporate Stores or providing services to Corporate Stores are 2733182 Ontario Inc., 2826475 Ontario Inc., 2699078 Ontario Inc., 2708540 Ontario Corporation, 2734082 Ontario Inc., TS Wellington Inc., 2742591 Ontario Inc., 2796279 Ontario Inc., 2385816 Alberta Ltd., 2197130 Alberta Ltd., 2161907 Alberta Ltd., 14284585 Canada Inc. ("**142 Canada**"), 10006215 Manitoba Ltd., and 80694 Newfoundland & Labrador Inc.

iii. Special Purpose Corporations

18. The real property leases for the Corporate Stores are primarily held by 2737503 Ontario Inc. ("**LeaseCo**"). LeaseCo is the tenant under various real property leases and party to various contracts executed in connection with the operation of the Business.

19. The cannabis licenses associated with the Business are held by 2161907 Alberta Ltd. ("**LicenseCo**"). The intellectual property associated with the Business is held by a non-applicant entity TS-IP Holdings Ltd. ("**TS-IP**"). To allow for the use of the Tokyo Smoke brand and associated intellectual property by franchisees seeking to franchise Tokyo Smoke stores, LicenseCo entered into certain licensing agreements with 2733181 Ontario Inc. ("**FranchiseCo**") and TS-IP to permit FranchiseCo to license the intellectual property to franchisees. In addition, LicenseCo has indemnified the obligations of LeaseCo under certain of its real property leases.

20. FranchiseCo is the corporate entity through which the Applicants' franchising business is conducted. FranchiseCo is the franchisor under various franchise agreements with franchisees operating Tokyo Smoke Franchised Stores (the "**Franchise Agreements**").

iii. Non-Applicant Entities

21. In addition to the Applicants, ParentCo has four other subsidiaries that have not been included as Applicants in these CCAA proceedings: TS-IP, TS Programs Ltd, 1000451353 Ontario Inc., and 1000451354 Ontario Inc.

22. The primary debt obligations of the Non-Applicant Entities are to BMO and TS Investments and otherwise they have no liabilities that need to be restructured. Due to certain regulatory requirements related to the Business, the Applicants have concerns that a CCAA proceeding may impact the Non-Applicant Entities' ability to receive required governmental approvals and therefore negatively impact the value of their business and assets. However, the Non-Applicant Entities will provide post- filing cash flow to the Applicants during the CCAA proceeding and will be treated as assets of ParentCo for the purpose of any SISP or restructuring transaction in the CCAA proceeding. Accordingly, to ensure stability through the CCAA proceeding, a third-party stay is being sought to avoid any party from taking steps against the Non-Applicant Entities.

23. As noted above, TS-IP holds the intellectual property associated with the Business. TS-IP licenses the intellectual property to each of FranchiseCo, LicenseCo, and 2733182 Ontario Inc.

24. TS Programs Ltd. and 1000451354 Ontario Inc. are both entities that provide marketing services for the Applicants. Specifically, TS Programs Ltd. facilitates promotional activity for the

corporate and franchise store network including customer promotions, while 1000451354 Ontario Inc. leverages independent retail operations.

25. 1000451353 Ontario Inc. is the operating company for a potential medical cannabis business. This entity is in the process of applying for a medical cannabis license and is taking steps to prepare for a launch of the business including building out leased premises.

B. Business and Operations

26. As noted above, the Applicants are part of a cannabis retail, franchise and distribution enterprise across Canada under the brand "Tokyo Smoke". The Business involves: (i) a brick-and-mortar retail segment of Corporate Stores owned directly by the Applicants, (ii) the franchising of the Tokyo Smoke brand to franchisees who independently operate brick-and-mortar Franchised Stores pursuant to Franchise Agreements, and (iii) the sale and distribution of cannabis products and accessories via mobile applications and e-commerce platforms (the "**Digital Platform**").

27. The Business has been operating under the "Tokyo Smoke" brand since 2019 when it licensed from Tweed Franchise Inc. the exclusive right to use and sublicense the Tokyo Smoke retail concept in Ontario pursuant to a master franchise agreement. In December 2022, ParentCo acquired the license to use the Tokyo Smoke retail concept from Canopy Growth Corporation ("**Canopy Growth**") and Tweed Inc. pursuant to a Share Purchase Agreement dated September 23, 2022 (as amended on December 30, 2022).

28. The Applicants share certain management and corporate services as part of the integrated enterprise in an effort to increase cost synergies. Among other things, the Applicants share a management team, cash management system, and other corporate services. The majority of the "back office" services required by the Applicants are provided by LicenseCo, which employs Tokyo Smoke's management team.

29. All such intercompany shared services are delivered pursuant to management agreements, as well as informal arrangements and protocols, and would be unwieldy and costly to duplicate on an entity-by-entity basis. The Applicants intend to continue relying on the existing intercompany arrangements in order to continue the efficiencies achieved through integration and to avoid disrupting existing operating protocol.

i. Brick-and-Mortar Retail

30. The Applicants directly operate a total of 61 Corporate Stores, with 39 located in Ontario, 11 in Manitoba, eight in Saskatchewan, and three in Newfoundland & Labrador.

31. The Corporate Stores provide flagship experiences to customers. In contrast to other cannabis brands, Tokyo Smoke stores offer spacious square footage, polished design, and a high-end cannabis experience. Accordingly, retail space is typically leased in AAA locations with significant capital investment made to upgrade stores with aesthetic signage and design to achieve the premium customer experience that has become associated with the Tokyo Smoke brand.

32. The Applicants employ approximately 432 employees across the Corporate Stores. Corporate Store sales accounted for approximately 72.5% of the Applicants' gross revenue for the quarter ended June 2024.

ii. Franchise Retail Operations

33. There are approximately 29 Tokyo Smoke brick and mortar stores that are operated by franchisees pursuant to the franchise or licensing agreements between FranchiseCo and the respective franchisee. 28 of the Franchised Stores are in Ontario, and one is in Manitoba.

34. The Franchise Agreements provide, among other things, that FranchiseCo grant the franchisee a limited and non-exclusive license to use the Tokyo Smoke system for the development, opening and operation of a retail outlet under the brand name Tokyo Smoke and a limited and non-exclusive license to use the trademarks and other intellectual property associated with Tokyo Smoke.

35. The trademarks and intellectual property necessary to operate a Franchised Store are held by TS-IP and licensed by FranchiseCo pursuant to a licensing agreement. In turn, FranchiseCo sublicenses the intellectual property to the respective franchisees.

36. Under the respective Franchise Agreement, FranchiseCo supports franchisees with start-up assistance and training and provides consulting services to franchisees for administrative and back-office tasks. For some franchisees, FranchiseCo is also responsible for ordering cannabis inventory. None of FranchiseCo nor any other Applicant performs any cash management services for franchisees.

37. Newer franchisees are responsible for entering into a lease directly with a landlord for the lease of the retail premises. However, in the past, the franchisees entered into a sublease for the retail premises with LeaseCo, which in turn entered into a head lease with landlord. The leases and subleases are described in greater detail in paragraph 53.

38. Pursuant to the Franchise Agreements, franchisees are required to maintain their own permits for cannabis and are responsible for hiring employees and paying for inventory from designated suppliers. In consideration for the licenses and services provided by FranchiseCo, franchisees pay, among other things, an initial fee to start up the store, royalties based on gross sales generated by the retail store, consulting fees, renewal fees, and contributions to an advertising fund.

39. To secure the payments and obligations of the franchisee under the Franchise Agreement, each respective franchisee granted to FranchiseCo a security interest in all of the franchisee's present and after-acquired personal property, and pledged all of their issued and outstanding securities to FranchiseCo.

40. Franchise-related revenues account for approximately 27.5% of the Applicants' gross revenue for the quarter ended June 2024. As at the date of this affidavit, three franchisees are in default of their monetary obligations under the Franchise Agreements, with total arrears of approximately $384,059.

41. The Applicants intend to disclaim certain unprofitable Franchise Agreements as part of their restructuring under the CCAA.

iii. Mobile Applications and Online Sales

42. The Applicants maintain a Digital Platform comprised of mobile applications for customer interaction, education, communications, and e-commerce. Rights to the Digital Platform are held by LicenseCo and ParentCo. In contrast to other cannabis retailers, the Digital Platform contains extensive educational resources for customers, including resources on cannabis varieties and health and safety information related to the use of cannabis products generally.

43. The Digital Platform also includes a customer incentive and loyalty program ("**The High Roller Program**"). Customers may enroll in The High Roller Program and accumulate points by visiting Tokyo Smoke retail locations and purchasing product. Points can be exchanged for discounts and other incentives in stores or online. Approximately 502,000 customers have enrolled in The High Roller Program. The High Roller Program will not be impacted by the CCAA proceeding and customers can continue to use the program in the ordinary course.

44. Customers can purchase products through the Digital Platform for "click-and-collect" fulfilment, which channels orders to brick-and-mortar stores in the customer's region. Orders are fulfilled by Corporate Stores and participating Franchised Stores. In Manitoba and Saskatchewan, customers are able to order product online for delivery. Online purchases are processed by Merrco Payments Inc. ("**Merrco**"), an online payment platform for regulated businesses.

45. Sales through the Digital Platform accounted for less than 1% of the Applicants' gross revenue for the quarter ended June 2024, not including orders fulfilled through Franchised Stores.

C. Licenses and Certifications

46. The Applicants are regulated by the *Cannabis Act* (Canada) and applicable provincial and municipal cannabis legislation. Each province and territory has established its own rules and regulations governing cannabis retail activities and requires that retailers be licensed before any cannabis can be sold. The application process varies between provinces and territories, but generally includes oversight by the local municipality with respect to the location of the cannabis store (in relation to other landmarks such as schools) and security measures in place at the store to restrict access to cannabis.

47. In some instances, more than one license is necessary to operate a cannabis retail operation. For example, in Ontario, a person looking to establish a cannabis retail store must obtain a "**Cannabis Retail Operator License**", and the store must have a "**Cannabis Retail Store Authorization**". The manager of a cannabis retail store must hold a cannabis retail manager license.

48. In connection with the Corporate Stores, the Applicants hold the following cannabis licenses:

a. in Ontario, 41 Cannabis Retail Store Authorizations and 9 Cannabis Retail Operator Licenses issued by the AGCO;

b. in Manitoba, 11 age-restricted store cannabis licenses issued by the Manitoba Liquor, Gaming and Cannabis Authority;

c. in Saskatchewan, eight cannabis retailing licenses issued by the Saskatchewan Liquor and Gaming Authority; and

d. in Newfoundland and Labrador, three licensed cannabis retailer licenses issued by the Newfoundland and Labrador Liquor Corporation.

49. Franchisees are required to maintain their own permits and licenses in connection with the Franchised Stores. Any failure by a franchisee to abide by all regulatory requirements for the operations of a franchise constitutes a material breach and termination event under the Franchise Agreements.

D. Leases

50. The Applicants operate out of leased premises and do not own any real estate. The Applicants currently operate out of their head office located at 590 King Street West, Toronto, Ontario, which LeaseCo leases ("**Head Office Lease**"). The Applicants, in consultation with their advisors, have determined that the obligations under the Head Office Lease are too financially burdensome. The Applicants intend to disclaim the Head Office Lease, which is anticipated to save approximately $90,342.00 monthly (inclusive of GST/HST).

51. LeaseCo is the tenant under most of the Corporate Store leases. LeaseCo is a tenant under 31 leases for Corporate Stores that are currently in operation in Ontario. Various other Applicants hold the remaining leases for operating Corporate Store locations in Manitoba,

Saskatchewan, Ontario, and Newfoundland. LeaseCo and other Applicants are also tenants under certain Corporate Store leases for retail premises that were used as Corporate Store locations but have since been closed or sublet to a third party. In total, the Applicants hold 72 leases for Corporate Store locations (collectively, the "**Corporate Store Leases**").

52. As certain landlords required that the tenant's obligations under their respective leases be indemnified, LeaseCo and LicenseCo act as indemnifying parties for leases held by each other and other Applicant entities. Generally, the indemnity requires that the indemnifier will indemnify the landlord for any losses, costs and damages arising out of any failure of the tenant to pay rent or perform any other covenant under the lease. Altogether, 23 of the Corporate Store Leases are indemnified by an Applicant other than the direct tenant.

53. In Ontario, LeaseCo entered into subleases with franchisees to sublet premises to franchisees in order to operate Franchised Stores. Under this arrangement, LeaseCo enters into a head lease with a landlord for the applicable premises (the "**Head Leases**") and sublets the premises to the franchisee. In total, LeaseCo is party to 23 sublease agreements with franchisees in Ontario. One of the 23 Head Leases contains indemnifying language whereby LicenseCo indemnifies the head landlord for the obligations of the tenant under the Head Leases.

54. LicenseCo subleases one Ontario retail premises from Tweed Leasing Corporation, which sublease arises in relation to ParentCo's purchase of the Tokyo Smoke brand as well as certain retail locations from Canopy Growth in December 2022. LicenseCo further subleases the retail premises pursuant to a sub-sublease to a licensee, which operates a Tokyo Smoke store at that premises pursuant to a license agreement. On August 26, 2024, the Applicants terminated both the license agreement and sub-sublease with respect to this property. On the same date, the Applicants advised the landlord of the premises, Canopy Growth, that they have not received any rental amounts from the licensee and are therefore not in a position to pay rent to the landlord.

55. The Applicants' monthly rent expenditures (including in respect of both the Corporate Store Leases and the Head Leases) amount to approximately $1.5 million inclusive of GST/HST. As at the date of this affidavit, the Applicants are in arrears under 23 of their leases totalling approximately $719,880.

56. As the Applicants have not had the necessary financing to develop and build out certain Corporate Stores with burdensome lease terms, the Applicants are tenants in respect of seven leases for premises that were never built out or occupied by the Applicants (the "**Vacant Premises**"). The Applicants have advised the respective landlords of the Vacant Premises that the leases in respect of the Vacant Premises have been repudiated, the Applicants have abandoned the premises, and the landlords are free to re-let the premises.

57. If the relief sought by the Applicants under the CCAA is granted, the Applicants intend to reiterate to the landlords that leases in respect of the Vacant Premises have been repudiated and, out of an abundance of caution, send confirmatory disclaimers. Given the Applicants are not in possession of or using the Vacant Premises, the Applicants do not intend to pay any post-filing rent to the landlords under the Vacant Premises during the CCAA proceeding.

58. If the relief sought by the Applicants under the CCAA is granted, the Applicants also intend to disclaim certain other real property leases with no viable path to profitability with the consent of the Monitor. Given their liquidity situation, the Applicants are requesting authority to issue disclaimers immediately upon commencement of the CCAA proceeding.

E. Employees

59. In total, the Applicants employ approximately 474 employees, approximately 157 of whom are full-time employees, and 317 of whom are part-time or hourly employees.

60. Five of the Corporate Stores in Ontario are subject to collective bargaining agreements, two stores are unionized under United Food & Commercial Workers Canada, Local 175, and three stores under United Food & Commercial Workers Canada, Local 1006A. There are a total of 37 employees employed at the five unionized Corporate Stores. The Applicants do not currently intend to disclaim the unionized Corporate Stores or to terminate any unionized employees.

61. The Applicants maintain employee benefit plans and group saving plans through Industrial Alliance. In total, 209 employees receive group benefits, and 140 employees participate in the group savings plan. The Applicants do not maintain a pension plan for employees.

62. As at the date of this affidavit, there are no pre-filing source deductions owing, nor any arrears under the benefit plan, group savings plan, or the collective bargaining agreements other than wages, source deductions, and other amounts accrued in the normal course, which will be paid in the next payroll cycle.

63. The Applicants do not employ any of the persons working at Franchised Stores or for franchisees. Franchisees are responsible for employing their own employees, however, FranchiseCo assists with certain administrative services related to payroll and bookkeeping. The Applicants estimate that there are approximately 194 employees working at Franchised Stores.

F. Key Suppliers

i. Cannabis Products

64. The Applicants are not producers of cannabis or cannabis products. Instead, they purchase inventory from a small number of suppliers for sale at the Corporate Stores. They also facilitate the purchase of inventory for certain Franchised Stores.

65. Among other things, regulatory authorities in Newfoundland and Labrador, Manitoba, and Ontario mandate that all cannabis products must be purchased from a provincially approved distributor of cannabis products. In Ontario, the Ontario Cannabis Store is the sole supplier of cannabis products to retail stores. In Manitoba, the Manitoba Liquor and Lotteries supplies cannabis and cannabis products. In Newfoundland and Labrador, CannabisNL is the exclusive wholesaler for cannabis.

66. In Saskatchewan, the Applicants are able to purchase cannabis products from both provincially authorized distributors and licensed producers directly.

67. Because there are few regulated suppliers, maintaining existing supplier relationships is critical for the timely and effective supply of inventory. An interruption in supply from those critical suppliers would have a material adverse effect on the Business. As described further below, the Applicants are seeking approval to pay certain pre-filing amounts, with the consent of the Monitor, to ensure these supply relationships are maintained.

ii. Services and Other Suppliers

68. In addition to suppliers of cannabis products, the Business relies on several other providers of key products and services, including, without limitation:

a. online and in-store card, cash and gift card payment processors, including cash register software providers, pin-pad payment terminals, and transaction processing;

b. asset protection and security services – most of which are mandated by the provinces as a condition to holding cannabis retail licenses – including alarm monitoring, closed-circuit television (CCTV) monitoring, access keycard management, lock & store key managers, and online security software and services providers;

c. suppliers of services in respect of the maintenance and operation of the Digital Platform, such as payment processors, website creation and hosting, and other information technology services; and

d. other key services such as insurance, utilities, telecommunications, and delivery routing.

G. Banking and Cash Management System

69. In the ordinary course of business, the Applicants use a centralized cash management system administered from Tokyo Smoke's head office in Toronto (the "**Cash Management System**"). The Cash Management System is used to, among other things, collect revenues, including from Corporate Stores, the Digital Platform, and from franchisees, and to pay expenses including payroll, taxes, rent, supplies and utilities.

70. As part of the Cash Management System, the Applicants maintain 51 Canadian-dollar demand-deposit bank accounts with BMO:

a. 36 accounts held by 2733182 Ontario Inc. of which 35 are used for receipts and disbursements for Corporate Stores in Ontario. Each operating Corporate Store has its own account. The one remaining account is used for payroll and other operating activity for all Corporate Stores held by this entity;

b. one account held by 2708540 Ontario Corporation that is used for receipts and disbursements, including payroll, for the Corporate Stores located in Thunder Bay, Ontario;

c. one account held by 142 Canada that is used for receipts and disbursements, including payroll, for the Corporate Stores located in Saskatchewan;

d. one account held by 10006215 Manitoba Ltd. that is used for receipts and disbursements, including payroll, for the Corporate Stores located in Manitoba;

e. one account held by 80694 Newfoundland and Labrador Inc. that is used for receipts and disbursements, including payroll, for the Corporate Stores located in Newfoundland and Labrador;

f. one account held by FranchiseCo that is used for receipts and disbursements for all Franchised Stores including receipt of rent payments and collection of franchise fees;

g. one account held by 2737503 Ontario Inc. that is used for receipts and disbursements related to several but not all real property leases;

h. one account held by LicenseCo that is used for receipts and disbursements related to the corporate head office including head office rent and payroll;

i. one account held by each of TS Wellington Inc., 2734082 Ontario Inc., 2197130 AB Ltd., 2699078 Ontario Inc., 2742591 Ontario Inc., 2826475 Ontario Inc., and 2796279 Ontario Inc. (for a total of seven accounts) that is used for receipts and disbursements, including payroll, of the Corporate Store operated by the respective entity; and

j. one account held by ParentCo that is used for holding company activity not relating to operations including receiving financing from TS Investments and BMO.

71. The Applicants' accounting department reviews and reconciles the bank accounts on a monthly basis. The Applicants also review cash receipts and disbursements on a weekly basis, including forecasting weekly cash flow and comparing the forecast to actuals.

72. Payments on the Digital Platform are administered by Merrco, which deposits fund into the BMO bank account of the respective Corporate Store. The Applicants are charged fees per transaction for this service.

73. Credit and debit card transactions at Corporate Stores are also processed by Merrco, while cash handling and transfers are performed by Paysafe or Brinks depending on the store location.

74. The Applicants have one active corporate credit card held by 2733182 Ontario Inc. that is primarily used for day-to-day operating matters.

75. The Applicants use SAP Concur Technologies, Inc. ("**SAP Concur**") to permit employees to submit expenses for manager/supervisor approval. After approval by the appropriate

manager/supervisor, SAP Concur administers e-transfers of funds from the bank account of LicenseCo to reimburse employees on a daily basis.

76. The Applicants intend to continue using the Cash Management System in the normal course throughout the CCAA proceeding.

III. FINANCIAL POSITION OF THE APPLICANTS

77. A copy of the most recent audited consolidated financial statements of ParentCo, for the fiscal year ended June 30, 2023, is appended as **Exhibit "C"** hereto (the "**2023 FS**"). The 2023 FS were audited by PricewaterhouseCoopers Inc. as independent auditor.

78. The Applicants are in the process of compiling their financial statements for the fiscal year ended June 30, 2024. The latest draft consolidated financial statements of ParentCo for the fiscal year ended June 30, 2024 is appended as **Exhibit "D"** (the "**2024 FS**", and, together with the 2023 FS, the "**Financial Statements**").

79. The Financial Statements reflect a consolidated balance sheet for the Tokyo Smoke group as a whole, including the Applicants as well as Non-Applicant Entities held by ParentCo.

80. Pursuant to the 2024 FS, Tokyo Smoke had a net loss of $29.3 million for the fiscal year ended June 30, 2024.

A. Key Assets

81. The 2023 FS show that as of June 30, 2023, the Tokyo Smoke group had consolidated assets with a book value of $160.8 million. The 2024 FS show consolidated assets decreasing to a book value of $148.2 million.

ASSET	2023 FS ($)	2024 FS ($)
Cash & Equivalents	791,462	971,280
Accounts Receivable	3,257,092	3,373,849
Prepaid Expenses & Deposits	1,034,615	491,349
Income Taxes Receivable	613,230	7,531
Inventory	9,283,583	6,037,062
Current Portion of Contract Assets	75,000	-
Current Portion of Lease Payments Receivable	1,604,711	1,729,781
Property & Equipment	17,463,731	13,320,876
Right-of-Use Assets	73,874,135	66,125,642
Lease Payments Receivable	26,550,278	24,224,990
Deposits	1,782,428	2,309,462
Due from Related Parties	198,186	-
Contract Assets	1,187,834	-
Goodwill	17,644,677	20,026,213
Intangible Assets	5,450,859	4,612,803
Total Assets	**$160,811,821**	**$143,230,839**

B. Overview of Liabilities

82. The 2023 FS show that as of June 30, 2023, the Tokyo Smoke group had consolidated liabilities with a book value of $225.7 million. The 2024 FS show an increase in the total book value of liabilities to $237.4 million.

LIABILITY	2023 FS ($)	2024 FS ($)
Accounts Payable & Accrued Liabilities	16,034,185	16,762,582
Deferred Revenue	1,595,969	1,152,083
Contract Liabilities	1,554,273	1,283,406
Related-Party Debt	47,805,341	64,410,257
Lease Liabilities – Current	5,820,282	6,121,408
Long-Term Debt – Current	35,599,993	37,890,514
Lease Liabilities – Non-Current	105,924,653	98,861,697
Long-Term Debt – Non-Current	5,000,000	5,000,000
Rent Security Deposits Collected	400,256	508,295
Deferred Variable Payment	6,052,024	3,531,913
Deferred Income Tax Liability	1,869,893	1,869,893
Total Liabilities	**$225,656,869**	**$237,392,048**

83. The book value of liabilities stated in the 2024 FS exceeds the book value of assets by approximately $89.1 million.

84. The related party debt of approximately $64.4 million stated in the 2024 FS consists of certain intercompany loans advanced by certain affiliated corporations, including approximately $60.5 million owed to TS Investments, the indirect shareholder of the Applicants, approximately $3.3 million advanced by a related party corporation under common control, DAK Capital Inc. ("**RelatedCo**"), and the aggregate of approximately $617,512 in unsecured loans by various other affiliated entities.

85. The deferred variable payment of approximately $3.5 million relates to the remaining purchase price related to ParentCo's acquisition in December 2022 of all of the issued and outstanding shares one of the Applicants, 142 Canada. The deferred balance payable is an unsecured obligation of ParentCo that is calculated based, among other things, on certain performance criteria of the retail stores held by 142 Canada.

C. The BMO Credit Facilities

86. Pursuant to an amended and restated demand credit agreement dated October 7, 2022 between BMO as lender and ParentCo as borrower (as amended, restated, supplemented or otherwise modified from time to time, the "**BMO Credit Agreement**"), BMO extended the following credit facilities or banking products:

a. a revolving credit facility in the maximum principal amount of $40 million (the "**BMO Revolving Facility**") to, among other things, finance the Applicants' working capital needs as well as permitted acquisitions and investments,

b. a swingline in the maximum amount of $1 million, which comprises part of the maximum principal amount under the BMO Revolving Facility;

c. certain interest rate and currency hedging products, pursuant to which no transactions have been entered into an no amounts are owed; and

d. a MasterCard credit facility (the "**BMO MasterCard**") for general business expenses.

87. A copy of the BMO Credit Agreement (without schedules) is appended as **Exhibit "E"** hereto. As at August 21, 2024, approximately $38 million has been advanced under the BMO Revolving Facility, approximately $2,569 is outstanding under the BMO MasterCard, and, which BMO MasterCard is held in the name of the Applicant, 2733182 Ontario Inc., and approximately $600,000 has been advanced under the BMO swingline. As of the date hereof, no hedge transactions have been entered into between BMO and the Applicants.

88. ParentCo's obligations under the BMO Credit Agreement are secured by a general security interest over all of the present and after-acquired property of ParentCo granted pursuant to a general security agreement (the "**ParentCo GSA**") and a share pledge agreement by ParentCo (the "**ParentCo Share Pledge**"). A copy of the ParentCo GSA is appended hereto as **Exhibit "F**" and a copy of the ParentCo Share Pledge is appended hereto as **Exhibit "G".**

89. ParentCo's obligations under the BMO Credit Agreement are jointly and severally guaranteed by all of the Applicants and the Non-Applicant Entities and cross-collateralized and secured against their assets pursuant to the following documents, among others:

a. an unlimited guarantee from each of 2733181 Ontario Inc., 2733182 Ontario Inc., 2161907 Alberta Ltd., 2737503 Ontario Inc., 2699078 Ontario Inc., 2197130 Alberta Ltd., 2708540 Ontario Corporation, TS-IP, TS Programs Ltd., 2826475 Ontario Inc., TS Wellington Inc., 2734082 Ontario Inc., 2796279 Ontario Inc., and 2742591 Ontario Inc. in favour of BMO, pursuant to a guarantee agreement dated October 7, 2022 and secured pursuant to a general security agreement dated October 7, 2022. Copies of these documents are appended as **Exhibit "H"** hereto;

b. share pledge agreements from ParentCo and 2733182 in favour of BMO dated October 7, 2022;

c. an assignment of insurance from each of 2733181 Ontario Inc., 2733182 Ontario Inc., 2161907 Alberta Ltd., 2737503 Ontario Inc., 2699078 Ontario Inc., 2197130 Alberta Ltd., 2708540 Ontario Corporation, TS-IP, TS Programs Ltd., 2826475 Ontario Inc., TS Wellington Inc., 2734082 Ontario Inc., 2796279 Ontario Inc., and 2742591 Ontario Inc. in favour of BMO dated October 7, 2022;

d. an unlimited, joint and several guarantee from each of each of 142 Canada, 10006215 Manitoba Ltd., 80694 Newfoundland & Labrador Inc., and affiliated non-filing entities 1000451353 Ontario Inc. and 1000451354 Ontario Inc. (collectively, the "**Additional BMO Guarantors**"), pursuant to a guarantee agreement dated May 8, 2023 and secured pursuant to a general security agreement dated May 8, 2023. A copy of the guarantee agreement is appended as **Exhibit "I"** hereto and a copy of the general security agreement is appended as **Exhibit "J"** hereto;

e. an assignment of insurance from each of the Additional BMO Guarantors in favour of BMO dated May 8, 2023;

f. share pledge agreements from the Additional BMO Guarantors in favour of BMO dated May 8, 2023;

g. an unlimited guarantee from 2385816 Alberta Ltd., pursuant to a guarantee agreement dated May 15, 2024 and secured pursuant to a general security agreement dated May 15, 2024. A copy of the guarantee agreement is appended as **Exhibit "K"** hereto and a copy of the general security agreement is appended as **Exhibit "L"** hereto;

h. an assignment of insurance from 2385816 Alberta Ltd. in favour of BMO dated May 15, 2024;

i. a share pledge agreement from 2385816 Alberta Ltd. in favour of BMO dated May 15, 2024;

j. an intercompany subordination and postponement agreement dated October 7, 2022 from each of the Applicants and the Non-Applicant Entities (other than 2385816 Alberta Ltd.), in favour of BMO; and

k. an intercreditor and standstill agreement between BMO and Tweed Franchise Inc. dated October 7, 2022 subordinating Tweed Franchise Inc.'s interest to BMO's Security (as defined below).

90. BMO has registered a security interest against each of the Applicants to secure obligations owed under the BMO Credit Agreement.

91. ParentCo's obligations under the BMO Credit Agreement are also guaranteed by RelatedCo and TS Investments.

92. The BMO Credit Agreement provides that ParentCo and the guarantors will not make or acquire any investments or create or acquire new subsidiaries without the consent of BMO and providing certain security documentation. As a result of ParentCo's incorporation of 1000451353 Ontario Inc. and 1000451354 Ontario Inc., and acquisition of 10006215 Manitoba Ltd., 142 Canada, and East Coast Tweed Inc., certain covenants in the BMO Credit Agreement were unfulfilled.

93. On September 26, 2023, ParentCo and the other parties to the BMO Credit Agreement executed an amendment letter with BMO amending the BMO Credit Agreement pursuant to which

BMO agreed to waive the events of default that had occurred under the BMO Credit Agreement with respect to the creation and acquisition of subsidiaries and with respect to certain financial performance metrics. A copy of this amendment (without schedules) is appended as **Exhibit "M"** hereto.

94. On July 29, 2024, ParentCo and the other parties to the BMO Credit Agreement executed a second amendment letter with BMO amending the BMO Credit Agreement pursuant to which BMO agreed to waive the events of default that had occurred under the BMO Credit Agreement with respect to compliance with certain financial performance metrics. A copy of this amendment (without schedules) is appended as **Exhibit "N"** hereto.

95. ParentCo has continuously met its payment obligations under the BMO Credit Agreement. As the DIP Lender's Charge will rank behind the BMO Credit Agreement, the Applicants intend to continue to meet their payment obligations to BMO in accordance with the terms of the BMO Credit Agreement.

96. I have consulted with BMO in respect of the Applicants' application for relief under the CCAA. I understand that BMO does not oppose the relief being sought. The Applicants and BMO are in discussions with respect to go-forward arrangements.

D. Secured Related-Party Debt

97. The working capital needs of the Applicants have historically been funded through related-party and intercompany loans, in addition to advances made by BMO. The outstanding related party debt is set out in the 2024 FS as totalling approximately $64.4 million as at June 30, 2024.

i. TS Investments Grid Note

98. The majority of the intercompany funding has been advanced by way of secured debt by TS Investments, the direct shareholder of ParentCo and the indirect shareholder of each of the

other Applicants. Amounts advanced by TS Investments are governed by a grid promissory note dated October 7, 2022 (the "**TS Investments Grid Note**") executed between TS Investments as lender and ParentCo, FranchiseCo, LicenseCo, LeaseCo, 2733182 Ontario Inc., TS-IP, TS Programs Ltd., 2826475 Ontario Inc., 2197130 Alberta Ltd., 2699078 Ontario Inc., 2708540 Ontario Corporation, 2734082 Ontario Inc., TS Wellington Inc., 2742591 Ontario Inc., and 2796279 Ontario Inc. as borrowers. A copy of the TS Investments Grid Note is appended as **Exhibit "O"** hereto.

99. The TS Investments Grid Note has been amended on four occasions to add additional borrowers and reflect a name change to TS Investments:

a. on December 30, 2022 to add 142 Canada, 10006215 Manitoba Ltd., and 80694 Newfoundland & Labrador Inc. as borrowers;

b. on February 21, 2023 to add 1000451353 Ontario Inc., and 100045354 Ontario Inc. as borrowers;

c. on May 31, 2024 to add 2385816 Alberta Ltd. as a borrower; and

d. on August 3, 2024 to acknowledge that a party to the agreement had changed its legal name.

100. As a result of these amendments, all of the Applicants and Non-Applicant Entities are borrowers or guarantors under the TS Investments Grid Note (the "**TS Investments Borrowers**"). The four amending agreements to the TS Investments Grid Note are attached as **Exhibit "P"** hereto.

101. The TS Investments Grid Note is secured by a general security agreement dated October 7, 2022 (and as amended on December 30, 2022, February 21, 2023, May 31, 2024, and August

2, 2024) executed by the TS Investments Borrowers in favour of TS Investments (the "**TS Investments GSA**") and a guarantee dated October 7, 2022 (as amended on December 30, 2022, February 21, 2023, May 31, 2024, and August 2, 2024) executed by the TS Investments Borrowers in favour of TS Investments jointly and severally guaranteeing the obligations owed by the borrowers (the "**TS Investments Guarantee**"). The TS Investments GSA is appended as **Exhibit "Q"** hereto and the TS Investments Guarantee is appended as **Exhibit "R"** hereto.

102. TS Investments has registered a security interest in the Personal Property Security Registry against each of the Applicants in their note in the Applicants' respective jurisdictions of Ontario, Manitoba, Saskatchewan, Newfoundland and Labrador, and Alberta to secure their obligations owed under the TS Investments Grid Note. These registrations, along with the other PPSA registrations, are summarized in a table appended as **Exhibit "S"** hereto.

103. TS Investments has advanced approximately $52.5 million under the TS Investments Grid Note to ParentCo.

ii. ParentCo Grid Note

104. To facilitate funding to its affiliates, ParentCo, as lender also entered into certain intercompany lending arrangements with its subsidiaries:

a. an Accommodation Agreement dated October 7, 2022 (as amended) (the "**Accommodation Agreement**") with each of FranchiseCo, LicenseCo, LeaseCo, 2733182 Ontario Inc., TS-IP Holdings Ltd., 2197130 Alberta Inc., 2708540 Ontario Corporation, 2826475 Ontario Inc., 2734082 Ontario Inc., and TS Wellington Inc. as borrowers (collectively, the "**AA Borrowers**"). A copy of the Accommodation Agreement (without schedules) is appended as **Exhibit "T"** hereto; and

b. a grid promissory note dated October 7, 2022 (and as amended on December 30, 2022, February 21, 2023, and May 31, 2024) (the "**ParentCo Grid Note**") with each of FranchiseCo, LicenseCo, LeaseCo, 2733182 Ontario Inc., TS-IP Holdings Ltd., TS Programs Ltd., 2197130 Alberta Inc., 2699078 Ontario Inc., 2708540 Ontario Corporation, 2826475 Ontario Inc., 2734082 Ontario Inc., TS Wellington Inc., 2742591 Ontario Inc., 2796279 Ontario Inc., 1006215 Manitoba Ltd., 80694 Newfoundland & Labrador Inc., 142 Canada, 1000541353 Ontario Inc., and 2385186 Alberta Ltd. (collectively, the "**Grid Note Borrowers**"). A copy of the ParentCo Grid Note is appended as **Exhibit "U"** hereto.

105. The obligations under the Accommodation Agreement are secured by a general security agreement granted by the AA Borrowers in favour of ParentCo dated October 7, 2022, which is appended as **Exhibit "V"**, and a guarantee dated October 7, 2022 whereby the AA Borrowers jointly and severally guarantee each other's obligations to ParentCo pursuant to the Accommodation Agreement. The guarantee is appended hereto as **Exhibit "W"**.

106. In addition, the Grid Note Borrowers jointly and severally guarantee each other's obligations to ParentCo under the ParentCo Grid Note pursuant to a guarantee dated October 7, 2022 (and as amended on December 30, 2022, February 21, 2023, and May 31, 2024). The guarantee is appended hereto as **Exhibit "X"**.

107. The obligations under the ParentCo Grid Note are secured by a general security agreement granted by the Grid Note Borrowers in favour of ParentCo dated October 7, 2022 (and as amended on December 30, 2022, February 21, 2023, and May 31, 2024), which is appended as **Exhibit "Y"**.

108. ParentCo has registered security interests against each of the Applicants to secure obligations owed under the ParentCo Grid Note and Accommodation Agreement. ParentCo has

subordinated its debt and security to the debt and security of TS Investments pursuant to a Subordination Agreement dated August 23, 2024.

109. Approximately $4.025 million (without interest) is outstanding under the ParentCo Grid Note. No interest payments will be made on the ParentCo Grid Note during the CCAA proceeding.

iii. RelatedCo Guarantees

110. RelatedCo is a related party corporation under common control as the Applicants. In connection with the BMO Credit Agreement, RelatedCo has agreed to guarantee the obligations of the borrowers under the BMO Credit Agreement to a maximum of $40 million.

111. In consideration for RelatedCo guaranteeing the obligations of the borrowers under the BMO Credit Agreement, ParentCo, LicenseCo, FranchiseCo, 2733182 Ontario Inc., and LeaseCo entered into a Guarantee Fee Agreement dated February 28, 2020 with RelatedCo wherein the RelatedCo guarantors agreed to pay RelatedCo an annual fee equal to 12% of the principal sum outstanding under the BMO Credit Agreement.

112. Pursuant to Management Services Agreements, LicenseCo and ParentCo each agreed to engage the management services of RelatedCo in exchange for the payment of a fee. The obligations of LicenseCo and ParentCo to RelatedCo under the agreements are secured over all of LicenseCo and ParentCo's present and after acquired personal property, wherever located, whether not existing or hereafter arising from time to time.

113. RelatedCo has registered security interests against LicenseCo and ParentCo to secure their obligations related to the Management Services Agreements and Guarantee Fee Agreement. RelatedCo has subordinated its debt and security to the debt and security of TS Investments pursuant to a Subordination Agreement amongst the parties dated August 23, 2024.

E. Other Registered Security Interests

114. Appended as **Exhibit "S"** hereto is a table summarizing the searches against each of the Applicants under the *Personal Property Security Act* in each of Ontario, Manitoba, Saskatchewan, Alberta and Newfoundland and Labrador. In addition to registrations in favour of the secured creditors noted above, the following registrations are noted:

a. FranchiseCo has registered a security interest against 2699078 Ontario Inc. in regards to obligations under a former franchise agreement. This franchise agreement expired and no amounts are owed under this registration;

b. FranchiseCo has registered a security interest against 2733182 Ontario Inc. in regards to obligations under a former franchise agreement. This franchise agreement expired and no amounts are owed under this registration;

c. FranchiseCo has registered a security interest against 2796279 Ontario Inc. in regards to obligations under a former franchise agreement. This franchise agreement expired and no amounts are owed under this registration; and

d. LicenseCo has a registered security interest against 2708540 Ontario Corporation. LicenseCo assigned any amounts owed to it by 2708540 Ontario Corporation to ParentCo pursuant to an Assignment Agreement dated October 7, 2022. The Applicants are not aware of any amounts that are owed under this registration.

F. Unsecured Liabilities

115. The 2024 FS stated accounts payable and accrued liabilities of approximately $16.8 million, of which approximately $5 million were trade payables and operating costs accrued in the ordinary course. The Applicants' primary trade payables are related to the purchase of inventory.

i. Canopy Promissory Note

116. LicenseCo and Tweed Franchise Inc. executed an unsecured promissory note dated January 17, 2022, and amended September 23, 2022, pursuant to which Tweed Franchise Inc. advanced the principal amount of $5 million to LicenseCo (the "**Canopy Promissory Note**") as a credit facility for the purposes of developing certain retail premises. A copy of the Canopy Promissory Note, including the amendment thereto, is appended as **Exhibit "Z"** hereto.

117. As of the date of this affidavit, a total of $5 million (excluding any unpaid interest) is outstanding under the Canopy Promissory Note. The Canopy Promissory Note matures on April 15, 2025. As of the date of this affidavit I am not aware of any demands having been made by Tweed Franchise Inc. in respect of the Canopy Promissory Note.

118. LicenseCo does not intend to pay interest on the Canopy Promissory Note during the CCAA proceeding.

G. HST, Payroll and Tax Obligations

119. The Applicants accrue GST/HST, payroll and tax liabilities in the normal course of operations. GST/HST is remitted either quarterly or monthly. Because of the stub period between accrual and remittance, the Applicants have approximately $372,000 of HST in arrears as of June 30, 2024. Payroll taxes and deductions are remitted bi-weekly. Because of the stub period between accrual and remittance, the Applicants have accrued approximately $170,000 in payroll and source deductions for the previous pay period.

120. The Applicants are current in their filings and payment for corporate income tax and no corporate income taxes are owing.

H. Contingent Claims

i. Canopy Litigation

121. On or around August 15, 2024, Canopy Growth, Tweed Inc., and Tweed Leasing Corporation (collectively, the "**Canopy Plaintiffs**") commenced civil proceedings against ParentCo, LicenseCo, FranchiseCo and 142 Canada (the "**Canopy Litigation**"). Copies of the two Statements of Claim (Court File Nos.: CV-24-00725744-0000 and CV-24-00725741-0000) are appended as **Exhibit "AA"** hereto.

122. The Canopy Litigation pertains to certain Applicants' alleged breach of a number of agreements governing the parties' relationships with one another including a transitional services agreement and an acknowledgement agreement, both dated December 30, 2022, in connection with the sale of Canopy Growth's Canadian retail cannabis business to ParentCo pursuant to a Share Purchase Agreement dated September 23, 2022 (and amended on December 30, 2022) between Canopy Growth and Tweed Inc., as vendors, ParentCo, as purchaser.

123. The Canopy Plaintiffs claim, among other things, breach of contract for non-payment of invoices and certain unpaid rents, and damages of approximately $5.3 million. No Statements of Defence have been filed, and no examinations for discovery have proceeded, nor has any hearing has been scheduled to determine the Canopy Plaintiffs' claims. As at the date of this affidavit, the claims remain contingent unsecured claims.

ii. Franchisee Recission Claims

124. Several franchisees have delivered notices of recission under their respective Franchise Agreements. In connection with the recission claims, the franchisees have claimed a total of approximately $6 million in compensation under the Franchise Agreements. The recission claims stem from allegations of incomplete statutory disclosure by FranchiseCo.

125. All Franchise Agreements executed by FranchiseCo include an arbitration clause. As of the date of this affidavit, only four franchisees with claims totaling approximately $3.8 million have delivered arbitration notices. The Applicants have not yet filed defences to these claims. No determination has been made by any Court or arbitral body in respect of the recission claims, which remain unsecured contingent claims as at the date of this affidavit.

IV. CAUSES OF FINANCIAL CHALLENGES AND CASH FLOW FORECAST

126. The Tokyo Smoke brand was premised on the existence and growth of a premium cannabis market in Canada in circumstances where access to retail licenses was highly restricted, and retailers would be able to differentiate based on product quality and retail experience. Instead, the Canadian market has dramatically changed in the course of a few years since the first cannabis retail license was first granted in Ontario.

127. As a result, the capital investments made by the Applicants to establish a premium cannabis retail presence has not seen the revenue levels that were initially anticipated. The Applicants have been operating at a net loss since approximately late 2020 and have been dependent on financing to sustain their operations. The store footprint and capital structure of the Applicants is not sustainable and must be restructured for the Applicants to continue as a viable going-concern operation in the long term.

128. The following external market factors, among others, have contributed to the suppression of the cannabis market in Canada.

A. Loss of Market Share to Grey Market

129. The cannabis grey market involves the sale of cannabis products that are acquired by unlicensed persons for sale outside authorized distribution channels. Grey market sellers acquire product through various means and are able to sell product to consumers at prices much lower

than licensed retailers can offer. Grey market sellers do not conform to the regulations that are required of licensed retailers, and do not incur the same overhead in operating cannabis retail operations. It is not always apparent whether a retailer is a licensed retailer or a grey market retailer as the product sold often passes as genuine, and consumers sometimes specifically seek out grey market sellers for lower prices or increased potency beyond the legal market's maximums.

130. There is little regulation or enforcement of the cannabis grey market despite it being a known problem. The costs and resources associated with regulatory investigations and legal action allow grey market operations to continue operating for prolonged periods before shutdown. The impact of the cannabis grey market is estimated to be $2 to 4 billion across Canada and disproportionately impacts licensed retailers with legitimate operations.

B. Loosening of Retail Licensing Restrictions in Ontario

131. When cannabis retail licenses were first granted by the AGCO in Ontario in 2019, a very small number of licenses were available and applicants were required to apply under strict conditions and enter into a lottery for the awarding of licenses. At the time, cannabis licenses were scarce and valuable. Obtaining a cannabis license meant that a retailer was entitled to become one of only a few cannabis retailers to service the high demand for newly legal cannabis.

132. As part of the initial wave of investment in cannabis retail, the Applicants invested significant capital to acquire retail licenses, set up Corporate Stores in prime locations, and established a licensing model and then later a franchising model. The capital expenditures were appropriate relative to the expected return in a climate where retail licenses were scarce and difficult to obtain. The capital expenditures to establish the Business were financed in large part through the loan facilities advanced by BMO and by TS Investments.

133. Ontario has since moved to an open market system, allowing for an unlimited number of store authorizations, provided the applicants meet certain requirements. This sudden removal of the main barrier to entry to the cannabis retail industry led to a surge in competition and destabilized established cannabis retailers.

V. CASH FLOW PROJECTIONS

134. In and around the COVID-19 pandemic, the economic environment began to experience inflationary pressures, increasing the Applicants' operating costs while deteriorating profit margins. Compounded with the change in the licensing regime and oversaturation in the market, the Applicants have not been able to achieve their targeted revenues and are unable to meet their obligations as they become due. A financial and operational restructuring is required to preserve the Business as a viable going-concern operation.

135. With the assistance of the Proposed Monitor, the Applicants have prepared a 15-week cash flow statement for the period ending the week of December 6, 2024 (the "**Cash Flow Projection**"). I understand that the Cash Flow Projection will be appended to the Pre-Filing Report of the Proposed Monitor ("**Pre-Filing Report**") and will be accompanied by the prescribed representations in accordance with the CCAA.

136. The Cash Flow Projection demonstrates that the Applicants require approximately $3.220 million in interim financing as early as the week ending August 30, 2024 and a total of $7.420 million continuing over the following 15-week period. Of the entire amount, approximately $3.3 million is forecasted to be required in the Initial Stay Period.

137. It should be noted that the Cash Flow Projection includes the Non-Applicant Entities because they generate positive cash flow for ParentCo, however, the Non-Applicant Entities are not subject to any of the CCAA charges nor will they receive any funds under the DIP Term Sheet.

138. There is no reasonable prospect that the Applicants' financial condition will improve without an operational and financial restructuring and without interim financing being made available. Without the protection of the Initial Order, the Applicants would be forced to shut down operations in the short term, which would be detrimental to the Applicants' landlords, suppliers, customers, franchisees, and employees.

VI. PURPOSE OF THE CCAA APPLICATION

139. After considering the various options available, the Applicants have determined that a filing under the CCAA is in the best interests of the Applicants and their stakeholders. In particular, the Applicants believe that relief under the CCAA is in the best interests of the Business, creditors, and stakeholders for the following reasons, among others:

(a) the Applicants are facing a liquidity crisis and are unable to meet their obligations as they generally become due, or will be in such a position in the very short term;

(b) the Business requires the protection of the CCAA and the assistance of restructuring professionals to develop and implement strategic restructuring solutions, with the benefit of the breathing room necessary to do so;

(c) the Applicants require immediate interim financing, which financing is not otherwise available on reasonable terms and in a timely manner without the accompanying Court-ordered charges that are available under the CCAA;

(d) without interim financing, the Applicants will likely have to shut operations down, irretrievably destroying value for creditors, causing the loss of 474 jobs; and

(e) the involvement of a Court-appointed monitor under the CCAA will lend stability and assurance to the Applicants' stakeholders, including customers, suppliers, employees, and creditors.

140. If the relief sought is granted, the Applicants intend to take the following key restructuring steps, among others, under the supervision of the Monitor:

(a) immediately disclaim the approximately 10 burdensome Corporate Store Leases for stores which have not yet opened and/or which the Applicants do not presently operate from including the Vacated Stores;

(b) immediately disclaim approximately three Head Leases and one Franchise Agreement pursuant to which franchisees are in default of the Franchise Agreements and are operating in non-viable economic conditions;

(c) close approximately 20 underperforming Corporate Stores and disclaim the applicable leases;

(d) seek to restructure and/or renegotiate the leases for other underperforming Corporate Stores and Franchised Stores, and disclaim such leases if mutually acceptable terms cannot be reached with applicable landlords; and

(e) undertaking a SISP to canvass the market for sale, investment and recapitalization opportunities for the Business that are superior to the Stalking Horse Agreement.

141. To facilitate the SISP and provide stability and certainty for the Business, the Applicants are in advanced discussions with TS Investments on a Stalking Horse Agreement setting out the terms of a going-concern sale transaction that will contemplate the preservation of the majority of

the Applicants' core Business, continuation of employment for most employees and set the floor price for the SISP in order to maximize realization for creditors.

VII. RELIEF BEING SOUGHT

A. Stay of Proceedings

142. The Applicants require a Stay of Proceedings, including in respect of secured parties. The intention of the Stay of Proceedings is to provide the Applicants the necessary breathing room to stabilize the Business as a going concern while executing the proposed restructuring for the benefit of all stakeholders.

B. Appointment of A&M as Monitor

143. The Applicants seek the appointment of A&M as Monitor. A&M has consented to act as Monitor if so appointed. I understand that a copy of the Proposed Monitor's consent to act will be appended to its Pre-Filing Report.

144. I am advised by the Applicants' legal counsel that A&M is a licensed insolvency trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 and is not precluded from acting as Monitor as a result of any restrictions under subsection 11.7(2) of the CCAA.

145. A&M is familiar with the operations of the Applicants and A&M has reviewed and assisted in the preparation of the Cash Flow Projection, and has provided guidance and assistance in the commencement of this CCAA proceeding. As a result, A&M has developed knowledge about the Applicants, their business operations, financial challenges, strategic initiatives and restructuring efforts to date.

C. Approval of the DIP Term Sheet and Granting of a DIP Lender's Charge

146. To fund the operations and restructuring costs of the Applicants during the CCAA proceeding, the Applicants have obtained an interim financing commitment from the DIP Lender subject to the terms and conditions set out in the DIP Term Sheet. The DIP Lender is the indirect and direct shareholder of the Applicants, TS Investments, and one of the Applicants primary secured creditors. An executed copy of the DIP Term Sheet is appended hereto as **Exhibit "BB"**.

147. The DIP Term Sheet represents the best available interim financing arrangement that could be arranged by the Applicants within the timeframe needed to meet their cash flow needs given it is unlikely any other party would provide interim financing subordinate to the first secured lender, BMO. The key terms and conditions of the DIP Term Sheet are as follows:

(a) a maximum principal loan amount of $8 million, including an initial advance in the principal amount of $3.3 million;

(b) interest accruing at a rate of 13% per annum, compounded and calculated monthly;

(c) a commitment fee equal to 1% of the maximum principal loan amount;

(d) the reimbursement of the DIP Lender's reasonably incurred costs, including all legal expenses incurred by the DIP Lender in connection with the DIP Term Sheet, subject to the terms and conditions of the DIP Term Sheet and the DIP Facility;

(e) payment of all accrued interest and fees up to the maturity date upon pre-payment of the loan;

(f) a maturity date of the earlier of (i) December 6, 2024 or such later date as the DIP Lender agrees to in writing, (ii) the implementation of a plan of compromise or

arrangement, (iii) the closing of a sale transaction, (iv) the termination of the CCAA proceedings, and (v) the conversion of the CCAA proceeding into a proceeding under the *Bankruptcy and Insolvency Act*, and

(g) advances under the DIP Facility are conditional upon Court approval of the DIP Term Sheet and the granting of a Court-ordered DIP Lender's Charge in favour of the DIP Lender over all of the Property of the Applicants, subject only to the Administration Charge and the BMO Security (as defined below).

148. The DIP Facility is expected to provide sufficient liquidity to allow the Applicants to operate the Business and meet their obligations during the pendency of the CCAA proceeding. The DIP Lender requires all obligations under the DIP Term Sheet to be secured by a court-ordered priority charge. No obligations incurred prior to this CCAA proceeding will be secured.

149. In the Initial Order, the Applicants propose, and the DIP Lender agrees, that the DIP Lender's Charge of up to $3.3 million be granted and subordinated in priority to BMO's existing, pre-filing security for all amounts due under the BMO Credit Agreement ("**BMO Security**"). The amount of the DIP Lender's Charge requested is necessary and limited to what is reasonably necessary for the continued operations of the Business in the ordinary course of business during the Initial Stay Period.

150. At the Comeback Hearing the Applicants intend to seek an increase to the DIP Lender's Charge to the maximum principal amount of $8 million plus interest, fees and costs. The Cash Flow Projection reflects the need for $7.3 million in interim financing during the 13-week period, assuming no negative variance, and further amounts may be required beyond that period.

151. The Proposed Monitor has advised that it is supportive of the approval of the DIP Term Sheet and the corresponding DIP Lender's Charge.

D. Other Court-Ordered Charges

152. The Applicants propose that the Court-Ordered charges be granted in the following priority amongst themselves:

(a) first, an Administration Charge (to the maximum amount of $400,000 during the Initial Stay Period, to be increased to $850,000 at the Comeback Hearing);

(b) second, the DIP Lender's Charge (to the maximum principal amount of $3.3 million during the Initial Stay Period, to be increased to $8 million at the Comeback Hearing, plus interest, fees and costs); and

(c) third, a Directors' Charge (to the maximum amount of $2.25 million during the Initial Stay Period, to be increased to $3 million at the Comeback Hearing); and

(d) fourth, a KERP Charge (to be sought at the Comeback Hearing).

153. The DIP Lender's Charge, Directors' Charge, and KERP Charge are proposed to rank subordinate to BMO's Security. Only the Administration Charge is proposed to rank in priority to BMO's Security.

i. Administration Charge

154. The proposed Administration Charge over the Property, up to a maximum of $850,000, will secure the fees and disbursements of the Monitor, its counsel, and the Applicants' counsel. Of that amount, $400,000 is sought in respect of the Initial Stay Period. The Applicants request that the Administration Charge rank in priority to all other Encumbrances (as that term is defined in the Initial Order) and charges.

155. The Applicants have relied upon each of the restructuring professionals that are the beneficiaries of the Administration Charge in order to file this Application for CCAA protection and

to develop a restructuring plan. Each of these professionals have contributed, and will continue to contribute, significant value to the advancement of the CCAA proceeding and the completion of a successful restructuring.

156. The Administration Charge is necessary to ensure that the Applicants have the continued expertise, knowledge and participation of the restructuring professionals during this CCAA proceeding. Each of the restructuring professionals who are the beneficiaries of the Administration Charge have a discrete role in the restructuring of the Applicants.

157. The Applicants worked with the Proposed Monitor to estimate the proposed quantum of the Administration Charge. Based on those discussions, the initial quantum of the Administration Charge is fair and reasonable in the circumstances as it is commensurate with the expected complexity of the Applicants' Business and anticipated restructuring.

ii. Directors' Charge

158. The proposed Initial Order requires the Applicants to indemnify their directors and officers for the obligations and liabilities that they may incur in such capacity after the commencement of the within proceedings, except for gross negligence or wilful misconduct.

159. The Applicants maintain director and officer insurance policies for their directors and officers (the "**D&O Policies**"). However, it is not certain that those policies will provide adequate coverage to the directors and officers under the circumstances. Obtaining additional coverage during this CCAA proceeding would likely be prohibitively difficult and expensive, if at all possible.

160. I understand that the Applicants accrue certain amounts that constitute director liabilities if unpaid, including HST remittances, payroll taxes and source deductions, as well as accrued wages. While the Applicants have been paying such amounts in the normal course, HST is accrued and paid either quarterly or monthly, payroll amounts for head office employees are

accrued and paid bi-weekly, and payroll amounts for store employees are accrued and paid bi-weekly, one week in arrears. Accordingly, the Applicants have determined that the ongoing post-filing exposure for the directors is approximately three weeks of payroll obligations for store employees and two weeks of payroll obligations for head office employees, including source deduction remittances, and HST payable. That quantum does not account for any other potential liabilities, including health and safety or environmental liability. The Initial Order expressly provides that the Directors' Charge does not secure any liability otherwise covered by the D&O Policies.

161. I am concerned about my exposure as a current director and officer in the event the CCAA proceeding is terminated while accrued amounts remain unpaid. I am advised by the other board members and verily believe that they share the same concerns and would likely not remain in office without adequate indemnity.

162. The Applicants' current officers and directors have acquired significant knowledge of the cannabis retail industry workings and are familiar with the Applicants' Business. The Applicants believe that their ability to restructure would be significantly impaired without the continuation of their current board and management team.

163. I am advised by the Proposed Monitor that it supports the quantum and approval of the Directors' Charge.

E. KERP Charge

164. The success of the proposed restructuring is dependent on the involvement of certain key employees who hold key positions in the Business, perform critical operations, and have deep institutional knowledge that would be challenging to replace under the circumstances. The Applicants have developed the KERP to incentivize the retention of key employees and encourage their contributions to the restructuring process.

165. The Applicants intend to seek approval of the KERP at the Comeback Hearing and will file, on a confidential basis, details of the KERP in advance of the Comeback Hearing.

F. Ability to Pay Pre-Filing Amounts with Approval of Monitor

166. Because of the regulated nature of the Business, the Applicants acquire products and services from a relatively small number of suppliers. The Applicants also work with key service providers to host and maintain the Digital Platform. Timely payment of such suppliers, including by way of continuing pre-authorized debits, is critical to ensure the continued operations of the Business and to avoid any disruption to the Business or down-time for the Digital Platform.

167. As a result, the Applicants, in consultation with the Proposed Monitor, have reflected payments of certain pre-filing amounts in the Cash Flow Projections, which the Applicants believe are necessary to avoid disruption to the Business. The Applicants are seeking authorization to pay certain pre-filing amounts to critical suppliers of the Applicants, with the consent of the Monitor and in accordance with the terms of the DIP Term Sheet and the Cash Flow Projection (as defined herein), up to maximum amount of $330,000 during the Initial Stay Period. The Applicants will seek to increase the maximum amount that can be paid on the basis of pre-filing amounts to $1 million at the Comeback Hearing.

168. I understand that the Proposed Monitor is supportive of this relief.

G. Approval of Cash Management System

169. Given the nature and scale of the Applicants' operations through the Cash Management System, the continued use of the existing Cash Management System is required and appropriate during this CCAA proceeding. I understand that the Proposed Monitor is also supportive of this relief.

H. SISP and Stalking Horse Agreement

170. The Applicants continue to work with the Proposed Monitor and TS Investments to finalize the SISP and Stalking Horse Agreement and intend to return at a later date to seek their approval.

171. I swear this affidavit in support of the Applicants' relief pursuant to the CCAA and for no other or improper purpose.

SWORN REMOTELY by Andrew Williams stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 28th day of August, 2024, in accordance with O. Reg 431/20, Administering Oath *or Declaration Remotely*.

Jessica Wuthmann

A Commissioner for taking Affidavits.
Name: Jessica Wuthmann

A Williams

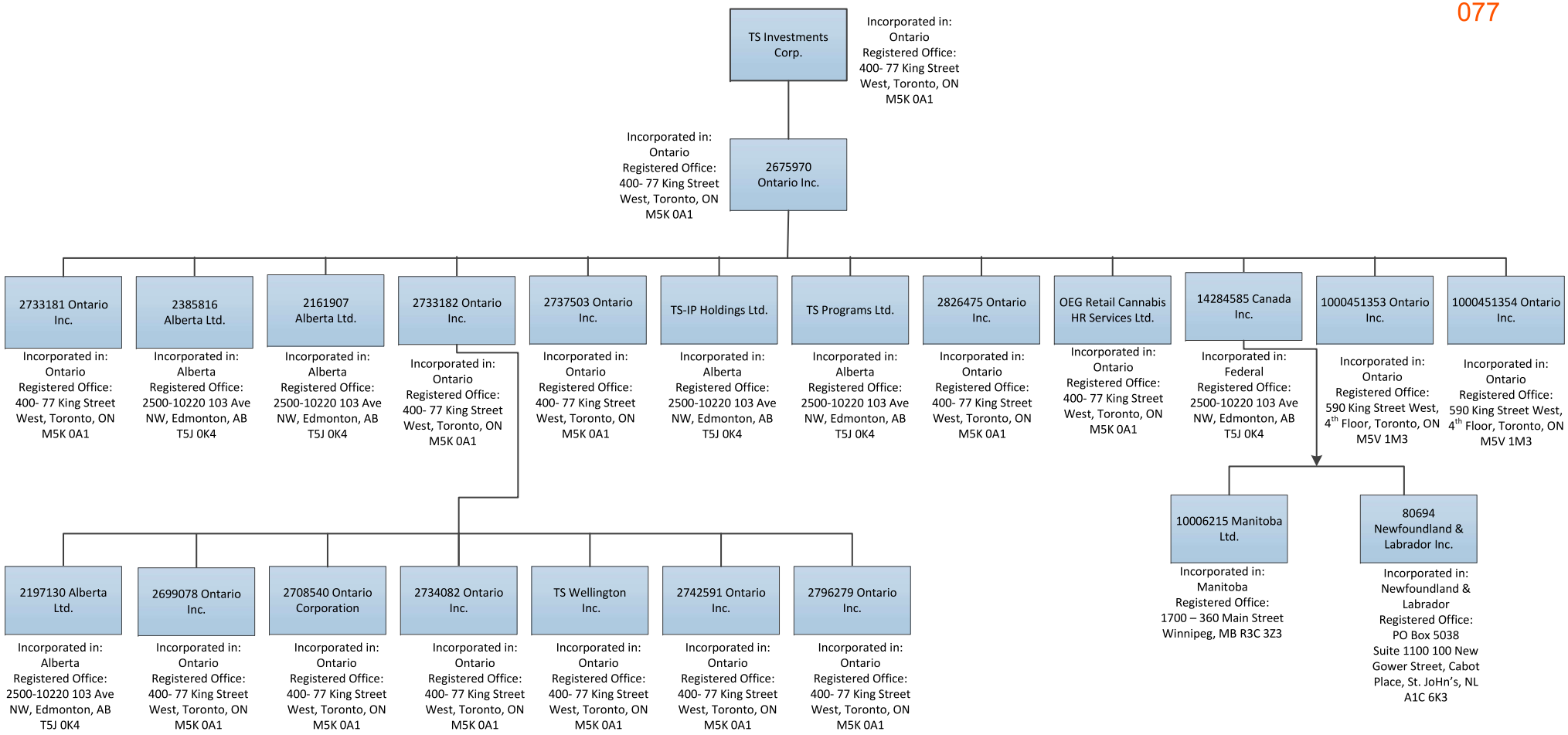
A Williams (Aug 28, 2024 08:10 EDT)

Andrew Williams

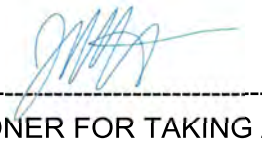
THIS IS **EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W


TS Investments Corp.
Incorporated in: Ontario
Registered Office: 400- 77 King Street West, Toronto, ON M5K 0A1
2675970 Ontario Inc.
Incorporated in: Ontario
Registered Office: 400- 77 King Street West, Toronto, ON M5K 0A1
2733181 Ontario Inc.
Incorporated in: Ontario
Registered Office: 400- 77 King Street West, Toronto, ON M5K 0A1
2385816 Alberta Ltd.
Incorporated in: Alberta
Registered Office: 2500-10220 103 Ave NW, Edmonton, AB T5J 0K4
2161907 Alberta Ltd.
Incorporated in: Alberta
Registered Office: 2500-10220 103 Ave NW, Edmonton, AB T5J 0K4
2733182 Ontario Inc.
Incorporated in: Ontario
Registered Office: 400- 77 King Street West, Toronto, ON M5K 0A1
2737503 Ontario Inc.
Incorporated in: Ontario
Registered Office: 400- 77 King Street West, Toronto, ON M5K 0A1
TS-IP Holdings Ltd.
Incorporated in: Alberta
Registered Office: 2500-10220 103 Ave NW, Edmonton, AB T5J 0K4
TS Programs Ltd.
Incorporated in: Alberta
Registered Office: 2500-10220 103 Ave NW, Edmonton, AB T5J 0K4
2826475 Ontario Inc.
Incorporated in: Ontario
Registered Office: 400- 77 King Street West, Toronto, ON M5K 0A1
OEG Retail Cannabis HR Services Ltd.
Incorporated in: Ontario
Registered Office: 400- 77 King Street West, Toronto, ON M5K 0A1
14284585 Canada Inc.
Incorporated in: Federal
Registered Office: 2500-10220 103 Ave NW, Edmonton, AB T5J 0K4
1000451353 Ontario Inc.
Incorporated in: Ontario
Registered Office: 590 King Street West, 4th Floor, Toronto, ON M5V 1M3
1000451354 Ontario Inc.
Incorporated in: Ontario
Registered Office: 590 King Street West, 4th Floor, Toronto, ON M5V 1M3
2197130 Alberta Ltd.
Incorporated in: Alberta
Registered Office: 2500-10220 103 Ave NW, Edmonton, AB T5J 0K4
2699078 Ontario Inc.
Incorporated in: Ontario
Registered Office: 400- 77 King Street West, Toronto, ON M5K 0A1
2708540 Ontario Corporation
Incorporated in: Ontario
Registered Office: 400- 77 King Street West, Toronto, ON M5K 0A1
2734082 Ontario Inc.
Incorporated in: Ontario
Registered Office: 400- 77 King Street West, Toronto, ON M5K 0A1
TS Wellington Inc.
Incorporated in: Ontario
Registered Office: 400- 77 King Street West, Toronto, ON M5K 0A1
2742591 Ontario Inc.
Incorporated in: Ontario
Registered Office: 400- 77 King Street West, Toronto, ON M5K 0A1
2796279 Ontario Inc.
Incorporated in: Ontario
Registered Office: 400- 77 King Street West, Toronto, ON M5K 0A1
10006215 Manitoba Ltd.
Incorporated in: Manitoba
Registered Office: 1700 – 360 Main Street Winnipeg, MB R3C 3Z3
80694 Newfoundland & Labrador Inc.
Incorporated in: Newfoundland & Labrador
Registered Office: PO Box 5038 Suite 1100 100 New Gower Street, Cabot Place, St. JoHn's, NL A1C 6K3

THIS IS **EXHIBIT "B"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

Transaction Number: APP-A10531044979
Report Generated on July 23, 2024, 14:01

Ontario

Ministry of Public and
Business Service Delivery

Profile Report

2675970 ONTARIO INC. as of July 23, 2024

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	2675970 ONTARIO INC.
Ontario Corporation Number (OCN)	2675970
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	January 15, 2019
Registered or Head Office Address	77 King Street West, Suite 400, Toronto, Ontario, M5K 0A1, Canada

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Transaction Number: APP-A10531044979
Report Generated on July 23, 2024, 14:01

Active Director(s)

Minimum Number of Directors	1
Maximum Number of Directors	10

Name	BRAD GILEWICH
Address for Service	10111 104 Avenue Nw, Suite 2700, Edmonton, Alberta, T5J 0J4, Canada
Resident Canadian	Yes
Date Began	March 31, 2021

Name	PAUL T. MARCACCIO
Address for Service	590 King Street W - 4th Floor, Toronto, Ontario, M5V 1M3, Canada
Resident Canadian	Yes
Date Began	October 13, 2022

Name	JURGEN SCHREIBER
Address for Service	590, 4th Floor King Street West, Toronto, Ontario, M5V 1M3, Canada
Resident Canadian	Yes
Date Began	March 31, 2021

Name	SHAWNA K. VOGEL
Address for Service	10111 104 Avenue, Edmonton, Suite 2700 Edmonton Tower, Alberta, T5J 0J4, Canada
Resident Canadian	Yes
Date Began	October 13, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.
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Active Officer(s)

Name	GREG BEDFORD
Position	Assistant Treasurer
Address for Service	590 King Street West - 4th Floor, Toronto, Ontario, M5V 1M3, Canada
Date Began	October 13, 2022

Name	PAUL T. MARCACCIO
Position	Treasurer
Address for Service	590 King Street W - 4th Floor, Toronto, Ontario, M5V 1M3, Canada
Date Began	October 13, 2022

Name	JURGEN SCHREIBER
Position	Chief Executive Officer
Address for Service	590 King Street West, 4th Floor, Toronto, Ontario, M5V 1M3, Canada
Date Began	March 31, 2021

Name	SHAWNA K. VOGEL
Position	Secretary
Address for Service	10111 104 Avenue, Suite 2700, Edmonton, Alberta, T5J 0J4, Canada
Date Began	October 13, 2022

Name	ANDY WILLIAMS
Position	President
Address for Service	590 King Street W - 4th Floor, Toronto, Ontario, M5V 1M3, Canada
Date Began	October 13, 2022

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Director/Registrar
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Corporate Name History

Name	2675970 ONTARIO INC.
Effective Date	January 15, 2019

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

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Document List

Filing Name	Effective Date
Annual Return - 2022 PAF: JURGEN SCHREIBER	May 13, 2024
CIA - Notice of Change PAF: LEAH TOLTON	January 31, 2023
CIA - Notice of Change PAF: COLLEEN CEBULIAK	January 11, 2023
CIA - Notice of Change PAF: Colleen CEBULIAK	October 28, 2022
BCA - Articles of Amendment	August 08, 2022
Annual Return - 2021 PAF: Leah TOLTON	May 07, 2022
CIA - Notice of Change PAF: JUSTIN FARBSTEIN - DIRECTOR	May 11, 2021
Annual Return - 2020 PAF: BRAD GILEWICH - OTHER	December 27, 2020
Annual Return - 2019 PAF: LEAH TOLTON - OTHER	April 27, 2020
CIA - Notice of Change PAF: BRAD GILEWICH - OTHER	February 11, 2020
CIA - Notice of Change PAF: RANI BERG - OTHER	January 30, 2020
CIA - Requirement to File 7	January 02, 2020
Annual Return - 2019 PAF: BRAD GILEWICH - OTHER	December 29, 2019
CIA - Notice of Change	October 17, 2019

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Director/Registrar
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PAF: LEAH TOLTON - OTHER

CIA - Notice of Change PAF: LEAH TOLTON - OTHER	April 12, 2019
CIA - Notice of Change PAF: JESSICA SHANTZ - OTHER	March 06, 2019
CIA - Initial Return PAF: PAUL MARCACCIO - DIRECTOR	March 04, 2019
BCA - Articles of Incorporation	January 15, 2019

All “PAF” (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.
V. Quintanilla W.
Director/Registrar
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THIS IS **EXHIBIT "C"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

2675970 Ontario Inc.

Consolidated Financial Statements

For the years ended June 30, 2023 and 2022

Independent auditor's report

To the Directors of 2675970 Ontario Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of 2675970 Ontario Inc. and its subsidiaries (together, the Company) as at June 30, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statement of loss and comprehensive loss for the year ended June 30, 2023
- the consolidated statement of financial position as at June 30, 2023;
- the consolidated statement of changes in shareholder's deficiency for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers LLP
99 Bank Street, Suite 710, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963, ca_ottawa_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Comparative information

The consolidated financial statements of the Company for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on October 28, 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
October 27, 2023

2675970 Ontario Inc.
(amounts presented in Canadian dollars)

Consolidated Statement of Loss and Comprehensive Loss
For the years ended June 30

	Notes	2023	2022
Revenue	7, 24	$ 73,210,793	$ 48,692,428
Direct operating expenses	8	(53,456,599)	(34,637,665)
Gross profit		**19,754,194**	**14,054,763**
Other operating expenses			
Wages and salaries		(7,727,150)	(4,936,143)
Occupancy costs		(3,050,795)	(1,400,147)
Administrative costs		(2,936,284)	(2,366,805)
Management fees	24	(1,800,000)	(624,071)
Professional fees		(1,121,018)	(1,489,084)
Bank charges and processing fees		(940,026)	(645,506)
Advertising and promotion		(929,893)	(1,157,506)
Bad debt expense		(2,963,651)	(817,260)
Depreciation and amortization	9	(11,125,986)	(7,663,600)
Impairment loss	10	(2,056,450)	(12,350,709)
Loss before the following		**(14,897,059)**	**(19,396,068)**
Finance costs	11	(10,968,273)	(11,450,094)
Finance income	12	1,842,774	2,371,284
Provision recovery (expense)	13	2,615,570	(4,567,391)
Loss on disposal relating to pre-existing relationship	6	(8,240,635)	-
Gain on bargain purchase	6	5,851,928	620,401
Other gains (losses)	14	4,609,524	(189,092)
Net loss before tax		**(19,186,171)**	**(32,610,960)**
Current income tax recovery	15	175,141	12,693
Deferred income tax recovery	15	856,097	404,970
Net loss		**(18,154,933)**	**(32,193,297)**

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

2675970 Ontario Inc.
(amounts presented in Canadian dollars)

Consolidated Statement of Financial Position
As at June 30

	Notes	2023	2022
Current assets			
Cash and cash equivalents		$791,462	$ 1,465,941
Accounts receivable	16	3,257,092	3,214,067
Due from related parties	23	-	157,500
Prepaid expenses and deposits	30	1,034,615	1,139,341
Income taxes receivable		613,230	-
Inventories		9,283,583	2,655,860
Current portion of contract assets		75,000	232,744
Current portion of leases receivable	18	1,604,711	1,358,747
		16,659,693	**10,224,200**
Non-current assets			
Property and equipment	17, 30	17,463,731	13,783,890
Right-of-use assets	18, 30	73,874,135	48,698,227
Leases receivable	18, 30	26,550,278	37,046,639
Loans receivable		-	2,478,000
Deposits		1,782,428	1,604,427
Due from related parties	23	198,186	214,306
Contract assets	7, 30	1,187,834	3,230,172
Goodwill	20	17,644,677	15,990,578
Intangible assets	19	5,450,859	6,535,974
		144,152,128	**129,582,213**
Total assets		**160,811,821**	**139,806,413**
Current liabilities			
Accounts payable and accrued liabilities		16,034,185	8,349,939
Deferred revenue	7	1,595,969	2,335,640
Contract liabilities	7	1,554,273	1,094,698
Income taxes payable		-	16,078
Due to related parties	23	47,805,341	31,930,111
Provisions	13	-	2,750,000
Current portion of lease liabilities	18	5,820,282	5,631,321
Current portion of long-term debt	21	33,599,993	29,523,881
		106,410,043	**81,631,668**
Non-current liabilities			
Deposits	30	400,256	439,135
Lease liabilities	18	105,924,653	93,235,435
Long-term debt	21	5,000,000	7,500,000
Provisions	13	-	2,365,570
Deferred variable payment	22	6,052,024	-
Deferred income tax liabilities	15	1,869,893	1,324,720
		119,246,826	**104,864,860**
Total liabilities		**225,656,869**	**186,496,528**
Shareholder's deficiency			
Share capital		10	10
Deficit		(64,845,058)	(46,690,125)
		(64,845,048)	**(46,690,115)**
Total liabilities and shareholder's deficiency		**160,811,821**	**139,806,413**
Going concern	1		
Subsequent events	29		

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

2675970 Ontario Inc.
(amounts presented in Canadian dollars)

Consolidated Statement of Changes in Shareholder's Deficiency
For the years ended June 30

	Share capital	Deficit	Total
Balance as at June 30, 2021	**10**	**(14,496,828)**	**(14,496,818)**
Net loss	-	(32,193,297)	(32,193,297)
Balance as at June 30, 2022	**10**	**(46,690,125)**	**(46,690,115)**
Net loss	-	(18,154,933)	(18,154,933)
Balance as at June 30, 2023	**10**	**(64,845,058)**	**(64,845,048)**

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

Consolidated Statement of Cash Flows

For the years ended June 30

	Notes	2023	2022
Operating activities			
Net loss		$ (18,154,933)	$ (32,193,297)
Adjustments:			
Loss on disposal relating to pre-existing relationship	6	8,240,635	-
Bad debt expense		2,963,651	817,260
Gain on bargain purchase	6	(5,851,928)	(620,401)
Loss on disposal of assets		-	820,228
Other gains	14	(4,609,524)	(635,292)
Depreciation and amortization	9	11,125,986	7,663,600
Finance costs	11	10,968,273	11,450,094
Finance income	12	(1,842,774)	(2,371,284)
Impairment loss	10	2,056,450	12,350,709
Movement in provisions		(5,115,570)	3,753,155
Deferred income taxes	14	(856,097)	(404,970)
Other non-cash movements		(1,237,270)	-
Changes in non-cash working capital balances	26	169,983	2,866,976
		(2,143,118)	**3,496,778**
Interest received		45,949	67,899
Interest paid		(3,416,618)	(1,786,857)
Income taxes paid		75,067	(10,800)
Net cash provided by (used in) operating activities		**(5,438,720)**	**1,767,020**
Investing activities			
Purchases of property and equipment	17	(1,463,589)	(5,854,005)
Purchases of intangible assets	19	(119,527)	(23,500)
Acquisition of businesses, net of cash acquired	6	(6,530,699)	(5,038,981)
Loans repaid		-	150,000
Net cash used in investing activities		**(8,113,815)**	**(10,766,486)**
Financing activities			
Proceeds on long-term debt	21	4,000,000	12,733,219
Transaction costs related to long-term debt		(339,346)	(236,224)
Payment of long-term debt	21	-	(1,703,200)
Payment of lease liabilities	18	(10,678,224)	(7,294,277)
Proceeds on leases receivable	18	3,045,532	2,845,586
Repayments to related parties		(26,764,906)	(214,305)
Advances from related parties		43,615,000	2,609,000
Net cash provided by financing activities		**12,878,056**	**8,739,799**
Net decrease in cash and cash equivalents, during the year		**(674,479)**	**(259,667)**
Cash and cash equivalents, beginning of the year		1,465,941	1,725,608
Cash and cash equivalents, end of the year		**791,462**	**1,465,941**

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

Notes to the Consolidated Financial Statements

1. Nature of operations and going concern

2675970 Ontario Inc. and its subsidiaries (together, the Company) is a Canadian company incorporated under the Ontario Business Corporations Act. The Company operates and franchises to others the right to operate branded retail cannabis stores in the Provinces of Ontario, Saskatchewan, Manitoba, and Newfoundland and Labrador. The Company's registered office is located at 590 King Street West, Toronto, Ontario, Canada.

These consolidated financial statements have been prepared in accordance with IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) applicable to the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is in its early stages of operations as well as the early stages of the regulatory environment of its industry in Canada and in its limited operating history has accumulated losses during each of the two years ended June 30, 2023 and 2022.

The Company's primary sources of liquidity are cash from the sale of goods and services to customers through its retail store operations, licence and franchise agreements, data management fees, contributions from its majority stakeholder, OEG Retail Cannabis Inc., and debt financing under the credit facility described in Note 21. The Company's Management continually evaluates the Company's liquidity by reviewing immediate capital and working capital requirements and ensuring that planning and budgeting controls and processes are in place to ensure sufficient funds are available to fund the Company's ongoing operations.

As at June 30, 2023, the Company had cash held at financial institutions and undrawn credit facility availability of $791,462 (2022 – $1,465,941) and $6,000,000 (2022 – nil), respectively. In accordance with the debt agreement in respect of the credit facility described in Note 21, OEG Retail Cannabis Inc. will also provide $6,000,000 pari passu with the Company's lender as future draws are made from the credit facility. The Company's financial liabilities as at June 30, 2023 of $49,634,178 (2022 – $37,873,820) comprise accounts payable and accrued liabilities and amounts drawn under the credit facility.

The Company incurred net losses of $18,154,933 during the year ended June 30, 2023 (2022 – $32,193,297) and negative cash flow from operating activities of $5,438,720 (2022 – positive cash flow from operating activities of $1,767,021). As at June 30, 2023, the accumulated deficit was $64,845,058. The Company was not in compliance with a certain covenant of its credit facility as at June 30, 2023 and received a waiver subsequent to year-end as described in Note 21.

During the year ended June 30, 2023, the Company sourced capital and liquidity to advance its growth initiatives by way of advances from OEG Retail Cannabis Inc. and its credit facility. The credit facility has a maturity date of October 7, 2024.

The Company's ability to continue as a going concern depends on the continued support of OEG Retail Cannabis Inc. through future funding and not requiring immediate repayment of the amounts owed to the Parent, access to its credit facility, its ability to achieve profitable operations through executing on its operational priorities, and its ability to manage its future capital and working capital requirements in respect of discretionary future expenditures. There is no assurance that the Company will be able to accomplish any of the foregoing objectives.

These conditions, combined with the accumulated losses to date, indicate the existence of a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments in the carrying value of the assets and liabilities, the reported revenues and expenses, and the consolidated statement of financial position classifications used that would be necessary if the Company were unable to realize its assets and settle its obligations as a going concern in the normal course of operations, and such adjustments would likely be material.

After considering current initiatives and circumstances, the use of the going concern assumption is considered appropriate and the Company's consolidated financial statements have been prepared on a going concern basis.

2. Basis of presentation

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) with respect to the preparation of annual financial information as at June 30, 2023. The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. Those areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4. These consolidated financial statements were authorized for issue by those charged with governance on October 26, 2023.

The consolidated financial statements were prepared on a historical cost basis, and include the accounts of the following entities and their wholly owned subsidiaries:

- 2675970 Ontario Inc.
- 2733181 Ontario Inc.
- 2161907 Alberta Ltd.
- 2733182 Ontario Inc.
- 2737503 Ontario Inc.
- TS-IP Holdings Ltd.
- TS Programs Ltd.
- 2826475 Ontario Inc.
- OEG Retail Cannabis HR Services Ltd.
- 14284585 Canada Inc.
- 1000451353 Ontario Inc.
- 1000451354 Ontario Inc.

All intercompany transactions and balances are eliminated on consolidation.

The Company's functional and presentation currency is the Canadian dollar.

3. Summary of significant accounting policies

(a) Cash and cash equivalents and restricted cash

Cash and cash equivalents comprise cash and short-term deposits held with Canadian financial institutions with maturities of less than 90 days from the date of acquisition. In reporting periods where bank overdrafts exceed cash and cash equivalents, the balance will be referred to as bank indebtedness.

(b) Inventories

Inventories consist of cannabis, cannabis-related merchandise, and in the prior year, assets available for resale to cannabis franchisees. Inventories are carried at the lower of cost and net realizable value, with cost being determined on a first-in first-out basis. Cost includes all direct expenditures including cost of purchase, duty and brokerage and transportation costs incurred in bringing inventory to its present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less an allocation of the costs necessary to sell inventories. Inventories are written down to net realizable value when the costs of inventories are not estimated to be recoverable due to obsolescence, damage, or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down previously recorded is reversed.

(c) Property and equipment

Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and, where applicable, borrowing costs. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of replacing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the consolidated statement of loss as incurred.

Depreciation of property and equipment is recognized in net loss over the shorter of the estimated useful life of the assets and the term of the lease (and periods covered by renewal options which the Company is reasonably certain of exercising) using the following useful lives:

- Leasehold improvements – term of the lease
- Computer hardware and software – 3 years
- Operating equipment and fixtures – 5 years

(d) Business combinations

Business combinations are accounted for using the acquisition method. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration arrangement. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the purchase price below the fair value of the net assets acquired is recorded as a gain in net loss. Associated transaction costs are expensed when incurred.

(e) Goodwill

The excess purchase price in a business acquisition over the fair value of the identifiable assets acquired and liabilities assumed is recorded as goodwill. Goodwill is allocated as of the date of the business acquisition to the Company's cash-generating units (CGUs) or group of CGUs if more appropriate. Goodwill is not amortized, and is assessed for impairment at least annually, or when indicators of impairment are identified either through an assessment of the CGU's or group of CGUs' fair value less

costs of sale or value in use as disclosed in each separate assessment. To the extent that goodwill has been previously impaired, reversals are not permitted.

(f) Intangible assets

Definite-life intangible assets

Licence fees represent both government fees required to open stores and an acquired intangible asset by the Company resulting from a business combination which relate to licences used to operate retail cannabis stores in the Province of Ontario. Each retail store authorization expires two years after issuance, and as a result the cost of the licence is amortized on a straight-line basis over this period. Licence fees acquired by the Company are amortized over the course of the related franchisee agreement of the business that was acquired.

Franchise fees represent payments made by the Company to a third party under a Master Licence Agreement as initial fees for the establishment of each new store and are amortized on a straight-line basis over 20 years. During the year ended June 30, 2023, the Master Licence Agreement was extinguished and the franchise fees have been fully amortized in the current period.

Reacquired brand represents rights the Company had previously granted to acquired entities to use the Company's trade name under franchise agreements entered into with the acquired entities prior to their acquisition and are recognized upon the acquisition of these entities for which the agreements are in place. Amortization of reacquired brand is limited to the remaining contractual term of the relevant agreement at the time of the acquisition.

(g) Impairment of non-financial assets

The carrying values of non-financial assets with finite useful lives such as property and equipment, intangible assets, and right-of-use (ROU) assets are assessed for impairment at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Assets with indefinite useful lives that are not subject to amortization are tested for impairment annually or when there is an indication of impairment.

For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets or CGU.

An impairment loss is recognized in net loss if the carrying amount of an asset or CGU exceeds its recoverable amount. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis. In the case of goodwill, which is tested for impairment using groups of CGUs, losses are first allocated to reduce the carrying amount of goodwill.

In respect of other non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

(h) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset;
- The contract involves the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The contract involves the right to direct the use of the asset.

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

Right-of-use assets

ROU assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. If the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. The estimated useful lives of ROU assets may be periodically adjusted by impairment losses.

Lease liabilities

Lease liabilities are initially measured at the present value of future lease payments discounted using an implicit interest rate or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security, and conditions. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period using the effective interest method. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Extension and termination options are included in certain property leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. The Company's assessment of lease terms reflects the non-cancelable term of the lease, inclusive of any rent-free periods and/or periods covered by early-termination options which the Company is reasonably certain not to exercise, as well as periods covered by renewal options which the Company is reasonably certain of exercising.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

The Company as an intermediate lessor

In instances in which the Company acts as an intermediate lessor, it classifies a sublease as a finance lease by referencing it to the ROU asset arising from the head lease. The Company derecognizes the ROU asset relating to the head lease that it transfers to the sub-lessee and recognizes a corresponding lease receivable, while the lease liability relating to the head lease is retained. Additionally, the lease receivable is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(i) Provisions

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in net loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(j) Revenue

The Company applies a five-step assessment in determining whether to recognize revenue:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determine the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognizing revenue when/as performance obligation(s) are satisfied.

Corporate cannabis retail stores

Revenue from corporate stores consists of retail sales, representing sales of cannabis products and accessories in corporate-owned stores. This revenue is recognized at the point of sale when cannabis products and accessories are sold. The performance obligation is satisfied when the customer receives the goods.

Data management fees

Data management fees relate to licensing proprietary market data under non-exclusive data-licensing agreements with third parties. This revenue is recognized at the point in time the market data is provided to the third parties. The performance obligation is satisfied when the customer receives the market data.

Franchised cannabis retail stores

Fees from franchised stores include royalty income, management fees, and initial franchise fees. Revenue related to initial fees is recognized over the term of the franchise agreement as franchisees consume franchising services as they are provided. The performance obligation is satisfied as the franchisee uses the franchise services over the term of the franchise agreement.

Royalty income and management fees are recognized at a point in time on a monthly basis as a percentage of gross sales revenue. The performance obligation is satisfied as the franchisee sells its products.

Contract assets

Contract assets represent payments by the Company to licensees in accordance with the terms of their respective agreements and are considered contract assets that are amortized based on the expected recognition of revenue from these licensees over the term of the agreements.

(k) Income taxes

Income tax expense comprises current and deferred income taxes. Current tax and deferred tax are recognized in net loss except to the extent that they relate to a business combination, or items recognized directly in equity or other comprehensive loss. Current tax is the expected tax payable or receivable on the taxable earnings or loss for the period, using tax rates substantively enacted at the reporting date, and any adjustment to tax payable in respect to previous periods.

The Company accounts for deferred income taxes using the liability method. Deferred taxes are recognized in respect to temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding amounts used for taxation purposes. Deferred income tax assets and liabilities are measured using substantively enacted tax rates, for the appropriate tax jurisdiction, which are expected to be in effect when these differences are anticipated to be reversed.

Deferred income tax assets are recognized to the extent that it is probable that future taxable earnings will be available against which they can be utilized. Deferred income tax assets are derecognized when, based on available evidence, it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The evaluation as to the likelihood of realizing the benefit of a deferred income tax asset is based on the timing of scheduled reversals of deferred income tax liabilities, taxable income forecasts, and tax-planning strategies. The recognition of a deferred income tax asset is based upon several assumptions and forecasts, including current and anticipated taxable income, the utilization of previously unrealized loss carryforwards, and regulatory reviews of tax filings.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. This determination requires the use of judgment. Income tax expense is adjusted in the period in which an uncertain tax position is effectively settled, the statute of limitations expires, facts or circumstances change, tax laws change, or new information becomes available.

(l) Financial instruments

Recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. All financial assets and financial liabilities are initially measured at fair value, net of transaction costs, except for financial instruments classified as fair value through profit or loss ("FVTPL"), where transaction costs are recognized immediately in net loss.

The Company's financial assets and financial liabilities measured at FVTPL are categorized into a three-level hierarchy, depending on the degree to which the inputs are observable, as follows:

- Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Inputs that are not based on observable market data (unobservable inputs).

Financial assets are classified and measured based on the Company's business model for managing its assets and the contractual terms of the cash flows. Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. Assets held for the collection of contractual cash flows; and
ii. Contractual cash flows that consist solely of principal and interest payments on the principal amount outstanding.

All other financial assets and equity investments are subsequently measured at FVTPL. Financial liabilities are subsequently measured at amortized cost unless the Company opted to measure a liability at FVTPL.

The Company's financial instruments are classified as follows:

Classification	Financial Instrument
Financial assets at amortized cost	Cash and cash equivalents Accounts receivable Deposits Leases receivable Loans receivable Due from related parties
Financial liabilities at amortized cost	Accounts payable and accrued liabilities Deposits Lease liabilities Long-term debt Provisions Due to related parties
Financial liabilities at FVTPL	Deferred variable payment

Impairment

Expected credit losses (ECLs) and any changes at each reporting date are accounted for in the consolidated financial statements to reflect changes in credit risk since initial recognition of the financial assets. A loss allowance is required for ECLs on (i) financial assets subsequently measured at amortized cost; and (ii) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9, Financial Instruments, apply.

The Company measures its trade accounts receivable, notes receivable, and leases receivables, using the simplified approach at an amount equal to their lifetime ECL. For all other financial assets, the Company recognizes the lifetime ECL when there is a significant increase in credit risk since initial recognition. To measure the ECLs, the financial assets are assessed collectively in groups that share similar credit risk characteristics. If the credit risk on the financial asset did not increase significantly, the Company recognizes an ECL equal to the 12-month ECL. The assessment of whether the lifetime ECL is recognized is based on significant increases in the likelihood or risk of default occurring since initial recognition and not on evidence of a financial asset being credit-impaired at the reporting date, or an actual default occurring. The loss allowance for ECL is presented as a deduction from the gross carrying amount for financial assets carried at amortized cost.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring as at the date of initial recognition. In making this assessment, the Company considers both qualitative and quantitative information that is reasonable and supportable, including historical experience and forward-looking information, relevant industry-specific

economic outlooks, and external sources of actual and forecasted economic factors related to the Company's core operations.

Derecognition of financial instruments

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when the Company transfers its rights to receive cash flows from the asset and the associated risks and rewards to a third party. A financial liability is derecognized when the obligation under the liability expires or is discharged or cancelled.

4. Critical accounting estimates and significant judgments

The Company makes estimates, judgments, and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent liabilities and the reported amount of comprehensive loss for the year. Actual results could differ from estimates previously reported. The estimates and assumptions that are critical to the determination of the amounts reported in the consolidated financial statements relate to the following:

(a) Useful lives of property and equipment

The calculation of depreciation of property and equipment includes assumptions related to useful lives and residual values. The assumptions are based on experience with similar assets and are subject to change as new information becomes available.

(b) Lease terms

The determination of lease terms used in the calculation of the Company's ROU assets and lease liabilities require judgment by management. The Company determines the term by assessing the likelihood that any extension available will be exercised for each lease. Management's judgment is based on experience with similar leases and property types and is subject to change as new information becomes available.

(c) Incremental borrowing rate

The determination of the incremental borrowing rates used in the calculation of the value of the Company's ROU assets and lease liabilities require judgment by management. The Company determines this rate for each lease by reference to its outstanding borrowings and implied spreads over the risk-free discount rates that correspond to the term of each lease.

(d) Provisions

Estimates and judgments are used in measuring and recognizing provisions. Judgment is necessary to determine the likelihood and estimated future outflow of resources that may be required to settle future or existing claims or contingent obligations.

(e) Recoverability of long-lived non-financial assets

Long-lived non-financial assets include property and equipment, ROU assets, franchise rights, other intangible assets, and goodwill. Management utilizes key inputs such as capitalization rates of comparable assets and net cash flow for future periods to determine the fair value and determine if impairment is to be recorded. For assets evaluated as part of the Company's CGUs, management estimates the recoverable values of the CGU and uses internally developed valuation processes. Although estimates are consistent with current economic factors, internal planning, and expected future operations, such estimations are subject to uncertainty and could influence the determination of the existence of impairment and the valuation of long-lived non-financial assets. For certain long-lived non-

financial assets such as goodwill, the Company reviews the CGU or group of CGUs to which the goodwill has been allocated to and assesses whether or not its carrying value is lower than its recoverable value.

(f) Deferred variable payments

Estimates and judgments are used in measuring and recognizing deferred variable payments associated with business combinations in the period. Management's judgment is utilized for determining key inputs, such as discount rates, future performance and expected store openings, in the calculation of the fair value of deferred variable payments.

5. Accounting standard changes

Certain new accounting standards, amendments to accounting standards and interpretations have been published for the period ended June 30, 2023. These standards, amendments or interpretations do not have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

6. Business combinations

Business combinations have been accounted for using the acquisition method, and the results of operations since the date of acquisition have been included in the consolidated statement of loss. In accordance with IFRS 3, Business Combinations, the substance of the following acquisitions constitutes a business combination as the group of assets acquired, along with the processes and outputs, was determined to have met the definition of a business under the standard. Accordingly, the assets acquired have been recorded at their respective estimated fair values as of the acquisition date. The fair values of the net assets acquired are as follows:

	14284585 Canada Inc.	Rymal Corners	500 Holland St. West	Total
Cash consideration	$ 5,199,558	$ 2,568,984	$ 1	$ 7,768,543
Deferred variable payment	7,055,044	-	-	7,055,044
Liabilities assumed	-	111,666	67,854	179,520
Total consideration	**12,254,602**	**2,680,650**	**67,855**	**15,003,107**
Settlement of pre-existing relationship	(8,240,635)	-	-	(8,240,635)
Net consideration	**4,013,967**	**2,680,650**	**67,855**	**6,762,472**
Cash	1,237,844	-	-	1,237,844
Other current assets	5,745,202	155,650	-	5,900,852
Current liabilities	(1,047,191)	-	-	(1,047,191)
	5,935,855	**155,650**	**-**	**6,091,505**
Property and equipment	5,204,973	434,685	194,192	5,833,850
Right-of-use assets	10,166,769	872,510	613,096	11,652,375
Reacquired brand	-	436,216	-	436,216
Goodwill	-	1,654,099	-	1,654,099
Lease liabilities	(10,166,769)	(872,510)	(613,096)	(11,652,375)
Deferred tax liability	(1,401,270)	-	-	(1,401,270)
Net assets acquired	**9,739,558**	**2,680,650**	**194,192**	**12,614,400**
Gain on bargain purchase	5,725,591	-	126,337	5,851,928

As a result of business combinations during the year ended June 30, 2023, the Company recognized impairment of contract assets of $1,313,658 (2022 – $2,077,604) that had been paid to the acquirees prior to their acquisition. The impairment was recorded as a result of the determination of a lack of future economic benefit associated with these assets.

Acquisition of 14284585 Canada Inc.

Effective December 30, 2022, the Company acquired 100% of the issued and outstanding shares of 14284585 Canada Inc. The acquired company carries on the business of operating licenced retail cannabis stores in the Provinces of Manitoba, Saskatchewan and Newfoundland and Labrador.

The purchase price consisted of cash of $5,199,558 and deferred consideration payable of $7,055,044 based on the terms of the share purchase agreement. The Company has estimated the discounted future obligations to the parent of the acquired company for the duration of the agreement. This deferred consideration payable is considered a component of gross consideration. Deferred consideration payable is to be remeasured as of each reporting date in accordance with the principles regarding fair value measurement as described in Note 3.

The purchase of 14284585 Canada Inc. resulted in the settlement of a pre-existing relationship that the Company held with the parent of the acquired company. This pre-existing relationship was the Master Licence Agreement under which, prior to December 30, 2022, the Company operated and sub-franchised Tokyo Smoke branded retail cannabis stores in the Province of Ontario. The settlement of this pre-existing relationship resulted in gross consideration being reduced by $8,240,635, an amount estimated to be the Company's discounted future obligation to the vendor of the acquired company for the remainder of the Master Franchise Agreement.

Management's judgment is utilized for determining key assumptions such as discount rates, future performance and expected store openings in the calculation of the fair value of deferred variable payments and the settlement of pre-existing relationships. No reasonable change in assumptions used would have resulted in a materially different fair value.

The gain on bargain purchase of $5,725,591 represents the excess fair value of the net assets acquired over the consideration exchanged. The gain is recorded separately in the consolidated statement of loss.

Transaction costs incurred with respect to the acquisition totalled $22,500.

Acquisition of Rymal Corners

Effective January 17, 2023, the Company acquired 100% of the assets of a cannabis store located at Rymal Corners, Stoney Creek, Ontario, which carries on the business of operating a licenced retail cannabis stores in the Province of Ontario.

The goodwill recognized in the business combination is related to the expected synergies arising from the acquisition of the business as a corporate store and is deductible for tax purposes.

Transaction costs incurred with respect to the acquisition totalled $37,000.

Acquisition of 500 Holland St. West

Effective November 28, 2022, the Company acquired 100% of the assets of a cannabis store located at 500 Holland Street West, Bradford, Ontario, which carries on the business of operating a licenced retail cannabis store in the Province of Ontario.

The gain on bargain purchase of $126,337 represents the excess fair value of the net assets acquired over the consideration exchanged. The gain is recorded separately in the consolidated statement of loss.

7. Revenue

Revenue consists of the following:

	Jun 30 2023	Jun 30 2022
Retail sales	**$ 62,764,276**	$ 40,351,083
Data management fees	**6,376,850**	4,339,599
Royalties	**2,595,244**	2,544,243
Franchise fees	**713,632**	533,333
Other income	**760,791**	924,170
	73,210,793	48,692,428

Retail sales are presented net of the sales discounts of $6,954,761 (2022 – $3,635,076). Obligations arising from the Company's loyalty programs which are disclosed in the consolidated statement of financial position as contract liabilities are $1,554,273 (2022 – $1,094,698).

Royalty income is presented net of the amortization of branding fees $143,633 (2021 – $236,562).

Deferred revenue consists primarily of franchise fees, and the change in any given fiscal period relates to additional franchisee fees collected, less the portion of franchise fees recognized in accordance with each individual franchise agreement.

8. Direct operating expenses

Direct operating expenses consists of the following:

	Jun 30 2023	Jun 30 2022
Cost of goods sold	**$ 42,976,781**	$ 27,323,110
Direct salaries and wages	**10,274,364**	6,779,691
Royalties	**205,454**	534,864
	53,456,599	34,637,665

Inventories included in cost of goods sold totalled $42,976,781 (2022 – $27,323,110).

9. Depreciation and amortization

Depreciation and amortization consists of the following:

	Jun 30 2023	Jun 30 2022
Depreciation of ROU assets (Note 18)	**$ 5,867,531**	$ 4,672,380
Depreciation of property and equipment (Note 17)	**3,617,598**	2,088,411
Amortization of intangible assets (Note 19)	**1,640,857**	902,809
	11,125,986	7,663,600

10. Impairment loss

Impairment loss consists of the following:

	Jun 30 2023	Jun 30 2022
Impairment of contract asset (Note 6)	**$ 2,056,450**	$ 2,077,604
Impairment of ROU assets (Note 18)	**-**	5,784,233
Impairment of intangible assets (Note 19)	**-**	1,474,375
Impairment of leases receivable (Note 18)	**-**	1,260,155
Impairment of property and equipment (Note 17)	**-**	1,103,234
Impairment of goodwill (Note 20)	**-**	651,108
	2,056,450	12,350,709

11. Finance costs

Finance costs consists of the following:

	Jun 30 2023	Jun 30 2022
Interest expense on lease liabilities (Note 18)	**$ 5,410,735**	$ 5,170,570
Interest expense on debts and borrowings	**4,811,351**	6,006,600
Amortization of deferred financing fees	**709,710**	167,479
Other finance costs	**36,477**	105,445
	10,968,273	11,450,094

12. Finance income

Finance income consists of the following:

	Jun 30 2023	Jun 30 2022
Finance income on leases receivable (Note 18)	**$ 1,796,825**	$ 2,303,385
Interest income	**45,949**	67,899
	1,842,774	2,371,284

13. Provisions

The continuity of provisions is summarized below:

	Legal provision – branding rights	Legal provision – put option	Rent provision	Total
At July 1, 2021	$ 1,228,526	$ -	$ -	$ 1,228,526
Arising during the year	-	2,750,000	2,260,149	5,010,149
Utilized	(1,228,526)	-	-	(1,228,526)
Unwinding of discount	-	-	105,421	105,421
At June 30, 2022	**-**	**2,750,000**	**2,365,570**	**5,115,570**
At July 1, 2022	**-**	2,750,000	2,365,570	5,115,570
Arising during the year	-	-	134,430	134,430
Utilized	-	-	(2,500,000)	(2,500,000)
Unused amounts reversed	-	(2,750,000)	-	(2,750,000)
At June 30, 2023	**-**	**-**	**-**	**-**

Current	$ -
Long-term	-

Legal provision – branding rights

The legal provision as at June 30, 2021 related to litigation associated with branding rights. This matter was resolved during the year ended June 30, 2022 and the entire provision balance was utilized.

Legal provision – put option

During the year ended June 30, 2022, a claim was filed by a franchisee relating to an obligation to purchase the franchisee location by the Company. This matter was resolved during the year ended June 30, 2023 and the entire provision balance was reversed.

Rent provision

During the year ended June 30, 2022, a claim was filed by a landlord in respect of a lease termination of a location that is no longer operating. This matter was resolved during the year ended June 30, 2023 and the entire provision balance was utilized.

14. Other gains (losses)

Other gains (losses) consists of the following:

	Jun 30 2023	Jun 30 2022
Gain on termination of lease	**$ 5,057,493**	$ 17,173
Gain on repeal of regulatory policy	**925,415**	-
Loss on change-in-use of lease	**(668,942)**	(19,591)
Gain (loss) on remeasurement of lease	**(492,469)**	101,511
Gain on forgiveness of support fee payable	**-**	534,048
Loss on disposal of assets	**-**	(820,228)
Other losses	**(211,973)**	(2,005)
	4,609,524	(189,092)

On May 30, 2023, Bill 10 - The Liquor, Gaming and Cannabis Control Amendment Act received royal assent by the Province of Manitoba. As a result, the Company recorded a gain on repeal of regulatory policy of $925,415, which relates to the social responsibility fees accrued which are no longer payable to the Government of Manitoba.

15. Income tax

The major components of income tax recognized in the consolidated statement of loss are as follows:

Current income tax recovery	**Jun 30 2023**	Jun 30 2022
Current income tax recovery on net loss for the year	**$ (175,141)**	$ (12,693)

Deferred income tax recovery	**Jun 30 2023**	Jun 30 2022
Origination and reversal of temporary differences	**$ (856,097)**	$ (404,970)
Total income tax reported in net loss	**(1,031,238)**	(417,663)

The tax on the Company's net loss differs from the expected amount that would arise using the weighted average statutory tax rate in effect as follows:

	Jun 30 2023	Jun 30 2022
Loss before income taxes	**$ (19,186,171)**	$ (32,610,960)
Non-deductible (taxable) expenses	**2,430,734**	(353,539)
Loss subject to income taxes	**(16,755,437)**	(32,964,499)
Income tax at statutory rate of 26.6% (2021 – 26.5%)	**(4,455,657)**	(8,735,592)
Impact of restructuring transactions and other adjustments	**4,571,311**	3,346,200
(Recognition) Derecognition of tax loss carryforwards	**(1,146,892)**	4,971,729
Income tax, net	**(1,031,238)**	(417,663)

The components of the deferred income tax balance are as follows:

	Jun 30 2023	Jun 30 2022
Deferred income tax assets	**$ 29,900,649**	$ 24,343,541
Deferred income tax liabilities	**(31,770,542)**	(25,668,261)
Deferred income tax liabilities, net	**(1,869,893)**	(1,324,720)

The movement of deferred income tax assets and liabilities during the year is as follows:

Deferred income tax assets	Lease liabilities	Tax loss carryforward	Legal provision	Other assets	Total
At June 30, 2021	**$ 23,402,665**	**$ 2,030,854**	**$ 96,664**	**$ -**	**$ 25,530,183**
Acquisition of businesses	1,514,279	-	-	-	**1,514,279**
Recognized in loss	(1,834,488)	(1,396,645)	530,212	-	**(2,700,921)**
At June 30, 2022	**23,082,456**	**634,209**	**626,876**	**-**	**24,343,541**
Acquisition of businesses	-	176,079	-	-	**176,079**
Recognized in loss	3,796,144	1,597,099	(626,876)	614,662	**5,381,029**
At June 30, 2023	**26,878,600**	**2,407,387**	**-**	**614,662**	**29,900,649**

Deferred income tax liabilities	ROU assets	Leases receivable	Intangible assets & property and equipment	Other liabilities	Total
At June 30, 2021	**$ (13,518,898)**	**$ (9,883,768)**	**$ (1,723,404)**	**$ (1,515,906)**	**$ (26,641,976)**
Acquisition of businesses	(1,514,278)	-	(617,898)	-	**(2,132,176)**
Recognized in loss	2,128,146	(293,659)	866,077	405,327	**3,105,891**
At June 30, 2022	**(12,905,030)**	**(10,177,427)**	**(1,475,225)**	**(1,110,579)**	**(25,668,261)**
Acquisition of businesses	-	-	(1,415,802)	(161,547)	**(1,577,349)**
Recognized in loss	(6,671,616)	2,716,355	(1,411,571)	841,900	**(4,524,932)**
At June 30, 2023	**(19,576,646)**	**(7,461,072)**	**(4,302,598)**	**(430,226)**	**(31,770,542)**

As at June 30,2023, the Company has unused non-capital losses of $33,812,238 (2022 – $14,553,177). These loss pools expire between the years 2039 and 2042.

The Company has not recognized a deferred income tax asset in respect of certain deductible temporary differences as summarized below:

	Jun 30 2023	Jun 30 2022
Tax loss carryforwards	**$ 30,152,367**	$ 12,591,850
Lease liability	**10,316,257**	11,763,147
Other temporary differences	**5,677,460**	9,189,215
Total	**46,146,084**	33,544,212

The Company has concluded that there is no evidence of recoverability or tax-planning opportunity in place as at June 30, 2023 to recognize these deductible temporary differences.

Income taxes refunded during the year totalled $75,067 (2022 – taxes paid of $27,389).

16. Accounts receivable

Accounts receivable consists of the following:

	Jun 30 2023	Jun 30 2022
Trade accounts receivable	**$ 6,780,502**	$ 3,907,271
Other accrued receivables	**74,793**	151,109
	6,855,295	4,058,380
Expected credit loss	**(3,598,203)**	(844,313)
	3,257,092	3,214,067

17. Property and equipment

The continuity of property and equipment is summarized below:

	Leasehold improvements	Operating equipment and fixtures	Computer hardware and software	Total
Year ended June 30, 2022				
Opening net book value	$ 7,419,236	$ 1,835,197	$ 507,298	**$ 9,761,731**
Additions	4,648,931	934,931	260,812	**5,844,674**
Additions from acquisition of businesses	1,910,870	139,243	139,245	**2,189,358**
Transfers	(90,027)	90,027	-	**-**
Disposals	(720,496)	(97,939)	(1,793)	**(820,228)**
Depreciation	(1,435,435)	(405,208)	(247,768)	**(2,088,411)**
Impairment	(873,743)	(177,679)	(51,812)	**(1,103,234)**
Closing net book value	**10,859,336**	**2,318,572**	**605,982**	**13,783,890**
At June 30, 2022				
Cost	13,736,885	3,071,454	1,032,122	**17,840,461**
Accumulated depreciation	(2,003,806)	(575,203)	(374,328)	**(2,953,337)**
Accumulated impairment	(873,743)	(177,679)	(51,812)	**(1,103,234)**
Net book value	**10,859,336**	**2,318,572**	**605,982**	**13,783,890**
Year ended June 30, 2023				
Opening net book value	10,859,336	2,318,572	605,982	**13,783,890**
Additions	884,417	461,296	117,876	**1,463,589**
Additions from acquisition of businesses	5,098,293	435,068	300,489	**5,833,850**
Depreciation	(2,456,566)	(783,231)	(377,801)	**(3,617,598)**
Closing net book value	**14,385,480**	**2,431,705**	**646,546**	**17,463,731**
At June 30, 2023				
Cost	19,466,106	3,980,263	1,497,525	**24,943,894**
Accumulated depreciation	(4,206,883)	(1,370,879)	(799,167)	**(6,376,929)**
Accumulated impairment	(873,743)	(177,679)	(51,812)	**(1,103,234)**
Net book value	**14,385,480**	**2,431,705**	**646,546**	**17,463,731**

No impairment was recorded during the year ended June 30, 2023 (2022 – $1,103,234). Impairment was assessed as at June 30, 2023 for the Company's CGUs. As internal indicators of impairment were identified, a further assessment of fair value compared to the carrying value of the CGU was performed for CGUs which were determined to potentially be subject to impairment. The fair value was assessed through the use of a market multiple, and it was concluded that no CGUs had carrying values in excess of their fair value. No reasonable change in the market multiple used would have resulted in a different impairment conclusion. The impairment losses in the prior period relate to losses allocated to certain CGUs whose fair value less cost of disposal was assessed to be below the carrying value of the CGUs. These CGUs represent individual retail cannabis stores that are owned and operated by the Company. Their fair value less cost of disposal was calculated using the discounted cash flow approach and Level 3 inputs.

18. Leases

Lessee accounting

The Company is the lessee for its corporate retail stores as well as the head lessee for its franchised retail cannabis locations. Lease terms for these stores range from three to twenty years, and the Company has included renewal options when it is reasonably certain the renewal options will be exercised.

Set out below are the carrying amounts of ROU assets recognized and the movements during the year:

Year ended June 30, 2022	
Opening net book value	$ 51,014,708
Additions	8,785,474
Additions from acquisition of businesses	6,251,607
Change in use of leased assets	10,279,180
Lease terminations	(17,576,780)
Remeasurements	400,651
Depreciation	(4,672,380)
Impairment	(5,784,233)
Closing net book value	**48,698,227**
Year ended June 30, 2023	
Opening net book value	$ 48,698,227
Additions	13,411,682
Additions from acquisition of businesses	11,652,375
Change in use of leased assets	7,059,015
Lease terminations	-
Remeasurements	(1,079,633)
Depreciation	(5,867,531)
Closing net book value	**73,874,135**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Year ended June 30, 2022	
Opening net book value	$ 90,038,921
Additions	22,878,361
Additions from acquisition of businesses	6,251,607
Repayments	(7,294,277)
Lease terminations	(18,087,496)
Accretion of interest	5,170,570
Remeasurements	(90,930)
Closing net book value	**98,866,756**
Current	$ 5,631,321
Long-term	93,235,435
Year ended June 30, 2023	
Opening net book value	$ 98,866,756
Additions	14,308,796
Additions from acquisition of businesses	11,652,375
Repayments	(10,678,224)
Lease terminations	(5,776,002)
Accretion of interest	5,410,735
Change in use of leased asset	(700,228)
Remeasurements	(1,339,273)
Closing net book value	**111,744,935**
Current	$ 5,820,282
Long-term	105,924,653

The Company's incremental borrowing rate applied for the year ended June 30, 2023 ranges from 1.49% to 8.63%. The Company has applied rates to individual lease and portfolios of leases where those leases have similar characteristics. In instances where the underlying leases are distinct in respect of the type of underlying asset, the term of the agreement, or the economic environment, a rate that is unique to that lease or portfolio of leases is applied.

A remeasurement of $681,243 (2022 – $90,930) has been included to reflect changes in lease payments that arose from rent concessions. The Company applied the practical expedient allowable by the amendment to IFRS 16, Leases, adopted on July 1, 2020. The changes in lease payments resulted from reduced rent payment, rent deferral, and a change in lease commencement date.

An impairment assessment was performed over the Company's CGUs as described in Note 17. No impairment was recorded for the year ended June 30, 2023.

Lessor accounting

The Company acts as an intermediate lessor on all franchised retail cannabis locations. These leases are treated as finance leases with lease terms between nine and twenty years.

Set out below are the carrying amounts of leases receivable and the movements during the year:

Year ended June 30, 2022	
Opening net book value	$ 36,862,699
Additions	9,321,218
Cash receipts	(2,845,586)
Change in use of leased assets	(5,405,686)
Lease terminations	(530,307)
Remeasurements	(40,182)
Finance income	2,303,385
Impairment	(1,260,155)
Closing net book value	**38,405,386**
Current	1,358,747
Long-term	37,046,639
Year ended June 30, 2023	
Opening net book value	$ 38,405,386
Additions	897,114
Cash receipts	(3,045,532)
Change in use of leased assets	(8,428,185)
Lease terminations	(718,509)
Remeasurements	(752,110)
Finance income	1,796,825
Closing net book value	**28,154,989**
Current	1,604,711
Long-term	26,550,278

Changes in use of leased assets in respect of ROU assets and leases receivable relate to instances in which a sub-lessor is no longer party to the sub-lease with the Company while the Company remains party to the related lease with the landlord. During the year ended June 30,2023, changes in use of leased assets arose as a result of purchases of franchisees by the Company which relieved the sub-lessor from their obligations, as well as instances in which only the sub-lessee related to a leased asset was terminated and the Company retained its obligations. Certain leases assumed by the Company as a result of terminations of sub-leases were subsequently terminated and are included in lease terminations.

19. Intangible assets

The Company's intangible assets are as follows:

	Reacquired brand	Licence fees	Franchise fees	Total
Year ended June 30, 2022				
Opening net book value	$ 5,817,657	$ 935,099	$ 654,070	**$ 7,406,826**
Additions	-	23,500	200,000	**223,500**
Additions from business combinations	1,260,832	22,000	-	**1,282,832**
Disposals – cost	(1,035,795)	-	-	**(1,035,795)**
Disposals – accumulated depreciation	135,828	-	-	**135,828**
Disposals – accumulated impairment	899,967	-	-	**899,967**
Amortization	(692,107)	(163,702)	(47,000)	**(902,809)**
Impairment	(1,455,708)	(1,500)	(17,167)	**(1,474,375)**
Closing net book value	**4,930,674**	**815,397**	**789,903**	**6,535,974**
At June 30, 2022				
Cost	6,456,076	1,080,536	864,028	**8,400,640**
Accumulated amortization	(969,661)	(263,639)	(56,958)	**(1,290,258)**
Accumulated impairment	(555,741)	(1,500)	(17,167)	**(574,408)**
Net book value	**4,930,674**	**815,397**	**789,903**	**6,535,974**
Year ended June 30, 2023				
Opening net book value	4,930,674	815,397	789,903	**6,535,974**
Additions	-	119,527	-	**119,527**
Additions from business combinations	436,216	-	-	**436,216**
Disposals – cost	-	(138,000)	(864,028)	**(1,002,028)**
Disposals – accumulated depreciation	-	136,499	846,861	**983,360**
Disposals – accumulated impairment	-	1,500	17,167	**18,667**
Amortization	(645,280)	(205,674)	(789,903)	**(1,640,857)**
Closing net book value	**4,721,610**	**729,249**	**-**	**5,450,859**
At June 30, 2023				
Cost	6,892,294	1,062,061	-	**7,954,355**
Accumulated amortization	(1,614,943)	(332,812)	-	**(1,947,755)**
Accumulated impairment	(555,741)	-	-	**(555,741)**
Net book value	**4,721,610**	**729,249**	**-**	**5,450,859**

No impairment was recorded during the year ended June 30, 2023 (2022 – $1,474,375). The impairment losses in the prior year relate to losses allocated to certain CGUs whose fair value less cost of disposal was assessed to be below the carrying value of the CGUs. In one instance, the intangible assets associated with a CGU were reduced to a carrying value of nil due to the lack of future economic benefits to be generated by the CGU. The remaining CGUs represent individual retail cannabis stores that are owned and operated by the Company. Their fair value less cost of disposal was calculated using the market multiple approach.

20. Goodwill

The continuity of goodwill is summarized below:

Year ended June 30, 2022	
Opening net book value	$ 12,561,301
Additions from acquisition of businesses	4,080,385
Impairment	(651,108)
Closing net book value	**15,990,578**
Year ended June 30, 2023	
Opening net book value	$ 15,990,578
Additions from acquisition of businesses	1,654,099
Closing net book value	**17,644,677**

The Company considers qualitative and quantitative factors when determining whether a CGU may be impaired in accordance with the accounting policies described in Note 3. The fair value of this group of CGUs is determined by using comparable market data and a market multiple to estimate the fair value of the CGU which is a Level 3 input. The group of CGUs used comprises each individual store owned and operated by the Company, as well as the ancillary operations which generate cash flow. The Company's change in assumptions used over the prior period did not result in a material difference in conclusion in the impairment assessment. No reasonable change in the market multiple used would have resulted in a different impairment conclusion. If goodwill recorded is higher than the value calculated through the use of comparable market data, the carrying value of the asset is written down to fair value. These valuations are based on estimates and assumptions including determination of appropriate market comparables and the determination of whether a premium or discount should be applied to comparable data.

No impairment was recorded during the year ended June 30, 2023 (2022 – $651,108). In the prior year, the goodwill associated with a specific CGU was reduced to a carrying value of nil due to a lack of future economic benefits to be generated by the CGU. The fair value less cost of disposal was calculated using the discounted cash flow approach and Level 3 inputs.

21. Long-term debt

Long-term debt consists of the following:

	Jun 30 2023	Jun 30 2022
Credit facility	**$ 33,599,993**	$ 29,523,881
Store facility	**5,000,000**	7,500,000
	38,599,993	37,023,881
Less current portion of long-term debt	**(33,599,993)**	(29,523,881)
	5,000,000	7,500,000

Long-term debt is net of the carrying value of deferred financing fees of $400,007 (2022 – $476,119). The carrying value of the Company's long-term debt approximates the fair value of these financial instruments for the years ended June 30, 2023 and 2022.

Credit facility

On October 7, 2022, the Company and its lender entered into a second amended and restated credit agreement for a credit facility with a maturity date of October 7, 2024. As of June 30, 2023, the Company has drawn $34,000,000 (2022 - $30,000,000) of a maximum of $40,000,000. The balance of the Credit facility has been guaranteed by DAK Capital Inc., a company under common control. The facility bears interest at the Company's choice of Bank of Canada prime rate plus a maximum of 3.25% or bankers' acceptance rate plus a maximum of 4.5%. The credit facility is subject to numerous financial covenants including a fixed charge coverage ratio, a debt to earnings ratio, and an earnings-based measure. The Company was not in compliance with a certain covenant as at June 30, 2023 and the credit facility has been reclassified to current liabilities as a result.

On September 26, 2023, the lender agreed to waive the debt covenants as of June 30, 2023, in addition to making amendments to the second amended and restated credit agreement. The amendment adjusted the facility to bear interest at the Company's choice of Bank of Canada prime rate plus 3.25% or bankers' acceptance rate plus 4.5%, removing the fixed charge coverage ratio, the debt to earnings ratio, modifying the earnings-based measure as well as adding a minimum liquidity covenant. The amendment also included waivers in respect of any instances in which the Company was in breach of its covenants to the lender.

Store facility

The store facility comprises debt which the Company has taken from a lender and then loaned to a store for the purposes of start-up expenses, and a promissory note from its counterparty to the former Master License Agreement for the Company's general corporate purposes. In the current period the Company's loan receivable balance was assigned to the lender, which was offset against the amount owing to the lender.

22. Deferred variable payment

The continuity of the deferred variable payment related to the acquisition of 1428485 Canada Inc. is set out below:

	Jun 30 2023	Jun 30 2022
Opening net book value	**$ -**	$ -
Additions from acquisition of business	**7,055,044**	**-**
Amounts due and accrued	**(1,003,020)**	**-**
	6,052,024	**-**

Key assumptions used in the valuation of the amounts payable include a discount rate of 15.0% as well as forecasted store revenues which are subject to a percentage-based payment that comprises the deferred variable payment amount. The Company utilized recent historical data as well as its expertise in relation to future performance and store openings, which are level 3 inputs, to estimate the fair value of the liability as at June 30, 2023. No reasonable change in assumptions used would have resulted in a materially different fair value.

23. Related party balances

Due from related parties

	Jun 30 2023	Jun 30 2022
OEG Inc.	**$ -**	$ 157,500
OEG Retail Cannabis Inc.	**198,186**	198,186
Other	**-**	16,120
	198,186	371,806
Current	**$ -**	$ 157,500
Long-term	**198,186**	214,306

OEG Retail Cannabis Inc.

Amounts owed from OEG Retail Cannabis Inc., a company under common control, are unsecured, non-interest bearing, and payable on demand.

Due to related parties

	Jun 30 2023	Jun 30 2022
OEG Retail Cannabis Inc.	**$ 45,436,910**	-
DAK Capital Inc.	**1,580,493**	30,984,673
Oilers Entertainment Group Services Ltd.	**612,968**	612,968
KGP Holdings Inc.	**-**	276,339
OEG Inc.	**156,167**	56,091
Other	**18,803**	40
	47,805,341	31,930,111
Current	**47,805,341**	31,930,111
Long-term	**-**	-

OEG Retail Cannabis Inc.

The amounts owed to OEG Retail Cannabis Inc. bear interest at a rate of 9% per annum, are payable on demand, and are subordinated to the lender of the credit facility. OEG Retail Cannabis Inc. replaced DAK Capital Inc. as the related party lender during the year ended June 30, 2023. Other amounts owed to OEG Retail Cannabis Inc. are related to management fee services provided in the current period.

DAK Capital Inc.

Amounts owed to DAK Capital Inc., a company under common control, are the result of guarantee fees paid on the amounts owed under the credit and store facility. DAK Capital Inc. receives a guarantee fee equal to 4% per annum. DAK Capital Inc. was replaced by OEG Retail Cannabis Inc. as the related party lender during the year ended June 30, 2023.

OEG Inc., Oilers Entertainment Group Services Ltd., KGP Holdings Inc. and other

The balances owed to companies under common control are unsecured, non-interest bearing, and payable on demand.

24. Related party transactions

The following are related party transactions incurred by the Company in the normal course:

- The Company recorded $1,800,000 (2022 – nil) of management fee expenses and $nil (2022 - $198,186) expense recoveries from OEG Retail Cannabis Inc., a company under common control.
- The Company recorded nil (2022 – $4,129,904) and $1,490,630 (2022 – $89,863) of interest and guarantee fees to DAK Capital Inc.
- The Company recorded nil (2022 – $157,500) of management fee revenue from OEG Inc., related to management services provided by an executive.
- The Company recorded nil (2022 – $100,000) of management fee expenses to a company controlled by an executive for management services provided.
- The Company recorded nil (2022 – $524,071) of salaries and benefits recoveries related to Oilers Entertainment Group Services Ltd.

The Company recorded salaries, wages, benefits, and fees of $1,583,648 (2022 – $928,652) in respect of key management personnel during the year ended June 30, 2023. Key management personnel comprise senior management of the Company.

25. Commitments and contingencies

Commitments

No commitments exist that are not already described in the notes to these consolidated financial statements.

Legal matters

The Company is a defendant in various lawsuits. Although the outcome of these lawsuits cannot be predicted with certainty (including the extent of available insurance, if any), management does not believe that resolution of these lawsuits will have a material adverse effect on the results of the Company. To the extent that any amounts are reliably measurable, a provision has been recorded.

26. Supplementary cash flow information

Changes in non-cash working capital amounts are summarized below:

	Jun 30 2023	Jun 30 2022
Accounts receivable	**$ (2,954,111)**	$ (1,594,843)
Inventories	**(1,602,274)**	(253,545)
Prepaid expenses and deposits	**155,912**	(122,601)
Contract assets	**143,632**	236,562
Due from related parties in the normal course	**(2,291,874)**	55,533
Accounts payable and accrued liabilities	**7,132,326**	3,607,554
Contract liabilities	**459,575**	1,094,698
Deferred revenue	**(739,671)**	(172,459)
Income taxes	**(133,532)**	16,077
	169,983	2,866,976

Changes in liabilities arising from financing activities are summarized below:

	Due to DAK Capital Inc.	Due to OEG Retail Cannabis Inc.	Long-term debt	Lease liabilities	Total
July 1, 2021	**$ 24,164,906**	**$ -**	**$ 26,062,607**	**$ 90,038,921**	**$ 140,266,434**
Proceeds	2,600,000	-	12,733,219	-	**15,333,219**
Payments	(3,030,243)	-	(3,270,756)	(7,294,277)	**(13,595,276)**
Non-cash changes					
Net change in finance fees	-	-	(68,745)	-	**(68,745)**
Additions, modifications and other	-	-		5,170,570	**5,170,570**
Accretion of interest	3,030,243	-	1,567,556	10,951,542	**15,549,341**
June 30, 2022	**26,764,906**	**-**	**37,023,881**	**98,866,756**	**162,655,543**
July 1, 2022	**$ 26,764,906**	**$ -**	**$ 37,023,881**	**$ 98,866,756**	**162,655,543**
Proceeds	-	43,615,000	4,000,000	-	**47,615,000**
Payments	(26,764,906)	-	(3,356,618)	(10,599,401)	**(40,720,925)**
Non-cash changes					
Net change in finance fees	-	-	76,112	-	**76,112**
Additions, modifications and other	-	-	(2,500,000)	18,066,845	**15,566,845**
Accretion of interest	-	-	3,356,618	5,410,735	**8,767,353**
June 30, 2023	**-**	**43,615,000**	**38,599,993**	**111,744,935**	**193,959,928**

27. Capital management

Risk management

The Company's objectives in managing its capital are to safeguard assets and continue as a going concern while maintaining owner and creditor confidence and maximizing the future development of the business and return to the owner.

The Company considers its capital structure to include cash and cash equivalents, shareholder's deficiency, amounts due to OEG Retail Cannabis Inc. and DAK Capital Inc., and long-term debt. In order to maintain or adjust the capital structure, the Company may adjust capital spending, expand credit facilities, enter into new credit facilities, repay existing borrowings, pay dividends, raise equity, or sell assets.

As of June 30, 2023, the Company had a net working capital deficiency of $89,750,350 (2022 – $71,407,468) and a shareholder's deficiency of $64,845,048 (2022 – $46,690,115). An amount of $45,436,910 of the working capital deficiency are owed to OEG Retail Cannabis Inc., and an entity under common control which is not expected to demand repayment within the next fiscal year. OEG Retail Cannabis Inc. has also provided an additional $2,000,000 to the Company subsequent to June 30, 2023 in order to fund current liabilities, as well as an approximate $2,700,000 to fund the acquisition described in Note 29. The net working capital deficiency is also inclusive of $33,599,993 of long-term debt, of which

$33,599,993 relates to the lender of the redit facility described in Note 21. As described in Note 21, the lender amended the credit agreement and provided waivers in respect of covenants for the year ended June 30, 2023 which provides increased assurance that the credit facility will not be due in the next 12-month period. The credit facility has $6,000,000 in remaining funds available to be drawn for the Company, which provides incremental liquidity. The credit facility also allows for contributions by the parent of the Company to provide additional funding into the Company such that the funding provided allows the Company to achieve its earnings-based covenants. The Company has identified a material uncertainty pertaining to the going concern assumption as discussed in Note 2.

The Company's capital is summarized below:

	Jun 30 2023	Jun 30 2022
Cash and cash equivalents	**$ 791,462**	$ 1,465,941
Long-term debt	**38,599,993**	37,023,881
Due to OEG Retail Cannabis Inc.	**45,436,910**	-
Due to DAK Capital Inc.	**1,580,493**	30,984,673
Shareholder's deficiency	**64,845,058**	46,690,115

Loan covenants

Under the terms of the major borrowing facilities, the Company is required to comply with certain financial and non-financial covenants. The Company monitors its capital structure and financing requirements using financial measures defined within the agreed-upon terms of each facility. Certain details of these covenants are set out in Note 21.

28. Financial risk

The Company's activities are exposed to a variety of financial risks of varying degrees of significance, which could affect the Company's ability to achieve its strategic objectives. The Company's overall risk management process is designed to identify, manage and mitigate business risk, which includes, among other risks, financial risk. Risk management is carried out by management in conjunction with overall corporate governance. The principal financial risks to which the Company is exposed are described below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk in the event of non-performance by counterparties in connection with its cash and cash equivalents, accounts receivable, loans receivable, and related party receivables. The Company mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Cash and cash equivalents are held with Canadian chartered banks and associated credit risk is considered to be insignificant.

The Company measures its trade accounts receivable using the simplified approach at an amount equal to their lifetime ECL. For all other financial assets, the Company recognizes the lifetime ECL when there is a significant increase in credit risk since initial recognition. To measure the ECL, the financial assets are assessed collectively in groups that share similar credit risk characteristics and a group-specific assumption is applied to these assets to assess whether an ECL at the Company-specific rate would amount to a material balance. The Company specific rate applied is based on the types of customers the Company is to receive funds from. Based on this approach, ECLs have been determined as follows:

	Jun 30 2023	Jun 30 2022
Related to accounts receivable	**$ 3,598,203**	844,313
Related to loans receivable	**-**	22,000
	3,598,203	866,313

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company enters into transactions to purchase goods and services on credit and borrows funds from creditors for which repayment is required at various maturity dates.

The summary table with the maturity of financial liabilities presented below is used to manage key liquidity risks. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the consolidated statement of financial position, as the impact of discounting is not meaningful.

As at June 30, 2022	**Up to 1 year**	**1 – 5 years**	**Over 5 years**	**Total**
Accounts payable and accrued liabilities	$ 8,349,939	$ -	$ -	$ 8,349,939
Deposits	-	-	439,135	439,135
Provisions	2,750,000	2,365,570	-	5,115,570
Long-term debt	30,000,000	5,000,000	2,500,000	37,500,000
Due to related parties	31,930,111	-	-	31,930,111
Lease liabilities	10,496,521	37,504,448	94,455,984	142,456,953
	83,526,571	**44,870,018**	**97,395,119**	**225,791,708**

As at June 30, 2023	**Up to 1 year**	**1 – 5 years**	**Over 5 years**	**Total**
Accounts payable and accrued liabilities	$16,034,185	$ -	$ -	**$ 16,034,185**
Deposits	-	-	400,256	**400,256**
Long-term debt	39,000,000	-	-	**39,000,000**
Due to related parties	47,805,341	-	-	**47,805,341**
Lease liabilities	11,867,474	51,464,895	94,263,334	**157,595,703**
	114,707,000	**51,464,895**	**94,663,590**	**260,835,485**

Interest rate risk

Interest rate risk is the risk that the future cash flows or fair values of a financial instrument will fluctuate because of changes in market interest rates. The Company's debt facilities feature a number of variable interest rates based on the CDOR and the prime lending rate for Canadian dollar loans. Management reviews the terms and conditions of any borrowings, whether new or in respect of refinancing, and ensures the interest rate of the debt instrument continues to allow for an acceptable level of interest rate risk across the Company.

Based on interest rates as at year-end, the sensitivity to a 100-basis point movement in interest rates would result in an impact of $743,121 (2022 – $768,448) on net loss.

Price risk

Price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with the financial instruments of the Company are not exposed to price risk.

Concentration risk

The Company purchased substantially all of its cannabis product in Ontario, Manitoba and Newfoundland and Labrador from the provincial regulatory bodies, as they are the lone wholesaler of cannabis products in their respective provinces.

29. Subsequent events

Credit facility

On September 26, 2023, the Company completed an amendment to its credit facility as described in Note 21.

Business combinations

On October 3, 2023, the Company completed an asset acquisition of two retail cannabis stores branded as J Supply located in Thunder Bay, Ontario. The purchase price of the transaction was approximately $2,700,000.

30. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation. These changes include the following:

- Reclassifying security deposits held and paid from lease receivables and right of use assets to prepaids and deposits.
- Reclassifying certain contract assets as property and equipment.
- Reclassifying certain line items on the consolidated statement of cash flows.

THIS IS **EXHIBIT "D"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

Balance sheet as at June 30th 2024 (Unaudited)

		6/30/2024
Current assets		
	Cash and cash equivalents	971,280
	Accounts receivable	3,373,849
	Due from related parties	-
	Prepaid expenses and deposits	491,349
	Income taxes receivable	7,531
	Inventories	6,037,062
	Current portion of contract assets	-
	Current portion of lease receivable	1,729,781
		12,610,852
Non-current assets		
	Property and equipment	13,320,876
	Right-of-use assets	66,125,642
	Leases receivable	24,224,990
	Loans receivable	(0)
	Rent security deposits paid	2,309,462
	Due from related parties - non current	-
	Contract assets	-
	Investments	-
	Goodwill	20,026,213
	Intangible assets	4,612,803
		130,619,987
Total assets		143,230,839
Current liabilities		
	Accounts payable and accrued liabilities	(16,762,582)
	Deferred revenue	(1,152,083)
	Contract liabilities	(1,283,406)
	Due to related parties	(64,410,257)
	Current portion of lease liabilities	(6,121,408)
	Long-term debt - current	(37,890,514)
		(127,620,250)
Non-current liabilities		
	Lease liabilities	(98,861,697)
	Long-term debt - non current	(5,000,000)
	Rent security deposits collected	(508,295)
	Deferred variable payment	(3,531,913)
	Deferred income tax liabilities	(1,869,893)
		(109,771,798)

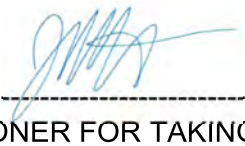
Total liabilities		(237,392,048)
Shareholder's deficiency		
	Share capital	(10)
	Contributed surplus	-
	Deficit	94,161,219
		94,161,209
Total liabilities and shareholder's deficiency		(143,230,839)

Note: excludes 2024 tax entries

Income statement for the year ended June 30th 2024 (Unaudited)

	Consolidated F24
Revenue	92,905,115
Direct operating expenses	70,236,974
Gross profit	**22,668,141**
Other operating expenses	
Wages and salaries	7,075,485
Administrative costs	4,045,817
Professional fees	949,208
Occupancy costs	4,420,122
Advertising and promotion	428,882
Bank charges and processing fees	1,241,743
Management fees	1,800,000
Bad debt expenses	1,952,056
Depreciation and amortization	12,756,356
Impairment loss	2,203,002
Income before the following	**(14,204,529)**
Finance costs	16,900,765
Finance income	1,521,315
Provision expense	-
Loss on settlement of pre-existing relationship	-
Gain on bargain purchase	-
Other gains (losses)	259,460
Net loss before tax	**(29,324,519)**
Income tax recovery	8,358
Deferred income tax recovery	0
Net loss	**(29,316,161)**

THIS IS **EXHIBIT "E"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

Execution Version

2675970 ONTARIO INC.
as Borrower

- and -

CERTAIN GUARANTORS FROM TIME TO TIME PARTY HERETO,
as Guarantors

- and -

THE LENDERS FROM TIME TO TIME PARTY TO THIS AGREEMENT
as Lenders

- and -

BANK OF MONTREAL
as Administrative Agent

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

October 7, 2022

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Exhibit "H"	–	CBA Model Provisions

Schedules

Schedule "A"		Tokyo Smoke Retail & Corporate Store Locations
Schedule 6.01(b)	–	Companies Information
Schedule 6.01(h)	–	Material Permits
Schedule 6.01(i)	–	Specific Permitted Liens
Schedule 6.01(k)	–	Material Leased Properties
Schedule 6.01(l)	–	Intellectual Property
Schedule 6.01(n)	–	Material Agreements
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Schedule 6.01(q)	–	Litigation
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SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS AGREEMENT dated as of October 7, 2022

BETWEEN:

2675970 ONTARIO INC.

as Borrower

- and -

CERTAIN GUARANTORS FROM TIME TO TIME PARTY HERETO,

as Guarantors

- and -

THE LENDERS FROM TIME TO TIME PARTY TO THIS AGREEMENT

as Lenders

- and -

BANK OF MONTREAL

as Administrative Agent

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged by each party, the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.01 Definitions

In this Agreement, the words and phrases set out in the CBA Model Provisions (as hereinafter defined) shall have the respective meanings set forth therein (subject to Section 12.01 hereof). In addition, the following words and phrases have the respective meanings assigned to them below:

"**Acceleration Date**" means the earlier of (i) the date of the occurrence of an Insolvency Event in respect of any Obligor; and (ii) the date on which the Borrower fails to repay the Obligations in full pursuant to an Acceleration Notice issued by the Agent.

"**Acceleration Notice**" is defined in Section 10.02.

"**Advance**" means an extension of credit by one or more of the Lenders to the Borrower pursuant to this Agreement, including for greater certainty an extension of credit in the form of a CDOR Loan, a Prime Based Loan, a Bankers' Acceptance, a BA Equivalent Loan, or the issuance of a Letter of Credit, but for greater certainty does not include a Substitution or Rollover.

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"**Agent**" means BMO in its capacity as the administrative agent for itself and the other Lenders hereunder, and its successors in such capacity.

"**Aggregate Net Hedge Liability**" means, on any date of determination, the net aggregate amount of the Borrower's liability under all Hedge Transactions outstanding on such date in the event of a default or termination thereunder, calculated in accordance with the terms thereof (and for greater certainty, determined after netting any amounts payable to the Borrower thereunder against amounts payable by the Borrower thereunder).

"**Agreement**" means this second amended and restated credit agreement (including the Exhibits and Schedules hereto) as it may be amended, supplemented, replaced or restated from time to time.

"**AML Legislation**" means all anti-money laundering, anti-terrorist financing, government sanction and "know your client" Laws in effect in any jurisdiction in which any Company carries on business or owns assets, including any guidelines or orders thereunder, specifically including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada).

"**Applicable Law**" is defined in the CBA Model Provisions.

"**Applicable Margin**" means, in respect of any Availment Option and in respect of any Fiscal Quarter, the percentage in the column relating to such Availment Option in the following table which corresponds to the applicable Senior Funded Debt to EBITDAR Ratio for such Fiscal Quarter, which percentage shall be subject to adjustment from time to time as provided in Section 5.01(d); provided that from and after the Closing Date until the fifth (5th) Business Day following receipt by the Agent of the Interim Financial Statements and Compliance Certificate for the Fiscal Quarter ending March 31, 2024 in accordance with Section 7.04(a), the Applicable Margin for each Availment Option will be based on pricing level V in the table below; and provided further that in respect of any Fiscal Quarter in which the Borrower's EBITDAR (on a consolidated basis) for the applicable immediately preceding twelve (12) month period is negative, the Applicable Margin for each Availment Option shall be based on pricing level V in the table below:

Pricing Level	Senior Funded Debt to EBITDAR Ratio	CDOR Loans / Bankers' Acceptances / BA Equivalent Loans / Letters of Credit	Prime Based Loans (incl. Swingline)	Standby Fee
I	< 2.25x	3.50%	2.25%	0.70%
II	≥ 2.25x and < 3.00x	3.75%	2.50%	0.75%
III	≥ 3.00x and < 3.75x	4.00%	2.75%	0.80%
IV	≥ 3.75x and < 4.50x	4.25%	3.00%	0.85%
V	≥ 4.50x	4.50%	3.25%	0.90%

"**Approved Jurisdiction**" means a country in which it is legal in all political subdivisions therein (including for greater certainty on a federal, state and municipal basis) to undertake any Cannabis-Related Activities provided that in each case (i) such country has been approved in writing by the Required Lenders in their discretion and (ii) if required by the Agent, the ability to undertake Cannabis Related Activities to the extent permitted by Applicable Law therein is confirmed by a legal opinion provided by the Borrower's counsel in such jurisdiction, in form and substance satisfactory to the Agent. The Required Lenders may in their discretion, from time to time (i) upon receipt of a written request by the Borrower, designate any jurisdiction an Approved Jurisdiction provided that the above criteria are satisfied and (ii) revoke the designation of any jurisdiction as

an Approved Jurisdiction by written notice to the Borrower if such criteria are not satisfied. Each of Canada, Austria, Greece, Germany and Uruguay is an Approved Jurisdiction as at the date of this Agreement.

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

"**Availment Option**" means a method of borrowing which is available to the Borrower as provided herein.

"**BA Equivalent Loan**" means an Advance in Canadian Dollars made by a Non-BA Lender to the Borrower in respect of which the Borrower has issued a BA Equivalent Note.

"**BA Equivalent Note**" means a promissory note payable by the Borrower to a Non-BA Lender in the form of Exhibit "G" attached hereto.

"**BA Lender**" means a Lender identified in Exhibit "A" attached hereto as a Lender which will accept Bankers' Acceptances hereunder.

"**Bankers' Acceptance**" means a bill of exchange or a blank non-interest bearing depository bill as defined in the *Depository Bills and Notes Act* (Canada) drawn by the Borrower and accepted by a BA Lender in respect of which the Borrower becomes obligated to pay the face amount thereof to the holder (which may be a third party or such BA Lender) upon maturity.

"**BMO**" means Bank of Montreal and its successors and permitted assigns.

"**Borrower**" means 2675970 Ontario Inc.

"**Business Day**" means any day on which the Agent is open for over-the-counter business in Toronto, Ontario, excluding Saturday, Sunday and any other day that is a statutory holiday in Toronto, Ontario.

"**Canadian Dollars**" or "**$**" means the lawful money of Canada.

"**Cannabis**" means:

(a) any plant or seed, whether live or dead, from any species or subspecies of genus Cannabis, including Cannabis sativa, Cannabis indica and Cannabis ruderalis, Marijuana and Industrial Hemp and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;

(b) any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by clause (a) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;

(c) any organism engineered to biosynthetically produce the material contemplated by clause (b) of this definition, including any micro-organism engineered for such purpose;

(d) any biologically or chemically synthesized version of the material contemplated by clause (b) of this definition or any analog thereof, including any product made by any organism contemplated by clause (c) of this definition;

(e) any other meaning ascribed to the term "**cannabis**" under Applicable Law in any Approved Jurisdiction, including the *Cannabis Act* and the *Controlled Drugs and Substances Act* (Canada); and

(f) any other meaning ascribed to the term "**cannabis**" under the *Controlled Substances Act* (United States).

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

"**Cannabis Authorizations**" means, at any time, all authorizations necessary for the conduct of Cannabis Related Activities by any Company. For the avoidance of doubt, Health Canada licenses shall constitute a Cannabis Authorization.

"**Cannabis Laws**" means Applicable Law with respect to Cannabis Related Activities (other than Applicable Law of general application), including without limitation the Cannabis Act, the *Cannabis Control Act, 2017* (Ontario), *Cannabis Licence Act, 2018* (Ontario) and the Ontario Regulation 468/18, the Cannabis Regulations and the *Controlled Drugs and Substances Act* (Canada).

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

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

"**Canopy**" means Tweed Franchise Inc.

"**Canopy Acquisition**" means the acquisition by 2675970 Ontario Inc. of the assets described in the Canopy Term Sheet from Canopy Growth Corporation on the terms set forth in the Canopy Term Sheet.

"**Canopy Debt**" means the Funded Debt of 2161907 Alberta Ltd. owing to Canopy pursuant to the Promissory Note dated January 17, 2022 by 2161907 Alberta Ltd. in favour of Canopy, in a principal amount not in excess of $5,000,000.

"**Canopy Subordination Agreement**" means the subordination agreement dated the date hereof between the Agent, as senior lender, Canopy, as subordinated lender, and 2161907 Alberta Ltd.

"**Canopy Support Agreement**" means the Support Agreement dated February 28, 2019 made between 2161907 Alberta Ltd., Canopy and Tweed Leasing Corp., in respect of flow-through indebtedness owed by Mr. Colin Campbell to Canopy and Tweed Leasing Corp. through 2161907 Alberta Ltd. in principal amount not in excess of $2,500,000.

"**Canopy Term Sheet**" means the term sheet dated May 4, 2022 between 2675970 Ontario Inc., as purchaser, and Canopy Growth Corporation, as vendor, for the acquisition by 2675970 Ontario Inc. of the assets described therein from Canopy Growth Corporation.

"**Capital Expenditures**" means expenditures made directly or indirectly which are considered to be in respect of the acquisition or leasing of capital assets in accordance with IFRS, including the acquisition or improvement of Real Property, plant, machinery or equipment, whether fixed or removable.

"**Capital Lease**" means any lease of assets which in accordance with IFRS would be required to be capitalized on the balance sheet of the lessee.

"**Cash Taxes**" in respect of any fiscal period means amounts actually paid by the Companies in such fiscal period in respect of income and capital Taxes (whether relating to such fiscal period or any other fiscal period).

"**CBA Model Provisions**" means the model credit agreement provisions attached hereto as Exhibit "H", which have been revised under the direction of the Canadian Bankers' Association Secondary Loan Market Specialist Group from provisions prepared by The Loan Syndications and Trading Association, Inc.

"**CDOR Discontinuation Date**" is defined in Section 5.18(a)(iii).

"**CDOR Loan**" means a loan made by a Lender to the Borrower in Canadian Dollars in respect of which interest is determined by reference to the CDOR Rate.

"**CDOR Period**" means, with respect to any CDOR Loan, the period commencing on the Business Day on which such CDOR Loan is advanced or continued or another Advance is converted into such CDOR Loan, as applicable, and ending on a Business Day that is one (1), two (2), or three (3) months thereafter (subject to availability) or such other period as may be agreed to by a Lender in its absolute discretion as selected by the Borrower in a Draw Request.

"**CDOR Rate**" means on any day:

(a) the annual rate of interest which is the rate determined as being the arithmetic average of the quotations of all institutions listed in respect of the rate for Canadian Dollar denominated bankers' acceptances for the relevant period displayed and identified as such on the "Refinitiv Screen Canadian Dollar Offered Rate (CDOR) Page" (or any display substituted therefor) of Reuters Monitor Money Rates Service (or any successor thereto or Affiliate thereof) (such display being, the "**Reuters Screen Page**") as of 10:00 a.m. Toronto, Ontario local time on such day and, if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Agent after 10:00 a.m. Toronto, Ontario local time to reflect any error in a posted rate of interest or in the posted average annual rate of interest with notice of such adjustment in reasonable detail evidencing the basis for such determination being concurrently provided to the Borrower); and

(b) if the rate in clause (a) above does not appear on the Reuters Screen Page or is not otherwise available for any reason, then the CDOR Rate on that day shall be the average of the rates applicable to Canadian Dollar bankers' acceptances for the relevant period quoted for customers in Canada by the Agent as of 10:00 a.m. Toronto, Ontario local time on such day, or if such day is not a Business Day, then on the immediately preceding Business Day,

provided that if the CDOR Rate would otherwise be less than zero, the CDOR Rate shall instead be deemed for all purposes of this Agreement to be zero.

"**CDOR Successor Rate**" is defined in Section 5.18.

"**Change of Control**" means the occurrence of any of the following:

(a) Control of the Obligors is at any time not held, directly or indirectly, by one or more of Daryl Katz, his spouse or his descendants or trusts established for the benefit of one or more of such Persons;

(b) Parent Holdco fails to legally and beneficially own and Control 100% of the Equity Interests of the Borrower; or

(c) other than as a result of a disposition permitted under Section 7.02(d)(iii), Borrower fails to own, directly or indirectly, at least 100% of the Equity Interests of each Company (other than Borrower).

"**Closing Date**" means October 7, 2022.

"**Collateral**" means all property, assets and undertaking of the Secured Companies encumbered by the Security, together with all proceeds of the foregoing.

"**Commitment**" means, in respect of any Lender, such Lender's commitment to make Advances to the Borrower under Facility A.

"**Companies**" means the Borrower and all of its Subsidiaries from time to time; and "**Company**" means any of them as the context requires.

"**Compliance Certificate**" means a certificate delivered by the Borrower to the Agent in the form of Exhibit "F".

"**Contingent Obligation**" means, as to any Person, any obligation, whether secured or unsecured, of such Person guaranteeing or indemnifying, or in effect guaranteeing or indemnifying, any indebtedness, leases, dividends, letters of credit or other monetary obligations (the "**primary obligations**") of any other Person (the "**primary obligor**") in any manner, whether directly or indirectly, including any obligation of such Person as an account party in respect of a letter of credit or letter of guarantee issued to assure payment by the primary obligor of any such primary obligation and any obligations of such Person, whether or not contingent, (a) to purchase any such primary obligation or any Collateral constituting direct or indirect security therefor, (b) to advance or supply funds for the purchase or payment of any such primary obligation or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase Collateral, securities or services primarily for the purpose of assuring the obligee under any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the obligee under such primary obligation against loss in respect of such primary obligation; provided, however, that the term Contingent Obligation shall not include (i) endorsements of instruments for deposit or collection in the ordinary course of business or (ii) customary warranties and indemnities provided in the ordinary course of business.

"**Control**" is defined in the CBA Model Provisions.

"**Copyrights**" means all rights, title and interests (and all related IP Ancillary Rights) arising under any requirement of Law in copyrights and all mask work, database and design rights, whether or not registered or published, all registrations and recordations thereof and all applications in connection therewith.

"**Currency Hedge Transaction**" mean an agreement made between the Borrower and a Lender for the purpose of hedging currency risk, including a currency exchange agreement or a foreign exchange forward contract.

"**DAK Capital**" means DAK Capital Inc., an Alberta corporation.

"**DAK Capital BMO Guarantee**" is defined in Section 8.02(b).

"**DAK Capital Security**" means the Liens granted by 2161907 Alberta Ltd. and the Borrower in favour of DAK Capital to secure management or guarantee fees owing from 2161907 Alberta Ltd. and the Borrower to DAK Capital.

"**DAK Subordination Agreement**" means the amended and restated subordination agreement dated October 7, 2022 between the Agent, DAK Capital and the Companies party thereto.

"**Default**" is defined in the CBA Model Provisions.

"**Defined Benefit Pension Plan**" means any Pension Plan which contains a "**defined benefit provision**" as defined in subsection 147.1(1) of the *Income Tax Act* (Canada).

"**Designated Financial Covenants**" is defined in Section 7.03(c).

"**Distribution**" in respect of any Person means any amount paid, directly or indirectly, to a shareholder, partner, director, officer or employee of such Person or a Related Person thereto, including any amount paid by way of dividends, distribution of partnership profits, withdrawal of capital, redemption of shares or partnership units, payments of principal, interest or other amounts on account of indebtedness, salary, bonus, commission, management fees, directors' fees or otherwise, or any other direct or indirect payment in respect of earnings or capital of such Person; provided that the payment of commercially reasonable salaries, bonuses, commissions and directors' fees from time to time to the officers, employees and directors of such Person in the ordinary course of business will not be considered Distributions.

"**Downstream Franchise Agreement**" means the franchise agreements between a Company and a Downstream Franchisee, which relate to the development and operation of Tokyo Smoke Retail Locations, including as at the date of this Agreement the franchise agreements described in Schedule "A" attached hereto.

"**Downstream Franchisee**" means a Company's counterparty with respect to a Downstream Franchise Agreement or a Downstream Sublicense Agreement.

"**Downstream Sublicense Agreement**" means the sub-license agreements between a Company and a Downstream Franchisee, which relate to the development and operation of Tokyo Smoke Retail Locations, including as at the date of this Agreement the sub-license agreements described in Schedule "A" attached hereto.

"**Draw Request**" means a notice in the form of Exhibit "B" given by the Borrower to the Agent for the purpose of requesting an Advance.

"**EBITDAR**" means, in respect of any fiscal period, the consolidated net income of the Borrower in such fiscal period determined in accordance with IFRS (excluding extraordinary or non-recurring income and gains, non-cash gains (such as unrealized foreign exchange gains)), *plus* the following amounts (to the extent such amounts were deducted in determining such consolidated net income, and without duplication):

(a) Interest, fees and expenses paid or payable in connection with Permitted Funded Debt;

(b) income and capital taxes;

(c) depreciation and amortization;

(d) Rent;

(e) extraordinary/unusual non-recurring expenses or losses to the extent approved by the Required Lenders in writing; and

(f) any other expenses approved in writing by the Required Lenders in their discretion, and provided further that:

(i) in respect of each Company which becomes a Subsidiary of the Borrower in any fiscal period, EBITDAR for such fiscal period shall be determined based on the annualized EBITDAR of such Company from its last Fiscal Quarter until a full trailing twelve month period is achieved, as if such Company had been a Subsidiary of the Borrower throughout the entire said fiscal period; and

(ii) in respect of each Company which ceases to be a Subsidiary of the Borrower in any fiscal period, EBITDAR for such fiscal period shall be determined as if such Company had not been a Subsidiary of the Borrower throughout the entire said fiscal period.

"**Equity Contribution Repayment**" is defined in Section 7.03(c)(v).

"**Equity Interest**" means (i) in the case of any corporation, any and all capital stock and any securities exchangeable for or convertible into capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participation rights or other equivalents of corporate stock (however designated) in or to such association or entity, (iii) in the case of a partnership, limited liability company or unlimited liability company, partnership or membership interests (whether general or limited), as applicable, (iv) in the case of a trust, any and all units, and (v) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing Person, and including, in all of the foregoing cases described in clauses (i), (ii), (iii), (iv) or (v), any warrants, rights or other options to purchase or otherwise acquire any of the interests described in any of the foregoing cases.

"**Equity Issuance**" means an issuance or sale by any Company of shares, partnership interests or other equity interests, except any such issuance or sale (i) to any other Company, or (ii) to

management or employees of any Company under any employee stock option or stock purchase plan stock appreciation rights plan, phantom stock plan or other employee benefit plan or arrangement in existence from time to time.

"**Equivalent Amount**" means, in relation to an amount in one currency, the amount in another currency that could be purchased by the amount in the first currency, determined by reference to the applicable Exchange Rate at the time of such determination.

"**Event of Default**" is defined in Section 10.01.

"**Exchange Rate**" means, on the date of determination of any amount of Canadian Dollars to be converted into another currency pursuant to this Agreement for any reason, or vice-versa, the spot rate of exchange for converting Canadian Dollars into such other currency or vice-versa, as the case may be, established by the Bank of Canada at approximately 4:30 p.m. (Toronto time) on the date of such determination (or such other date as may be specified herein).

"**Facility A**" is defined in Section 2.01.

"**Facility A Maximum Amount**" means Forty Million Dollars ($40,000,000).

"**Financial Assistance**" means, without duplication and with respect to any Person, all loans granted by that Person or Contingent Obligations incurred by that Person for the purpose of or having the effect of providing financial assistance to another Person or Persons, including, without limitation, letters of guarantee, letters of credit, legally binding comfort letters or indemnities issued in connection therewith, endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business), obligations to purchase assets regardless of the delivery or non-delivery thereof and obligations to make advances or otherwise provide financial assistance to any other entity and for greater certainty "**Financial Assistance**" shall include any guarantee of any third party lease obligations.

"**First-Ranking Security Interest**" in respect of any Collateral means a Lien in such Collateral which is registered as required under this Agreement to record and perfect the charges contained therein and which ranks in priority to all other Liens in such Collateral, except for any Permitted Liens which may have priority in accordance with Applicable Law.

"**Fiscal Quarter**" means a fiscal quarter of the Companies ending on the last days of September, December, March and June in each year.

"**Fiscal Year**" means a fiscal year of the Companies, ending on the last day of June in each year.

"**Fixed Charge Coverage Ratio**" means, in respect of any twelve (12) month fiscal period, the ratio of: (i) EBITDAR in such fiscal period less the aggregate of the following amounts in respect of such fiscal period (without duplication): (A) Cash Taxes, (B) Distributions paid in cash; and (C) Unfunded Capital Expenditures; to (ii) without duplication, (A) Funded Debt Service in respect of the immediately preceding twelve (12) month fiscal period (including without duplication, Capital Lease payments paid or payable in such period) less (B) payments received under subleases during such preceding twelve (12) month fiscal period.

"**Funded Debt**" in respect of any Person means obligations of such Person which are considered to constitute debt in accordance with IFRS, including indebtedness for borrowed money (in the case of the Companies, specifically including the Outstanding Principal Amount, Subordinated

Debt, obligations secured by Purchase Money Security Interests and net obligations under Capital Leases (calculated by excluding the portion of Capital Leases that are subleased to third parties)), capitalized interest, earnout obligations in respect of a Permitted Acquisition and the redemption price of any securities issued by such Person having attributes substantially similar to debt (such as securities which are redeemable at the option of the holder), plus the Aggregate Net Hedge Liability at the time of determination, but excluding the following: accounts payable, payroll accruals, accruals in respect of normal business expenses and future income Taxes (both current and long-term).

"**Funded Debt Service**" means, in respect of any fiscal period, without duplication: (i) the aggregate amount of Interest paid or payable in respect of the Funded Debt of the Companies (other than Funded Debt owed by a Secured Company to another Secured Company) on a combined basis in respect of such fiscal period (but for greater certainty, excluding any Interest which is capitalized and not paid or payable during such fiscal period); plus (ii) the aggregate amount of scheduled principal payments and scheduled Capital Lease payments and payments in respect of earnout obligations in respect of a Permitted Acquisition (other than obligations or payments made in respect of the Canopy Acquisition in such fiscal period) paid or payable in respect of the Funded Debt of the Companies (other than Funded Debt owed by a Secured Company to another Secured Company) on a consolidated basis in respect of such fiscal period.

"**Governmental Authority**" is defined in the CBA Model Provisions, and for greater certainty includes Health Canada.

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

"**Guarantor**" means each Person required to provide a Guarantee of the Obligations pursuant to Section 8.01.

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

"**Hedge Transaction**" means an Interest Rate Hedge Transaction or a Currency Hedge Transaction.

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board as in effect from time to time applied in a consistent manner period to period.

"**Indemnitees**" means the Lenders, the Agent and their respective successors and permitted assigns, any agent of any of them (specifically including a receiver or receiver-manager) and the respective officers, directors and employees of the foregoing.

"**Industrial Hemp**" has the meaning ascribed to such term or the term "**hemp**" (i) under the Applicable Law of any Approved Jurisdiction, including the Industrial Hemp Regulations (Canada) issued under the Cannabis Act; or (ii) under the *Agricultural Marketing Act of 1946* (United States).

"**Insolvency Event**" means, in respect of any Person, the occurrence of any one or more of the following events:

(a) such Person ceases or threatens to cease to carry on its business, commences any proceeding under Insolvency Legislation including a proposal or an assignment in bankruptcy, petitions or applies to any tribunal for, or consents to, the appointment of any receiver, trustee or similar liquidator in respect of all or a substantial part of its property, admits the material allegations of a petition or application filed with respect to it in any proceeding commenced in respect of it under Insolvency Legislation, or takes any corporate action for the purpose of effecting any of the foregoing; or

(b) any proceeding or filing is commenced against such Person seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any Insolvency Legislation, or seeking the appointment of a receiver, trustee, custodian or other similar official for it or any of its property or assets and such proceeding or filing continues undismissed, or unstayed and in effect, for a period of 45 days after the institution thereof; provided that such 45 day cure period shall be not be available if (i) such Person is not diligently defending such proceeding in good faith and on reasonable grounds, (ii) such Person fails to contest such petition, application or proceeding, (iii) an order, decree or judgment is issued (whether or not entered or subject to appeal) against such Person thereunder within the 45 day period, or (iv) such Person files an answer or other responding materials admitting the material allegations of a petition, application or other proceeding filed against it.

"**Insolvency Legislation**" means legislation in any applicable jurisdiction relating to reorganization, arrangement, compromise or re-adjustment of debt, dissolution or winding-up, or any similar legislation, and specifically includes for greater certainty the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and the *Winding-Up and Restructuring Act* (Canada).

"**Intellectual Property**" means all rights, title and interests in intellectual property and all IP Ancillary Rights relating thereto, including all Copyrights, Patents, Trademarks, Internet Domain Names, Trade Secrets, industrial designs, integrated circuit topographies, plant breeders' rights and rights under IP Licenses.

"**Interest**" means interest on loans, stamping fees in respect of bankers' acceptances, the difference between the proceeds received by the issuers of bankers' acceptances and the amounts payable upon the maturity thereof, issuance fees in respect of letters of credit, and any other charges or fees in connection with the extension of credit which are determined by reference to the amount of credit extended, plus standby fees in respect of the unutilized portion of any credit facility, but excluding capitalized interest (for greater certainty, being interest which is accrued but not paid), agency fees, arrangement fees, structuring fees, fees relating to the granting of consents, waivers, amendments, extensions or restructurings, the reimbursement of costs and expenses, and any similar amounts

which may be charged from time to time in connection with the establishment, administration or enforcement of the Facilities.

"**Interest Rate Hedge Transaction**" means an agreement made between the Borrower and a Lender for the purpose of hedging interest rate risk, including an interest rate exchange agreement (commonly known as an "**interest rate swap**") or a forward rate agreement.

"**Interim Financial Statements**" means, in respect of the Borrower at any time, the unaudited consolidated financial statements of the Borrower (including, for clarity, the Companies) in respect of its most recently completed Fiscal Quarter (and also on a year-to-date basis in respect of such Fiscal Quarter and all previous Fiscal Quarters in the same Fiscal Year) prepared in accordance with IFRS except that such financial statements shall not include any notes thereto and shall be subject to normal year-end adjustments.

"**Internet Domain Names**" means all right, title and interest (and all related IP Ancillary Rights) in internet domain names.

"**Investment**" means an investment made or held by a Person, directly or indirectly, in another Person (whether such investment was made by the first-mentioned Person in such other Person or was acquired from a third party), including a contribution of capital, the making of a loan or advance to any Person (including advances of property (including inventory) to such other Person and acquisitions of property on behalf of such other Person) and including the acquisition or holding of the following: all or substantially all of the assets used in connection with a business; common or preferred shares; bonds, notes, debentures or other debt securities; partnership interests; and investments in joint ventures; provided however that if a transaction would satisfy the definition of "**Capital Expenditure**" herein and also the definition of "**Investment**" herein, it shall be deemed to constitute an Investment and not a Capital Expenditure.

"**IP Ancillary Rights**" means, with respect to an item of Intellectual Property all foreign counterparts to, and all divisionals, reversions, continuations, continuations-in-part, reissues, re-examinations, renewals and extensions of, such Intellectual Property and all income, royalties, proceeds and liabilities at any time due or payable or asserted under or with respect to any of the foregoing or otherwise with respect to such Intellectual Property, including all rights to sue or recover at Law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof, and, includes in each case, all rights to obtain any other IP Ancillary Right.

"**IP License**" means all contractual obligations (and all related IP Ancillary Rights), whether written or oral, granting any right, title and interest in any Intellectual Property.

"**Issuing Bank**" means BMO.

"**Landlord Agreement**" means an agreement in form and substance satisfactory to the Agent, acting reasonably, given in favour of the Agent by the landlord of a Material Leased Property, including an agreement in favour of the Agent by the landlord of a Material Leased Property, in form and substance satisfactory to the Agent, which is contained in the lease of such Material Leased Property.

"**Laws**" means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of such laws, including general principles of

common and civil law and equity or policies or guidelines, to the extent such policies or guidelines have the force of law, binding on the Person referred to in the context in which such word is used; and "**Law**" means any of the foregoing.

"**Lenders**" means the lenders identified in Exhibit "A" attached hereto and any other Persons which may from time to time become lenders pursuant to this Agreement, and their respective successors and permitted assigns.

"**Lender-Related Distress Event**" means, with respect to any Lender or any Person that directly or indirectly Controls such Lender (such Lender and each such Person being individually referred to in this definition as a "distressed person"), (i) the commencement of a voluntary or involuntary proceeding with respect to such distressed person under any Insolvency Legislation, (ii) the appointment of a custodian, conservator, receiver or similar official in respect of such distressed person or any substantial part of its assets, (iii) a forced liquidation, merger, sale or other change of Control of such distressed person supported in whole or in part by Guarantees or other support (including, without limitation, the nationalization or assumption of ownership or operating control of such distressed person by any Governmental Authority), or (iv) such distressed person makes a general assignment for the benefit of its creditors or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such distressed person or its assets to be, insolvent, bankrupt, or deficient in meeting any capital adequacy or liquidity standard of any such Governmental Authority.

"**Letter of Credit**" means a stand-by letter of guarantee or documentary letter of credit.

"**Lien**" means: (i) a lien, charge, mortgage, hypothec, pledge, security interest or conditional sale agreement; (ii) an assignment, lease, consignment, trust or deemed trust that secures payment or performance of an obligation; (iii) a garnishment; (iv) any other encumbrance of any kind; and (v) any commitment or agreement to enter into or grant any of the foregoing.

"**Loan Documents**" means collectively, this Agreement, the Security, any promissory notes issued by the Borrower to the Agent or the Lenders hereunder, all agreements relating to Hedge Transactions, all Service Agreements, any certificate completed and executed by or on behalf of any Obligor and all other certificates, instruments, agreements and other documents delivered, or to be delivered, by or on behalf of any Obligor to the Agent or the Lenders or any of them, as applicable, under or in connection with this Agreement, under or in connection with the Original Credit Agreement, and specifically including any agreements or letters entered into between the Borrower and the Agent in respect of fees payable to the Agent or the Lenders.

"**Marijuana**" has the meaning ascribed to such term (i) under the Applicable Law in any Approved Jurisdiction or (ii) under the *Controlled Substances Act* (United States).

"**MasterCard Line**" is defined in Section 4.02.

"**Material Adverse Change**" means any change or event which: (a) constitutes a material adverse change in the business, operations, financial condition or properties of the Companies taken as a whole; (b) materially impairs the Secured Companies' ability, taken as a whole, to timely and fully perform any of their material obligations under the Loan Documents, or (c) materially impairs the ability of the Agent and the Lenders to enforce their rights and remedies under this Agreement or the Security.

"**Material Agreements**" means each Downstream Franchise Agreement, each Downstream Sublicense Agreement, each TS Trademark License Agreement, the TS Master Franchise Agreement, each other agreement listed in Schedule 6.01(n) hereto and each other agreement made between any Company and another Person from time to time which if terminated would result, or would have a reasonable likelihood of resulting, in a Default, Event of Default or Material Adverse Change.

"**Material Leased Properties**" means all Real Property leased by the Secured Companies as tenants from time to time, unless the Required Lenders have agreed in writing that any such Real Property is not material, specifically including as at the date of this Agreement the leased Real Property described in Schedule 6.01(k) attached hereto, but excluding Real Property leased solely for office purposes.

"**Material Permit**" means each licence or permit listed in Schedule 6.01(h) hereto and each other licence, permit, approval, registration or qualification granted to or held by any Secured Company which if terminated would result, or would have a reasonable likelihood of resulting, in a Default or Event of Default.

"**Maturity Date**" means the earliest of (i) October 7, 2024, and (ii) the date that is six (6) months prior to the maturity date of the Canopy Debt.

"**Non-BA Lender**" means a Lender identified in Exhibit "A" attached hereto as a Lender which will make BA Equivalent Loans instead of accepting Bankers' Acceptances hereunder.

"**Non Funding Lender**" means any Lender (i) that has failed to fund any payment or Advance required to be made by it hereunder or to purchase all participations required to be purchased by it hereunder and under the Loan Documents, or (ii) that has given verbal or written notice to the Borrower, the Agent or any other Lender, or has otherwise publicly announced, that it believes that it may be unable to fund advances under one or more credit agreements to which it is a party, or (iii) with respect to which one or more Lender-Related Distress Events has occurred, or (iv) with respect to which the Agent believes, acting reasonably, that such Lender has defaulted or may default in fulfilling its obligations (whether as an agent, lender or letter of credit issuer) under one or more other credit agreements to which it is a party, or (v) with respect to which the Agent believes, acting reasonably, that there is a reasonable chance that such Lender will fail to fund any payment or Advance required to be made hereunder.

"**Non Swingline Tranche**" means the portion of Facility A other than the Swingline.

"**Obligations**" means, at any time, without duplication, all direct and indirect, contingent and absolute indebtedness, obligations and liabilities of the Obligors to the Agent and the Lenders under or in connection with this Agreement and the other Loan Documents at such time, specifically including the Outstanding Principal Amount and all accrued and unpaid interest thereon, and all obligations owing under or in connection with Service Agreements and Hedge Transactions, together with all fees, expenses and other amounts payable pursuant to this Agreement and the Security, except that if otherwise specified or required by the context, "**Obligations**" shall mean any portion of the foregoing.

"**Obligors**" means the Borrower, the other Companies, Parent Holdco and DAK Capital.

"**Original Credit Agreement**" means the credit agreement between 2161907 Alberta Ltd., 2733181 Ontario Inc., 2733182 Ontario Inc., and 2737503 Ontario Inc. as borrowers, DAK Capital,

as guarantor, Bank of Montreal and certain other lenders as lenders, and Bank of Montreal as administrative agent for the lenders from time to time thereunder, dated as of February 27, 2020, as amended and restated pursuant to an amended and restated credit agreement dated October 1, 2020 between 2161907 Alberta Ltd., 2733181 Ontario Inc., 2733182 Ontario Inc., and 2737503 Ontario Inc. as borrowers, DAK Capital and the other guarantors party thereto, as guarantors, Bank of Montreal and certain other lenders as lenders, and Bank of Montreal as administrative agent, and as further amended, restated, supplemented and otherwise modified from time to time prior to the Closing Date.

"**Outstanding Principal Amount**" means, at any time, the aggregate of the Advances under the Facility A which have not been repaid or satisfied at such time, determined as follows: (i) in the case of CDOR Loans and Prime Based Loans, the principal amount thereof; (ii) in the case of Bankers' Acceptances and BA Equivalent Notes, the face amount thereof; and (iii) in the case of Hedge Transactions, the Aggregate Net Hedge Liability.

"**Owned Properties**" means all Real Property owned by the Secured Companies from time to time.

"**Parent Holdco**" means OEG Retail Cannabis Inc., an Ontario corporation.

"**Parent Holdco Debt**" means the Funded Debt of the Borrower owing to Parent Holdco pursuant to a promissory note dated as of October 7, 2022.

"**Parent Holdco Securit**y" means the Liens granted by the Borrower in favour of Parent Holdco to secure the Parent Holdco Debt.

"**Parent Holdco Subordination Agreement**" means the subordination agreement dated October 7, 2022 between the Agent, Parent Holdco and the Companies party thereto.

"**Patents**" means all rights, title and interests (and all related IP Ancillary Rights) arising under any requirement of Law in or relating to patents and applications therefor.

"**Payrollco**" means OEG Retail Cannabis HR Services Ltd., an Ontario corporation.

"**Payroll Account**" means account no. 00141962713 maintained by Payrollco at BMO as Payrollco's payroll account.

"**Payroll Funds**" is defined in Section 7.02(s)(i)

"**Payroll Services Agreements**" means the payroll services agreements entered into between Payrollco, as service provider, and certain Obligors and certain Downstream Franchisees, as clients, and each such agreement is a "**Payroll Services Agreement**".

"**Pension Plan**" means (i) a "**pension plan**" or "**plan**" which is subject to the funding requirements of applicable pension benefits legislation in any jurisdiction, or (ii) any pension benefit plan or similar arrangement applicable to employees of any Company.

"**Permitted Acquisition**" means an Investment that is either an acquisition of shares or other equity interests in a Person (referred to herein as a "**share purchase**"), or an acquisition of assets of a Person not in the ordinary course of business (referred to herein as an "**asset purchase**"), in either case if all of the following criteria are satisfied (except to the extent otherwise agreed in writing by the Lenders acting reasonably):

(a) the Lenders shall have provided their prior written consent to such acquisition (such consent not to be unreasonably withheld or delayed) and prior to providing such consent the Lenders may in their discretion, acting reasonably, conduct such due diligence as they may consider appropriate in the circumstances (for greater certainty, specifically including in respect of financial matters, the corporate and capital structure of such Person, key management, and business, environmental, regulatory, tax and legal matters) and the Borrower shall provide all information requested by the Lenders in connection with such due diligence, provided that the Lenders' due diligence in respect of such acquisition will not result in unreasonable additional costs and expenses to be incurred by the Borrower, and provided further that such prior written consent or related diligence prior to closing such acquisition will not be required in respect of any such acquisition so long as the aggregate purchase price (including all contingent and delayed consideration) for all acquisitions completed on and after the Closing Date is less than $5,000,000 in aggregate;

(b) such Person is engaged in a business which is the same as or substantially similar, related, ancillary or incidental to the business conducted by the Borrower;

(c) such Person is located in a Province or Territory of Canada;

(d) [reserved]

(e) such acquisition does not involve a hostile or unsolicited take-over;

(f) prior to the acquisition the Lender shall have received satisfactory evidence that there are no liens affecting the Target or its assets, except liens which will constitute Permitted Liens;

(g) in the case of a share purchase, immediately thereafter such Person will be a wholly-owned Subsidiary of the Borrower;

(h) in the case of a share purchase, upon the completion of such acquisition (i) all Funded Debt (except Funded Debt which will constitute Permitted Funded Debt hereunder) of such Person shall be repaid and all Liens (except Liens which will constitute Permitted Liens hereunder) affecting the assets of such Person shall be released and discharged; and (ii) such Person shall provide a Guarantee and all other Security required herein to be provided by a Secured Subsidiary of the Borrower hereunder (including registrations, searches, legal opinions and ancillary documentation);

(i) in the case of an asset purchase, (i) upon the completion of such transaction, all Funded Debt (except Funded Debt which will constitute Permitted Funded Debt hereunder) secured by the acquired assets shall be repaid; and (ii) within thirty (30) days following the completion of such transaction, (A) all Liens (except Liens which will constitute Permitted Liens hereunder) affecting such assets shall be released and discharged; and (B) all Security required herein to be provided to the Agent in respect of such assets (including registrations, searches, legal opinions and ancillary documentation) shall be provided;

(j) the business being acquired in connection with such acquisition will have positive EBITDAR, or, in the case of a group of related businesses being so acquired in a single transaction, such group of related businesses being acquired in connection with such acquisition will have a positive EBITDAR on a combined basis;

(k) after giving effect to such acquisition (including any indebtedness incurred in connection therewith) the Borrower will be in compliance with the financial covenants contained in Section 7.03, as applicable;

(l) the acquisition does not involve the assumption of any material environmental liabilities, and all representations and warranties contained herein with respect to environmental matters shall be true and correct both immediately before and immediately after such acquisition in all material respects, and if as a result of the acquisition any Company will acquire ownership of any Real Property, the Borrower shall have provided an environmental questionnaire in form and substance satisfactory to the Agent in respect of such Real Property which evidences such material compliance with all such representations and warranties;

(m) if the acquired business includes any Cannabis Related Activities, the Company which will carry on the acquired business will own assets and carry on business only in one or more Approved Jurisdictions; and

(n) the Borrower shall deliver a Compliance Certificate evidencing that, on a consolidated basis, it is in compliance in all material respects with all covenants, including financial covenants, and representations and warranties under this Agreement and will remain in compliance in all material respects after giving effect to such acquisition, and no Default or Event of Default shall have occurred and be continuing or would result from the completion of such acquisition;

The Canopy Acquisition will be deemed to constitute a "Permitted Acquisition" provided that:

(i) each of the criterion in the definition of "Permitted Acquisition" have been satisfied with respect to such acquisition prior to or upon completion of such acquisition, it being understood that this Agreement shall constitute the prior written consent of the Lenders under clause (a) of the definition of "Permitted Acquisition" subject to satisfaction of each other criterion in the definition of "Permitted Acquisition";

(ii) at least three (3) Business Days prior to completing such acquisition, the Borrower has delivered to the Agent, or has caused to be delivered to the Agent, copies of the substantially finalized definitive documentation for such acquisition, and promptly following the completion of such acquisition, the Borrower shall deliver to the Agent, or cause to be delivered to the Agent, the executed definitive documentation for such acquisition;;

(iii) such acquisition shall be completed on or about October 31, 2022 or such reasonably extended completion date agreed between the parties to such acquisition; and

(iv) no Advance under Facility A was used, directly or indirectly, to finance the Canopy Acquisition.

"**Permitted Funded Debt**" means, without duplication: (i) the Obligations; (ii) indebtedness of any Company to another Company; (iii) Subordinated Debt which the Required Lenders have consented to in writing, in their sole discretion; (iv) the Parent Holdco Debt, provided that it is subject to the Parent Holdco Subordination Agreement (v) the Canopy Debt, provided that it is subject to the Canopy Subordination Agreement, (vi) indebtedness secured by Permitted Purchase-Money Security Interests; (vii) obligations of a Company in respect of Capital Leases; (viii) any guarantee by a Company of indebtedness of any other Company permitted under this Agreement; and (ix) the Permitted VTB Debt**.**

"**Permitted Investments**" means advances of loans to Downstream Franchisees under loan agreements with Downstream Franchisees, advances of property (including for clarity, inventory) to Downstream Franchisees on commercially reasonable payment terms and acquisitions of property on behalf of Downstream Franchisees on commercially reasonable payment terms, in each case, for the purpose of funding leasehold improvements, equipment capital expenditures and inventory purchases, in each case, for the Tokyo Smoke Retail Locations, provided that the aggregate principal amount outstanding (including all receivables owed to the Companies arising therefrom) of such loans, advances and acquisitions may not exceed $2,000,000 at any time.

"**Permitted Liens**" means:

(a) Statutory Liens in respect of any amount which is not at the time overdue;

(b) Statutory Liens in respect of any amount which may be overdue but the validity of which is being contested in good faith and in respect of which reserves have been established in accordance with IFRS;

(c) Liens or rights of distress reserved in or exercisable under any lease for rent not at the time overdue or for compliance with the terms of such lease not at the time in default, and security deposits given under leases not in excess of six (6) months' rent;

(d) any obligations or duties affecting Real Property due to any public utility or to any municipality or government, or to any statutory or public authority, with respect to any franchise, grant, licence or permit in good standing and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on Real Property under government permits, leases or other grants in good standing; which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held;

(e) Liens in respect of cash, including cash deposits, granted in the ordinary course of business as security for obligations in connection with contracts, bids, tenders or expropriation proceedings, surety or appeal bonds, costs of litigation when required by law and public and statutory obligations;

(f) warehousemen's, storers', repairers', carriers' and other similar Liens granted in the ordinary course of business;

(g) security given to a public utility or any municipality or government or to any statutory or public authority to secure obligations incurred to such utility,

municipality, government or other authority in the ordinary course of business and not at the time overdue;

(h) Liens and privileges arising out of judgments or awards in respect of which: an appeal or proceeding for review has been commenced; a stay of execution pending such appeal or proceedings for review has been obtained, and reserves have been established in accordance with IFRS;

(i) any Lien affecting any Real Property arising in connection with the construction or improvement of such Real Property or arising out of the furnishing of materials or supplies therefor, provided that such Lien secures moneys not at the time overdue (or if overdue, the validity of which is being contested in good faith and in respect of which reserves have been established in accordance with IFRS), notice of such Lien has not been given to the Agent or any Lender and such Lien has not been registered against title to such Real Property;

(j) Liens affecting any Real Property arising in connection with registered restrictions, covenants, land use contracts, building schemes, declarations of covenants, conditions and restrictions, servicing agreements in favour of any Governmental Authority, easements, rights-of-way, servitudes or other similar rights in or with respect to such Real Property (including open space and conservation easements, restrictions or similar agreements and rights of way and servitudes for railways, water, sewer, drainage, gas and oil pipelines, electricity, light, power, telephone, telegraph, internet or cable television services and utilities) granted to or reserved by other Persons or properties, which, in the aggregate, do not materially impair the use of such Real Property for its intended purposes or the operation of the business thereon, and provided that same have been complied with;

(k) Construction Liens arising by operation of applicable Law, arising in the ordinary course of business and securing amounts (i) which are not overdue for a period of more than 30 days from the date of such Construction Lien, or the date of settlement of such Construction Lien, as applicable, or (ii) which are being contested in good faith and by appropriate proceedings and, during such period during which amounts are being so contested, such Liens shall not be executed on or enforced against any of the assets of any Company, provided that such Company shall have set aside on its books reserves in accordance with IFRS;

(l) Liens affecting any Real Property arising in connection with site plan agreements, subdivision agreements, development agreements and similar instruments registered or recorded in the ordinary course of business which do not, in the aggregate, materially impair the use of such Real Property for its intended purposes or the operation of the business thereon, and provided that same have been complied with;

(m) Liens affecting any Real Property arising in connection with any right reserved to or vested in any Governmental Authority, by the terms of any permit, licence, certificate, order, grant, classification (including any zoning Laws and ordinances and similar legal requirements), registration or other consent, approval or authorization acquired by such Person from any Governmental Authority or by any Law, to terminate any such permit, licence, certificate, order, grant, classification, registration or other consent, approval or authorization or to require annual or other

payments as a condition to the continuance thereof and which, in the aggregate, do not materially impair the use of such Real Property for its intended purposes or the operation of the business thereon, and provided that same have been complied with;

(n) Liens affecting any Real Property arising in connection with the reservations, limitations, provisos and conditions, if any, expressed in any grants of such Real Property from any Governmental Authority, which, in the aggregate, do not materially impair the use of such Real Property for its intended purposes or the operation of the business thereon, and provided that same have been complied with;

(o) the exceptions and qualifications contained in Section 44(1) of the *Land Titles Act* (Ontario), save and except paragraph 11 thereof;

(p) reservations, conditions and restrictions in respect of any Real Property contained in the original grant of land from the Crown, as varied by statute;

(q) Permitted Purchase Money Security Interests;

(r) Liens securing Subordinated Debt , including for clarity, liens granted by a Secured Company in favour of another Secured Company subject to an intercompany Subordination Agreement;

(s) the Specific Permitted Liens;

(t) the DAK Capital Security, provided that it is subject to the DAK Subordination Agreement;

(u) the Parent Holdco Security, provided that it is subject to the Parent Holdco Subordination Agreement;

(v) the Security; and

(w) any other Lien in respect of which the Agent in its discretion has provided its prior written consent,

provided that the use of the term "**Permitted Liens**" to describe the foregoing Liens shall mean that such Liens are permitted to exist (whether in priority to or subsequent in priority to the Security, as determined by Applicable Law), and for greater certainty such Liens shall not be entitled to priority over the Security by virtue of being described in this Agreement as "**Permitted Liens**".

"**Permitted Purchase Money Security Interests**" means Purchase Money Security Interests incurred or assumed in connection with the purchase, leasing or acquisition of capital equipment in the ordinary course of business, provided that the aggregate amount of the Companies' liability under Purchase Money Security Interest incurred or assumed thereunder does not at any time exceed $100,000, and provided further that such capital equipment does not become affixed to any Real Property.

"**Permitted VTB Debt**" means (a) (i) unsecured Funded Debt owing by a Company to a vendor in respect of a Permitted Acquisition to finance such Permitted Acquisition; and (ii) unsecured earnout

obligations owing by a Company to a vendor in respect of a Permitted Acquisition; provided that, the aggregate principal amount of such Funded Debt incurred on or after the Closing Date plus the aggregate amount of such earnout obligations incurred on or after the Closing Date (other than any earnout obligations incurred in respect of the Canopy Acquisition) does not exceed $2,500,000; and (b) (i) other unsecured Funded Debt owing by a Company to a vendor in respect of a Permitted Acquisition to finance such Permitted Acquisition; and (ii) other unsecured earnout obligations owing by a Company to a vendor in respect of a Permitted Acquisition, in each case with the prior written consent of the Required Lenders.

"**Person**" means a natural person, corporation, limited liability company, unlimited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"**Prime Based Loan**" means a loan made by a Lender to the Borrower in Canadian Dollars in respect of which interest is determined by reference to the Prime Rate, but excluding Advances in the form of BA Equivalent Loans.

"**Prime Rate**" means the greater of the following: (i) the rate of interest announced from time to time by BMO as its reference rate then in effect for determining rates of interest on Canadian dollar loans to its customers in Canada and designated as its prime rate; and (ii) the thirty (30) day CDOR Rate plus one-half percent (0.5%) per annum.

"**Proceeds of Realization**" means all amounts received by the Agent or any Lender in connection with: (i) any realization in respect of the Security or any portion thereof, whether occurring as a result of enforcement or otherwise, (ii) any sale, expropriation, loss or damage or other disposition of collateral or any portion thereof (except any such disposition permitted pursuant to Section 7.02(d), and also excluding any insurance proceeds which are released to the Companies in accordance with Section 8.08), and (iii) any other amount paid by or recovered from any Secured Company, including as a result of its dissolution, liquidation, bankruptcy or winding-up or any other distribution of its assets to creditors, together with all other amounts which are expressly deemed to constitute "**Proceeds of Realization**" in this Agreement.

"**Proportionate Share**" in respect of any Lender means:

(a) in the context of such Lender's obligation to make Advances under the Non-Swingline Tranche, such Lender's Commitment to make Advances under the Non-Swingline Tranche divided by the aggregate amount of all Lenders' Commitments to make Advances under the Non-Swingline Tranche;

(b) in the context of such Lender's obligation to make Advances under Facility A, such Lender's Commitment to make Advances under Facility A divided by the aggregate amount of all Lenders' Commitments to make Advances under Facility A;

(c) in the context of such Lender's entitlement to receive a portion of the standby fee in respect of the Non-Swingline Tranche, such Lender's Commitment to make Advances under the Non-Swingline Tranche divided by the aggregate amount of all Lenders' Commitments to make Advances under the Non-Swingline Tranche;

(d) subject to Section 11.03, in the context of any Lender's entitlement to receive payments of principal, interest or fees (other than standby fees) under the

Non-Swingline Tranche, the Outstanding Principal Amount due to such Lender under the Non-Swingline Tranche divided by the aggregate amount of the Outstanding Principal Amount due to all Lenders under the Non-Swingline Tranche;

(e) subject to Section 11.03, in the context of any Lender's entitlement to receive payments of principal, interest or fees under Facility A, the Outstanding Principal Amount due to such Lender under Facility A divided by the aggregate amount of the Outstanding Principal Amount due to all Lenders under Facility A; and

(f) in any other context, such Lender's Commitment divided by the aggregate of all Lenders' Commitments.

"**Purchase Money Security Interest**" means (i) a Capital Lease; or (ii) a Lien on any property or asset which is created, issued or assumed to secure the unpaid purchase price thereof, provided that such Lien is restricted to such property or asset (and all additions thereto and replacements and proceeds thereof) and secures an amount not in excess of the purchase price thereof and any interest and fees payable in respect thereof.

"**Qualified Currency**" means the legal tender of Canada or of any other Approved Jurisdiction consented to in writing by the Agent.

"**Real Property**" means a freehold or leasehold interest in real property, and includes all buildings and other improvements situated thereon and all fixtures attached thereto.

"**Related Person**" in relation to any Person means a Subsidiary, Affiliate, Associate, or executive level employee of such Person, and for the avoidance of doubt, DAK Capital Inc. is a Related Person to the Borrower and the Guarantors.

"**Rent**" means during any fiscal period (a) all rental expense of the Companies paid or payable in cash during such period, determined on a consolidated basis in accordance with IFRS, incurred under any rental agreement or lease with respect to real property (other than any insurance costs that would otherwise be included in cash rental expense) minus (b) any rental income received during the same period under any rental agreement (including in respect of subleases) or license agreements with respect to real property.

"**Repayment**" means a repayment by the Borrower on account of the Outstanding Principal Amount.

"**Repayment Notice**" means a notice delivered by the Borrower to the Agent committing it to make a Repayment, in the form of Exhibit "E".

"**Required Lenders**" means (i) at any time prior to the occurrence of an Event of Default which is continuing, any two or more Lenders which have issued Commitments hereunder representing two-thirds (2/3) or more of the total amount of credit available under Facility A; and (ii) at any time after the occurrence of an Event of Default which is continuing, any two or more Lenders holding two-thirds (2/3) or more of the Outstanding Principal Amount under Facility A; except that if at any time there are only two (2) Lenders under this Agreement, "**Required Lenders**" shall mean both Lenders, and if at any time there is only one (1) Lender under this Agreement, "**Required Lenders**" shall mean such Lender.

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

"**Rollover**" means the renewal of an Availment Option upon its maturity in the same form.

"**Rollover Notice**" means a notice substantially in the form of Exhibit "C" given by the Borrower to the Agent for the purpose of requesting a Rollover.

"**Sanctioned Entity**" means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, (d) a Person resident in or determined to be resident in a country, in each case, that is subject to a sanctions program administered and enforced by a Sanctions Authority.

"**Sanctions**" means the sanctions, laws, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctions Authority.

"**Sanctions Authority**" means Canada or any other country having jurisdiction over any of the Companies or the respective Governmental Authorities of any of the foregoing.

"**Sanctioned Person**" means a Person that is, or is owned or Controlled by Persons that are, the subject of any Sanctions.

"**Secured Companies**" means the Borrower and the Secured Subsidiaries.

"**Secured Subsidiaries**" means all present and future Subsidiaries of the Borrower, other than Unsecured Subsidiaries.

"**Security**" means the Guarantees, security agreements, mortgages, debentures and other documents provided to the Agent under or in connection with this Agreement and required to be provided pursuant to Article 8 and all other documents and agreements delivered by the Secured Companies or any other Persons to the Agent or the Lenders from time to time as security for the payment and performance of the Obligations, and the Liens constituted by the foregoing.

"**Senior Funded Debt**" means Total Funded Debt of the Borrower and its subsidiaries, excluding Subordinated Debt other than the Canopy Debt.

"**Senior Funded Debt to EBITDAR Ratio**" means, at any time, the ratio of (i) Senior Funded Debt at such time to (ii) EBITDAR in the immediately preceding twelve (12) month period.

"**Service Agreements**" is defined in Section 4.03.

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

"**Specific Permitted Liens**" means the Liens described in Schedule 6.01(i), as such Liens may be amended, replaced or assigned from time to time on substantially similar terms and conditions provided that the principal amount of the indebtedness secured thereby is not increased.

"**Statutory Lien**" means a Lien in respect of any property or assets of a Company created by or arising pursuant to any Applicable Law in favour of any Governmental Authority to secure any obligation, including a Lien for the purpose of securing such Company's obligation to deduct and remit employee source deductions, goods and services tax and harmonized sales tax pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada), the *Canada Pension Plan* (Canada), the *Employment Insurance Act* (Canada) and any legislation in any jurisdiction similar to or enacted in replacement of the foregoing from time to time.

"**Subordinated Debt**" means any indebtedness of any Company to any Person in respect of which the holder thereof has entered into a Subordination Agreement.

"**Subordination Agreement**" means a subordination, postponement and standstill agreement in favour of the Agent in form and substance satisfactory to the Agent, registered in all places where necessary or desirable to protect the priority of the Security, and providing (among other things) that: (A) the holder of such indebtedness may not receive any payments on account of principal or interest thereon (except to the extent, if any, expressly permitted therein); (B) any security held in respect of such indebtedness is subordinated to the Security; (C) the holder of such indebtedness may not take any enforcement action in respect of any such security (except to the extent, if any, otherwise expressly provided therein) without the prior written consent of the Agent; and (D) any enforcement action taken by the holder of such indebtedness will not interfere with the enforcement action (if any) being taken by the Agent in respect of the Security.

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

"**Substitution**" means the substitution of one Availment Option for another, and does not constitute a fresh or new Advance.

"**Substitution Notice**" means a notice substantially in the form of Exhibit "D" given by the Borrower to the Agent for the purposes of requesting a Substitution.

"**Swingline**" is defined in Section 2.08.

"**Swingline Lender**" means BMO and its successors and permitted assigns in such capacity, or any other Lender appointed in writing from time to time by the Required Lenders.

"**Swingline Limit**" means One Million Dollars ($1,000,000).

"**Swingline Reduction Amount**" is defined in Section 2.08(h).

"**Taxes**" is defined in the CBA Model Provisions.

"**Tokyo Smoke Corporate Stores**" means each retail location in a province or territory of Canada owned by a Company in respect of which such Company has entered into a franchise agreement or license agreement.

"**Tokyo Smoke Retail Locations**" means the retail locations, including Tokyo Smoke Corporate Stores, in respect of which a Company has entered into a franchise agreement or license agreement.

"**Total Funded Debt**" means, at any time, the Funded Debt of the Borrower on a consolidated basis at such time, specifically including for greater certainty the Outstanding Principal Amount and all Subordinated Debt of the Companies.

"**Trade Secrets**" means all right, title and interest (and all related IP Ancillary Rights) arising under any requirement of Law in or relating to trade secrets.

"**Trademarks**" means all right, title and interest (and all related IP Ancillary Rights) in trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers and, in each case, all goodwill associated therewith, all registrations and recordations thereof and all applications in connection therewith.

"**TS Master Franchise Agreement**" means the master franchise agreement dated March 27, 2020 between Tweed Franchise Inc., as franchisor, 2733181 Ontario Inc. as franchisee, and DAK Capital Inc., as guarantor.

"**TS Trademark License Agreements**" means each trademark license agreement between TS Brandco Inc. and 2161907 Alberta Ltd. specifically including as at the date of this Agreement the trademark license agreements described in Schedule "A" attached hereto.

"**Unfunded Capital Expenditures**" means capital expenditures of the Companies which are not funded by any one or more of the following: (i) an Advance under Facility A, (ii) Permitted Purchase-Money Security Interests, (iii) the proceeds of new equity or Subordinated Debt, (iv) insurance proceeds, or proceeds from an asset disposition (except to the extent such proceeds are required to be applied to reduce the Obligations).

"**Unsecured Subsidiaries**" means Payrollco and each other Subsidiary of the Borrower, which the Agent in its discretion agrees in writing may be deemed an Unsecured Subsidiary.

"**Year-end Financial Statements**" means audited consolidated financial statements of the Borrower (including, for clarity, the Companies) in respect of its most recently completed Fiscal Year prepared in accordance with IFRS, including the notes thereto and an unqualified opinion of its auditor with respect thereto.

1.02 Accounting Principles

Except as otherwise provided herein, (i) each financial term in this Agreement shall be interpreted in accordance with IFRS in effect on the date of such interpretation; and (ii) where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or

other computation is required to be made for the purpose of this Agreement, such determination or calculation shall be made in accordance with IFRS in effect on the date of such determination. If any accounting changes occur and such changes result in a material change in the calculation of the financial covenants, standards or terms used in this Agreement, then the Borrower, the Agent and the Lenders agree to discuss whether they wish to amend such provisions with the desired result that the criteria for evaluating the financial condition of the applicable Companies shall be substantially similar after such accounting changes as if such accounting changes had not been made. Any such amendments shall become effective upon the execution and delivery of an amendment to this Agreement executed by the Borrower and the Required Lenders, and for greater certainty any such amendment executed by the Borrower and the Required Lenders shall be sufficient to bind all Lenders. If the Borrower and the Required Lenders do not execute and deliver such amendment within thirty (30) days following the date of implementation of any such accounting changes, then all calculations of financial covenants and other standards and terms in this Agreement and the other Loan Documents shall continue to be prepared, delivered and made without regard to such accounting changes and the Borrower shall, in connection with the delivery of any financial statements under this Agreement, provide a management-prepared reconciliation of the financial covenants to such financial statements to such accounting changes.

1.03 Currency References

All amounts referred to in this Agreement are in Canadian Dollars unless otherwise noted.

1.04 Extended Meanings

Except to the extent otherwise expressly provided herein:

(a) terms defined in the singular have the same meaning when used in the plural, and vice-versa; and words importing gender include all genders;

(b) when used in the context of a general statement followed by a reference to one or more specific items or matters, the term "**including**" shall mean "**including, without limitation**", and the term "**includes**" shall mean "**includes, without limitation**";

(c) each reference herein to a statute or regulations made pursuant to a statute shall be deemed to include all amendments to such statute or regulations from time to time and all statutes or regulations which may come into effect from time to time substantially in replacement for the said statutes or regulations;

(d) any reference herein to the exercise of discretion by the Agent and the Lenders including phrases such as "**in the discretion of**", "**in the opinion of**", "**to the satisfaction of**" and similar phrases shall mean that such discretion is absolute and unfettered; and

(e) references to a time of day or date mean the local time or date in the City of Toronto, Ontario.

1.05 Exhibits and Schedules

The following Exhibits and Schedules are attached to this Agreement and incorporated herein by reference (but with respect to Exhibit "H", subject to Section 12.01 hereof):

Exhibit		**Description**
Exhibit "A"	–	Lenders and Lenders' Amounts

Exhibit		**Description**
Exhibit "B"	–	Draw Request
Exhibit "C"	–	Rollover Notice
Exhibit "D"	–	Substitution Notice
Exhibit "E"	–	Repayment Notice
Exhibit "F"	–	Compliance Certificate
Exhibit "G"	–	Form of BA Equivalent Note
Exhibit "H"	–	CBA Model Provisions

Schedules		
Schedule "A"		Tokyo Smoke Retail & Corporate Store Locations
Schedule 6.01(b)	–	Companies Information
Schedule 6.01(h)	–	Material Permits
Schedule 6.01(i)	–	Specific Permitted Liens
Schedule 6.01(k)	–	Material Leased Properties
Schedule 6.01(l)	–	Intellectual Property
Schedule 6.01(n)	–	Material Agreements
Schedule 6.01(o)	–	Labour Agreements
Schedule 6.01(p)	–	Environmental Matters
Schedule 6.01(q)	–	Litigation
Schedule 6.01(r)	–	Pension Plans

ARTICLE 2
CREDIT FACILITY

2.01 Establishment of Facility A

Subject to the terms and conditions in this Agreement, each Lender hereby establishes a revolving credit facility for the Borrower in the maximum principal amount indicated opposite such Lender's name in Exhibit "A" under the heading "**Facility A Amounts**". The said credit facilities are established by the Lenders severally and not jointly, and are hereinafter collectively referred to as "**Facility A**". Each Advance by a Lender under Facility A shall be made in its Proportionate Share of Facility A.

2.02 Purpose

Advances under Facility A must be used by the Borrower: (i) to repay the Outstanding Principal Amount under the Original Credit Agreement; (ii) for working capital purposes and other general corporate purposes including Capital Expenditures and purchasing inventory; (iii) to finance Permitted Acquisitions (other than the Canopy Acquisition); (iv) to make Permitted Investments; and (v) to pay fees and expenses due to the Agent in connection with this Agreement on the Closing Date.

2.03 Revolving Nature

Facility A is a revolving facility. For greater certainty, the Borrower shall be entitled to obtain Advances under Facility A from time to time and repay all or any portion of the Outstanding Principal Amount under Facility A from time to time, provided that the Outstanding Principal Amount under Facility A shall not exceed the Facility A Maximum Amount.

2.04 Repayment

(a) The Obligations under Facility A shall become due and payable on the earlier of: (i) the Acceleration Date; and (ii) the Maturity Date.

(b) The following Repayments shall be required in addition to all other Repayments required under this Agreement:

(i) If any Company receives net proceeds from a policy of insurance (other than from a liability insurance policy as a result of a legal claim or settlement of a lawsuit that one used to pay for settlement costs and legal expenses), the Borrower shall make a Repayment in an amount equal to such net proceeds within three (3) Business Days after such net proceeds are received, except to the extent that such proceeds are permitted to be retained as provided in Section 8.08.

(ii) If any Company receives net proceeds from an Equity Issuance or a transaction involving the creation of indebtedness (other than Permitted Funded Debt), within five (5) days after receipt of such net proceeds the Borrower shall make a Repayment in an amount equal to such net proceeds. If any portion of such Repayment cannot be applied against the Outstanding Principal Amount until the maturity of one or more outstanding CDOR Loans, Bankers' Acceptances or BA Equivalent Loans, the Agent shall deposit such portion of the Repayment in an interest-bearing account in the name of the Borrower and apply such portion (including accrued interest thereon) against the Outstanding Principal Amount upon the maturity of such CDOR Loan, Bankers' Acceptances or BA Equivalent Loans.

(iii) If any Company receives net proceeds equal to or greater than $50,000 from a transaction involving the sale, leasing or other disposition of any individual asset or a group of related assets in one or a series of related transactions (other than sales in the ordinary course of business or sales permitted by Section 7.02(d)(ii)), within one hundred eighty (180) days after receipt of such net proceeds the Borrower shall make a Repayment in an amount equal to the portion of such net proceeds which have not been applied to purchase similar assets (other than current assets).

As used herein, "**net proceeds**" in respect of any above transaction means the gross amount payable in respect of such transaction less any Taxes, sales commissions and other reasonable expenses incurred in connection with the transaction, usual and reasonable adjustments in connection with the transaction and any other amount specifically approved in writing by the Required Lenders acting reasonably.

(c) Each Repayment under paragraph (b) above shall be applied against the Outstanding Principal Amount under Facility A, but for greater certainty such Repayment shall not reduce the Facility A Maximum Amount and the Borrower shall thereafter be entitled to receive further Advances under Facility A upon the satisfaction of all applicable conditions precedent.

2.05 Availment Options

Subject to the restrictions contained in this Agreement (and in particular, Sections 5.02 and 5.03), the Borrower may receive Advances under Facility A from each Lender by any one or more of the following Availment Options (or any combination thereof):

(a) CDOR Loans with a CDOR Period of one (1), two (2) or three (3) months, subject to availability;

(b) Prime Based Loans;

(c) Bankers' Acceptances from BA Lenders with a term to maturity of one (1), two (2) or three (3) months, subject to availability;

(d) BA Equivalent Loans from Non-BA Lenders with a term to maturity of one (1), two (2) or three (3) months, subject to availability; or

(e) Letters of Credit, subject to Section 2.09.

The Borrower may convert all or any portion of the Outstanding Principal Amount under Facility A in the form of any above Availment Option into another form of Availment Option denominated in the same currency, subject to and in accordance with the terms and conditions of this Agreement (but for greater certainty, CDOR Loans, Bankers' Acceptances and BA Equivalent Loans may not be converted into another Availment Option prior to the maturity thereof and will not be issued with a maturity later than the earlier of (i) three (3) months after its date of issuance or advance, and (ii) the fifth Business Day prior to the Maturity Date.).

2.06 Interest and Fees

In respect of Advances under Facility A, the Borrower agrees to pay the following to the Agent on behalf of the Lenders (or if specified below, to the Issuing Bank for its own account):

(a) interest on CDOR Loans at the CDOR Rate applicable to the relevant CDOR Period plus the Applicable Margin per annum, payable monthly in arrears on the last day of each and every month.

(b) interest on Prime Based Loans at the Prime Rate plus the Applicable Margin per annum, payable monthly in arrears on the last day of each and every month;

(c) in respect of each Bankers' Acceptance, a stamping fee equal to the Applicable Margin, multiplied by the face amount of the Bankers' Acceptance with the product thereof further multiplied by the number of days to maturity of the Bankers' Acceptance and divided by 365, payable at the time of acceptance;

(d) in respect of each BA Equivalent Note, a stamping fee equal to the Applicable Margin multiplied by the face amount of the BA Equivalent Note with the product thereof further multiplied by the number of days to maturity of the BA Equivalent Note and divided by 365, payable at the time of acceptance;

(e) the following fees in respect of each Letter of Credit: (i) in respect of the period from the date of issuance of such Letter of Credit to the last day of the then current Fiscal Quarter,

a fee equal to the Applicable Margin in effect on the date of issuance multiplied by the face amount of such Letter of Credit multiplied by the number of days in such period and divided by three hundred and sixty-five (365), payable on the last Business Day of such Fiscal Quarter; (ii) in respect of each subsequent Fiscal Quarter (other than the Fiscal Quarter in which the Letter of Credit shall expire), a fee equal to the Applicable Margin in effect on the first day of such Fiscal Quarter multiplied by the face amount of such Letter of Credit multiplied by the number of days in such Fiscal Quarter and divided by three hundred and sixty-five (365), payable on the last Business Day of such Fiscal Quarter; (iii) in respect of the Fiscal Quarter in which such Letter of Credit shall expire, a fee equal to the Applicable Margin in effect on the first day of such Fiscal Quarter multiplied by the face amount of such Letter of Credit multiplied by the number of days in the period prior to and excluding the date on which such Letters of Credit expires and divided by three hundred and sixty-five (365), payable on the last Business Day of such Fiscal Quarter;

(f) administrative fees payable to the Issuing Bank for its own account in accordance with its usual practice in respect of the issuance, amendment and renewal of Letters of Credit; and

(g) a standby fee payable in Canadian Dollars with respect to the unused portion of the Non Swingline Tranche, calculated on a daily basis as being the difference between (i) the Facility A Maximum Amount (less the Commitments of any Non Funding Lenders under Facility A), less the Swingline Limit and (ii) the Outstanding Principal Amount under the Non Swingline Tranche, multiplied by the Applicable Margin and divided by three hundred and sixty-five (365), which standby fee shall be payable quarterly in arrears on the last Business Day of each Fiscal Quarter based on the number of days in such Fiscal Quarter and on the Maturity Date.

Except as otherwise provided in this Agreement, such payments shall be made to the Agent on behalf of the Lenders, and the Agent shall promptly remit to each Lender its Proportionate Share of each such payment.

2.07 Facility A Maximum Amount

(a) The Facility A Lenders shall have no obligation to make any Advance under Facility A if after making such Advance the Outstanding Principal Amount under Facility A would exceed the Facility A Maximum Amount then in effect.

(b) If at any time the aggregate amount of the Outstanding Principal Amount under Facility A is in excess of the Facility A Maximum Amount for any reason, the Borrower agrees that immediately after receipt of a written request from the Agent it will make Repayments under Facility A in such amount as will result in the aggregate amount of the Outstanding Principal Amount under Facility A not exceeding the Facility A Maximum Amount. The Agent shall firstly apply such Repayment against Advances under Facility A, and any remaining portion of such Repayment shall be held by the Agent and applied against CDOR Loans, Bankers' Acceptances, BA Equivalent Loans and Letters of Credit under Facility A upon the maturity thereof.

2.08 Swingline

A portion of Facility A in the maximum amount of the Swingline Limit (the "**Swingline**") shall be subject to the following terms and conditions, in addition to any other applicable terms and conditions contained in this Agreement:

(a) The Swingline shall be established and maintained by the Swingline Lender only, and the Swingline Lender is not entitled to assign or grant a participation in the Swingline in whole or in part to any other Person.

(b) The Outstanding Principal Amount under the Swingline shall not at any time exceed the Swingline Limit.

(c) The Swingline shall form a part of Facility A and, except to the extent provided in this Section, shall be subject to all terms and conditions of this Article 2, specifically including the Facility A Maximum Amount.

(d) Subject to subsection 2.08(f) below, Advances to and Repayments by the Borrower under the Swingline shall be made in the following manner: the Swingline Lender will make Advances to the Borrower into one or more Canadian Dollar bank accounts designated by the Borrower as required in order to honour cheques drawn by the Borrower on such accounts presented to the Swingline Lender for payment. As deposits are made into such accounts by the Borrower, the Swingline Lender shall withdraw funds from such accounts from time to time and apply such funds as repayments under the Swingline. Advances to the Borrower and Repayments by the Borrower under the Swingline shall be made without notice and shall be on a dollar for dollar basis (i.e. not subject to minimum amounts or multiples).

(e) The obligation of the Swingline Lender to make each Advance under the Swingline shall be subject to the satisfaction of all conditions precedent in Section 9.02, except for the requirement to provide a Draw Request.

(f) Interest on the Outstanding Principal Amount under the Swingline shall be payable by the Borrower to the Swingline Lender (for its own account) at the Prime Rate plus the Applicable Margin per annum, payable monthly in arrears on the last day of each and every month.

(g) The Borrower hereby agrees to pay a standby fee with respect to the unused portion of the Swingline, payable to the Swingline Lender (for its own account), calculated on a daily basis as being the difference between (i) the Swingline Limit and (ii) the Outstanding Principal Amount under the Swingline, multiplied by the Applicable Margin and divided by three hundred and sixty-five (365), which standby fee shall be payable quarterly in arrears on the last Business Day of each Fiscal Quarter based on the number of days in such Fiscal Quarter and on the Maturity Date.

(h) The Swingline Lender may in its discretion at any time, by written notice to the Borrower, require the Borrower to request an Advance under Facility A from the Facility A Lenders in an amount (in this paragraph called the "**Swingline Reduction Amount**") for the purpose of reducing the Outstanding Principal Amount under the Swingline, and the Borrower agrees to promptly comply with any such request. The proceeds of such Advance shall be applied to reduce the Outstanding Principal Amount under the Swingline accordingly. If the Borrower fails to comply with any such request from the Swingline Lender within two (2) Business Days after receipt thereof, each Facility A Lender agrees that upon request by the Swingline Lender it will make an Advance under Facility A in an amount equal to its Proportionate Share of the Swingline Reduction Amount, the proceeds of which shall be applied to reduce the Outstanding Principal Amount under the Swingline. In addition, each Facility A Lender hereby accepts from the Swingline Lender a

participation (which participation shall be non-recourse to the Swingline Lender) in the Outstanding Principal Amount under the Swingline from time to time, in such Lender's Proportionate Share of Facility A. Each Facility A Lender hereby absolutely and unconditionally agrees to indemnify and hold the Swingline Lender harmless from liability in respect of, such Lender's said Proportionate Share of such Outstanding Principal Amount under the Swingline. Each said Facility A Lender acknowledges and agrees that its obligation to acquire a participation in such Outstanding Principal Amount under the Swingline and its said indemnity obligation are absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or Event of Default hereunder. For greater certainty however, nothing herein shall require a Facility A Lender to make Advances under Facility A in excess of its Commitment under Facility A.

2.09 Letters of Credit

Letters of Credit shall be issued only under Facility A and shall be subject to the following additional terms and conditions:

(a) Letters of Credit may be issued in all Qualified Currencies. Letters of Credit will not be issued for the purpose of guaranteeing obligations of any Person (except obligations incurred by any Company in the ordinary course of business). Each Letter of Credit shall have a term not in excess of one (1) year and shall include an automatic renewal clause with a minimum of thirty (30) days' notice. The Equivalent Amount expressed in Canadian Dollars of the aggregate face amount of all Letters of Credit outstanding at any time may not exceed Five Million Dollars ($5,000,000).

(b) If a Letter of Credit is issued in a Qualified Currency other than Canadian Dollars, each fee in respect of such Letter of Credit payable pursuant to Section 2.06 herein shall be payable in Canadian Dollars in accordance with Section 5.06.

(c) Each request for the issuance of a Letter of Credit shall be delivered by the Borrower to the Issuing Bank in accordance with the notice requirements in Section 5.02(a) herein, together with the Issuing Bank's customary form of application and indemnity agreement completed to its satisfaction and the proposed form of the Letter of Credit (which shall be satisfactory to the Issuing Bank) and such other certificates, documents and other information as the Issuing Bank may reasonably request.

(d) The obligation of the Borrower to reimburse the Issuing Bank for all drawings under Letters of Credit shall, in the absence of gross negligence or wilful misconduct by the Issuing Bank, be absolute, unconditional and irrevocable and shall be satisfied strictly in accordance with their terms, irrespective of:

(i) any lack of validity or enforceability of any Letter of Credit;

(ii) the existence of any claim, setoff, defence or other right which the Borrower or any other Person may at any time have against the beneficiary under any Letter of Credit, the Issuing Bank or any Lender (other than the defence of payment in accordance with the terms of this Agreement or a defence based on the negligence or wilful misconduct of the Issuing Bank or any Lender) or any other Person in accordance with this Agreement or other transaction;

(iii) any draft or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; and

(iv) any other circumstance or event whatsoever, whether or not similar to any of the foregoing.

(e) In making any payment under any Letter of Credit (i) the Issuing Bank's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever and (ii) any non-compliance in any immaterial respect of the documents presented under such Letter of Credit with the terms thereof shall, in each case, not be deemed wilful misconduct or negligence of the Issuing Bank.

(f) The Issuing Bank and its correspondents may accept and act upon the name, signature, or act of any party purporting to be the executor, administrator, receiver, trustee in bankruptcy or other legal representative of any party designated in any Letter of Credit in the place of the name, signature, or act of such party.

(g) Concurrently with each request for the issuance of a Letter of Credit the Agent shall notify each Lender of the principal amount, the reference number and the expiration date thereof and the amount of such Lender's participation therein. By the issuance of a Letter of Credit hereunder and without further action on the part of the Issuing Bank or the Lenders, each said Lender hereby accepts from the Issuing Bank a participation (which participation shall be without recourse to the Issuing Bank) in such Letter of Credit in such Lender's Proportionate Share of Facility A, effective upon the issuance of such Letter of Credit. Each Lender hereby absolutely and unconditionally assumes, as primary obligor and not as a surety, and agrees to pay and discharge and to indemnify and hold the Issuing Bank harmless from liability in respect of, such Lender's said Proportionate Share of the amount of any drawing under a Letter of Credit. Each said Lender acknowledges and agrees that its obligation to acquire participations in each Letter of Credit issued by the Issuing Bank and its obligation to make the payments specified herein, and the right of the Issuing Bank to receive the same, in the manner specified herein, are absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or Event of Default hereunder, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. The Issuing Bank shall review each draft and any accompanying documents presented under a Letter of Credit and shall notify each said Lender of any such presentment. Promptly after it shall have ascertained that any draft and any accompanying documents presented under such Letter of Credit appear on their face to be in substantial conformity with the terms and conditions of the Letter of Credit, the Issuing Bank shall give notice to each said Lender and the Borrower of the receipt and amount of such draft and the date on which payment thereon will be made, and each said Lender shall, by 11:00 a.m. Toronto time on the date such payment is to be made, pay its said Proportionate Share of the amount so drawn under the Letter of Credit in immediately available funds, and the Issuing Bank shall make the appropriate payment to the beneficiary of such Letter of Credit. The Borrower agrees to

immediately reimburse each said Lender in an amount equal to the said payment by such Lender with interest thereon payable at the same rate and in the same manner as Prime Based Loans under Facility A.

(h) On or before the Maturity Date, the Borrower shall (i) arrange for the cancellation and return of all outstanding Letters of Credit to the Issuing Bank or (ii) provide cash collateral in favour of the Agent in respect of all outstanding Letters of Credit in an amount equal to the aggregate of the face amounts of all such Letters of Credit, plus an additional amount estimated by the Issuing Bank in respect of its anticipated fees and expenses associated with the settlement of such Letters of Credit. For greater certainty, the Agent shall have no obligation to release all or any portion of the Security unless and until all Letters of Credit are cancelled or such cash collateral is provided in respect thereof to the satisfaction of the Issuing Bank.

2.10 Cancellation

The Borrower may from time to time upon two (2) Business Days' prior written notice to the Agent, permanently cancel any unadvanced portion of Facility A in a minimum amount of One Hundred Thousand Dollars ($100,000) without payment of any penalty or fee (provided that such required minimum amount shall not apply in the case of a cancellation of Facility A in its entirety). The Facility A Maximum Amount shall be automatically and permanently reduced by the amount so cancelled and each Lender's Commitment under Facility A shall be reduced by its Proportionate Share of the amount so cancelled.

2.11 Voluntary Repayments

Upon not less than one (1) Business Days' prior written notice to the Agent, the Borrower may make a Repayment on account of the Outstanding Principal Amount under Facility A (except CDOR Loans, Bankers' Acceptances and BA Equivalent Loans prior to the maturity thereof) in a minimum amount of One Hundred Thousand Dollars ($100,000) without payment of any penalty or fee, provided that the Borrower shall also concurrently unwind Hedge Transactions to the extent necessary such that the aggregate notional amount of all outstanding Hedge Transactions does not exceed the Outstanding Principal Amount at such time. The Agent shall promptly remit to each Lender its Proportionate Share of any such voluntary Repayment. For greater certainty however, CDOR Loans, Bankers' Acceptances and BA Equivalent Loans may not be repaid prior to the maturity thereof but the obligations thereunder may be secured by cash collateral as more particularly provided in Section 5.11).

ARTICLE 3
[RESERVED]

ARTICLE 4
ANCILLARY CREDIT PRODUCTS

4.01 Hedge Transactions

(a) BMO (for greater certainty, in its capacity as a Lender hereunder and not in its capacity as the Agent) shall act as lead arranger for all Hedge Transactions to be entered into between the Borrower and the Lenders hereunder, and shall offer each Lender an opportunity to participate in a pro-rata portion of such Hedge Transactions pursuant to such arrangements as may be agreed between BMO and the respective Lenders. Each Hedge Transaction entered into between the Borrower and a Lender shall be upon such terms as may be offered by such Lender in its discretion, subject to the terms of this Agreement.

(b) Hedge Transactions may not be entered into for speculative purposes. Without limiting the generality of the foregoing, Hedge Transactions will not be entered into which could result in the aggregate notional amount of all Hedge Transactions outstanding at any time being in excess of the Outstanding Principal Amount under Facility A at such time. The Borrower shall promptly take all actions which may be necessary or desirable from time to time to unwind one or more Interest Rate Hedging Agreements in whole or in part to the extent necessary in order that the aggregate notional amount of all Hedge Transactions outstanding at such time does not exceed the Outstanding Principal Amount under Facility A at such time.

(c) Currency Hedge Transactions may only be entered into in respect of Qualified Currencies. The term of each Currency Hedge Transaction shall expire not later than twelve (12) months from the date of such Currency Hedge Transaction.

(d) In respect of each Hedge Transaction entered into between the Borrower and a Lender, the Borrower agrees to execute and deliver to such Lender all agreements as it may reasonably require (for greater certainty, specifically including an ISDA master agreement).

(e) The Security shall secure all obligations owing under or in respect of each Hedge Transaction; and the priority of such obligations shall rank on a *pari passu* basis with all other Obligations.

(f) The Borrower will not enter into or be a party to any Hedge Transactions with any Persons other than the Lenders.

(g) Each Hedge Transaction between the Borrower and a Lender shall include such Lender's standard early termination events. Without limiting the generality of the foregoing, each Hedge Transaction shall also stipulate that the termination of all or any part of Facility A will constitute an Early Termination Event (as defined in the applicable ISDA Master Agreement) and the Affected Party (as defined in such ISDA Agreement) shall be the counter-party to the Lender in such contract. The Lender shall have the right to choose the payment measure and the payment method (as such terms are understood in the ISDA Master Agreement) in respect of such Early Termination Event.

4.02 MasterCard Line

Subject to the terms and conditions of this Agreement, BMO may in its discretion establish a line of credit for the Borrower in such principal amount as may be agreed between BMO and the Borrower from time to time, in respect of corporate MasterCards in Qualified Currencies issued by BMO to the Borrower's employees to be used for corporate purposes only in Approved Jurisdictions, including purchasing supplies and funding miscellaneous business expenses (the "**MasterCard Line**"). BMO may issue MasterCards upon request by the Borrower from time to time upon the completion of, and in accordance with, the credit card agreements and other documents customarily required by BMO in connection with the issuance of corporate MasterCards. The Borrower shall pay interest and fees in connection with loans and advances made under the MasterCard Line at the rates and at the times set out in such credit card agreements and other documents, and the Borrower's indebtedness thereunder, including accrued and unpaid interest thereon, shall mature and become due and payable in full by the Borrower on the earlier of (i) the date specified in the such agreements, and (ii) the Acceleration Date.

4.03 Service Agreements

BMO may in its discretion from time to time enter into agreements with the Borrower or any other Company in respect of cash management, payroll or other banking services (collectively, "**Service Agreements**"). The Borrower hereby agrees to indemnify and save harmless BMO in respect of all losses which it may suffer in respect of the failure of any Company to observe and perform its obligations under any Service Agreement except to the extent that such failure is due to BMO's gross negligence or wilful misconduct, and for all purposes of this Agreement such Service Agreement shall be deemed to have been entered into between BMO and the Borrower. The Borrower agrees to pay to BMO (for its own account) fees in respect of Service Agreements as they may agree in writing from time to time.

ARTICLE 5
GENERAL CONDITIONS

5.01 Matters relating to Interest

(a) Unless otherwise indicated, interest on any outstanding principal amount and all other amounts payable hereunder (including unpaid interest) shall be calculated daily and shall be payable monthly in arrears on the last day of each and every month; and if the date of demand by the Lender for a Repayment is not the end of a month, all accrued and unpaid interest in respect of such Repayment shall be paid on such demand date. If any day on which interest is payable is not a Business Day, the interest payment due on such day shall be made on the next Business Day, and interest shall continue to accrue on the said principal amount and shall also be paid on such next Business Day. Interest shall accrue from and including the day upon which an Advance is made or is deemed to have been made, and ending on but excluding the day on which such Advance is repaid or satisfied. Any change in the Prime Rate shall cause an immediate adjustment of the interest rate applicable to Prime Based Loans without the necessity of any notice to the Borrower.

(b) Unless otherwise stated, in this Agreement if reference is made to a rate of interest, fee or other amount "**per annum**" or a similar expression is used, such interest, fee or other amount shall be calculated on the basis of a year of three hundred and sixty-five (365) or three hundred and sixty- six (366) days, as the case may be. If the amount of any interest, fee or other amount is determined or expressed on the basis of a period of less than one (1) year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be, the equivalent yearly rate is equal to the rate so determined or expressed, divided by the number of days in the said period, and multiplied by the actual number of days in that calendar year. The Agent agrees that promptly upon request by the Borrower from time to time it will advise the Borrower of the Prime Rate and CDOR Rate in effect at such time (or during any other period prior to such time), and will assist the Borrower in calculating the effective annual rate of interest required to be disclosed pursuant to section 4 of the *Interest Act* (Canada). The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Agreement or any other Loan Documents, that the interest payable thereunder and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to section 4 of the *Interest Act* (Canada) or any other Law.

(c) Notwithstanding any other provisions of this Agreement, if the amount of any interest, premium, fees or other monies or any rate of interest stipulated for, taken, reserved or extracted under the Loan Documents would otherwise contravene the provisions of section 347 of the *Criminal Code* (Canada), section 4 or section 8 of the *Interest Act* (Canada) or

any successor or similar legislation, or would exceed the amounts which any Lender is legally entitled to charge and receive under any Law to which such compensation is subject, then such amount or rate of interest shall be reduced to such maximum amount as would not contravene such provision, and to the extent that any excess has been charged or received such Lender shall apply any such excess amount against the Outstanding Principal Amount under Facility A and refund such further excess amount to the Borrower.

(d) Any change in the Applicable Margin in respect of any Availment Option shall be determined quarterly by the Agent based upon the information contained in the Compliance Certificate received by the Agent in respect of the most recently completed Fiscal Quarter, and shall take effect commencing on the fifth (5th) Business Day following receipt of such Compliance Certificate by the Agent (in this paragraph called the "**effective date**"). For greater certainty:

(i) the interest rates and fees applicable to all Advances made on or after the effective date shall be based upon the said revised Applicable Margin;

(ii) from and after the effective date, the interest rates and fees applicable to all Prime Based Loans outstanding on the effective date shall be based upon the said revised Applicable Margin; and

(iii) no readjustment shall be made in respect of any CDOR Loan, Bankers' Acceptance, BA Equivalent Loan or Letter of Credit which is outstanding on the effective date, and the said revised Applicable Margin all apply to all CDOR Loans, Bankers' Acceptances, BA Equivalent Loans and Letters of Credit issued or made on or after the effective date.

The determination of such adjustments by the Agent shall be deemed to be correct absent manifest error. If the Agent does not receive a Compliance Certificate on a date required pursuant to Section 7.04, then from and after the date such Compliance Certificate was required to have been delivered, the Applicable Margin in respect of each Availment Option shall be the highest Applicable Margin relating thereto, until the fifth (5th) Business Day following receipt by the Agent of the required Compliance Certificate.

5.02 Notice Periods

(a) The Borrower shall provide written notice to the Agent in respect of Advances, Rollovers, Substitutions and Repayments as set out below:

(i) one (1) Business Days' notice is required before 10:00 a.m. Toronto time in respect of an Advance, Rollover or Substitution relating to a Prime Based Loan;

(ii) two (2) Business Days' notice is required before 10:00 a.m. Toronto time in respect of an Advance, Rollover or Substitution relating to a CDOR Loan, Bankers' Acceptance, or a BA Equivalent Note;

(iii) three (3) Business Days' notice is required before 10:00 a.m. Toronto time in respect of the issuance of a Letter of Credit; and

(iv) notice is required for each voluntary Repayment under Facility A in accordance with Section 2.08, as applicable.

(b) Notice of any Advance, Rollover or Substitution referred to in paragraph (a) above shall be given in the form of a Draw Request, Rollover Notice or Substitution Notice, as the case may be, attached hereto as Exhibits, and shall be given to the Agent at its address in Section 13.08.

(c) If notice is not provided as contemplated herein with respect to the maturity of any CDOR Loan, Bankers' Acceptance or BA Equivalent Loan, the Agent may in its discretion convert such CDOR Loan, Bankers' Acceptance or BA Equivalent Loan upon its maturity into a Prime Based Loan.

(d) Any conversion from one form of Availment Option to another shall be subject to satisfaction of all of terms and conditions applicable to the form of the new Availment Option.

(e) No notice is required for Advances and Repayments under the Swingline.

5.03 Minimum Amounts, Multiples and Procedures re Draws, Substitutions, and Repayments

(a) Each request by the Borrower for an Advance by way of Bankers' Acceptances and BA Equivalent Notes shall be for an aggregate face amount of not less than $1,000,000 and in a multiple of $100,000, and in such amount as will result in the face amount of each Bankers' Acceptance or BA Equivalent Note issued by a Lender being in a multiple of $1,000.

(b) Each request by the Borrower for an Advance by way of CDOR Loans shall be in a minimum amount of $1,000,000 and in a multiple of $100,000.

(c) Advances by way of Prime Based Loans shall be on a dollar for dollar basis and not subject to a minimum amount or a required multiple.

(d) Advances under the Swingline shall be on a dollar for dollar basis and not subject to a minimum amount or a required multiple.

(e) Upon receipt of a Draw Request, the Agent shall promptly notify each Lender of the contents thereof and such Lender's Proportionate Share of the Advance. Such Draw Request shall not thereafter be revocable.

(f) Each Advance shall be made by the applicable Lenders to the Agent at its address referred to in Section 13.08 or such other address as the Agent may designate by notice in writing to the Lenders from time to time. Each Lender may make available its Proportionate Share of each said Advance to the Agent. Subject to the conditions in this Agreement, the Agent may make the funds so received from the Lenders available to the Borrower by 2:00 p.m. (Toronto time) on the requested date of the Advance. No Lender shall be responsible for any other Lender's obligation to make available its Proportionate Share of the said Advance.

(g) The Borrower agrees to deliver in favour of each Lender such other agreements and documentation as such Lender may reasonably require (not inconsistent with this Agreement) in respect of such Lender's requirements for the acceptance of Bankers' Acceptances or the issuance of BA Equivalent Notes.

(h) All payments of principal, interest and other amounts made by the Borrower to the Agent in respect of the Outstanding Principal Amount shall be paid by the Agent to the respective Lenders, each in accordance with its Proportionate Share. For greater certainty, however, stamping fees in respect of Bankers' Acceptances and BA Equivalent Notes shall be received and retained by the respective Lenders which issued or accepted such Bankers' Acceptances and BA Equivalent Notes.

5.04 Place of Repayments

(a) All payments of principal, interest and other amounts to be made by the Borrower to the Agent pursuant to this Agreement shall be made at its address noted in Section 13.08 or to such other address as the Agent may direct in writing from time to time. All such payments received by the Agent on a Business Day before 2:00 p.m. (Toronto time) shall be treated as having been received by the Agent on that day; payments made after such time on a Business Day shall be treated as having been received by the Agent on the next Business Day.

(b) Whenever any payment shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day. Interest shall continue to accrue and be payable thereon as provided herein, until the date on which such payment is received by the Agent.

(c) The Borrower hereby authorizes and direct the Agent to debit automatically, by mechanical, electronic or manual means, any bank account maintained by it with the Agent for all amounts due and payable by it under this Agreement, including the repayment of principal and the payment of interest, fees and all charges relating to the operation of such bank account. The Agent shall notify the Borrower as to the particulars of such debits in accordance with its usual practice.

5.05 Evidence of Obligations (Noteless Advances)

The Agent shall open and maintain, in accordance with its usual practice, accounts evidencing the Obligations, and the information entered in such accounts shall constitute prima facie evidence of the Obligations. The Agent may, but shall not be obliged to, request the Borrower to execute and deliver promissory notes from time to time as additional evidence of the Obligations, in form and substance satisfactory to the Agent acting reasonably.

5.06 Determination of Equivalent Amounts

Whenever it is necessary or desirable at any time to determine the Equivalent Amount in Canadian Dollars of an amount expressed in any other Qualified Currency, or vice-versa (specifically including for greater certainty the determination of whether the Outstanding Principal Amount under Facility A exceeds the Facility A Maximum Amount), the Equivalent Amount shall be determined by reference to the Exchange Rate on the date of such determination.

5.07 Commitment to Purchase Bankers' Acceptances and BA Equivalent Notes

(a) In connection with the issuance of each Bankers' Acceptance or BA Equivalent Note, the amount payable by the purchaser thereof to the Borrower shall be determined in accordance with the following formula:

$$\frac{F}{1 + (D \times T/365)}$$

where:

F means the face amount of such Bankers' Acceptance or BA Equivalent Note,

D means the discount rate, and

T means the number of days to maturity of such Bankers' Acceptance or BA Equivalent Note,

with the amount as so calculated being rounded up or down to the fifth decimal place and with 0.000005 being rounded up.

(b) Each BA Lender which is a bank listed in Schedule I of the *Bank Act* (Canada) agrees to purchase those Bankers' Acceptances which it has accepted at a discount from the face amount thereof equal to the CDOR Rate for the relevant period in effect on the issuance date thereof, provided however that if BMO is the only BA Lender under Facility A, the discount rate shall be the applicable discount rate established by BMO on the issuance date thereof.

(c) Each BA Lender which is a bank listed in Schedule II or Schedule III of the *Bank Act* (Canada) agrees to purchase those Bankers' Acceptances which it has accepted at a discount from the face amount thereof equal to the CDOR Rate for the relevant period in effect on the issuance date thereof plus a premium determined by such BA Lender not in excess of one-tenth of one percent (0.10%) per annum.

(d) Each Non-BA Lender agrees to purchase BA Equivalent Notes issued by it hereunder at a discount from the face amount thereof equal to the CDOR Rate for the relevant period in effect on the issuance date thereof.

(e) The discount applicable to each Bankers' Acceptance and BA Equivalent Note shall be determined on the basis of a year of three hundred and sixty five (365) days.

5.08 Bankers' Acceptances

The following provisions are applicable to Bankers' Acceptances issued by the Borrower and accepted by any BA Lender hereunder:

Payment of Bankers' Acceptances

(a) The Borrower agrees to provide for each Bankers' Acceptance by payment of the face amount thereof to the Agent on behalf of the BA Lender on the maturity of the Bankers' Acceptance or, prior to such maturity, on the Acceleration Date; and the Agent shall remit the said amount to such BA Lender and such BA Lender shall in turn remit such amount to the holder of the Bankers' Acceptance. If the Borrower fails to provide for the payment of the Bankers' Acceptance accordingly, any amount not so paid shall be immediately payable by the Borrower to the Agent on behalf of the BA Lender together with interest on such amount calculated daily and payable monthly at the rate and in the manner applicable to Prime Based Loans. The Borrower agrees not to claim any days of grace for the payment

at maturity of any Bankers' Acceptance and agrees to indemnify and save harmless the BA Lender in connection with all payments made by the BA Lender (or by the Agent on its behalf) pursuant to Bankers' Acceptances accepted by the BA Lender, together with all reasonable costs and expenses incurred by the BA Lender in this regard. The Borrower hereby waives any defences to payment which might otherwise exist if for any reason a Bankers' Acceptance is held by the BA Lender for its own account at maturity.

Availability of Bankers' Acceptances

(b) If at any time and from time to time the Agent determines that there no longer exists a market for Bankers' Acceptances for the term requested by the Borrower, or at all, the Agent shall so advise the Borrower, and in such event the BA Lenders shall not be obliged to accept and the Borrower shall not be entitled to issue Bankers' Acceptances.

Power of Attorney

(c) The Borrower hereby appoints each BA Lender as its true and lawful attorney to complete and issue Bankers' Acceptances on behalf of the Borrower in accordance with written (including facsimile) transmitted instructions provided by the Borrower to the Agent on behalf of such BA Lender, and the Borrower hereby ratifies all that its said attorney may do by virtue thereof except anything done that constitutes negligence or wilful misconduct by the BA Lender. The Borrower agrees to indemnify and hold harmless the Agent and the BA Lenders and their respective directors, officers and employees from and against any charges, complaints, costs, damages, expenses, losses or liabilities of any kind or nature which they may incur, sustain or suffer, arising from or by reason of acting, or failing to act, as the case may be, in reliance upon this power of attorney, except to the extent caused by the negligence or wilful misconduct of the Agent or the BA Lender or their respective directors, officers and employees. The Borrower hereby agrees that each Bankers' Acceptance completed and issued and accepted in accordance with this Section by a BA Lender on behalf of the Borrower is a valid, binding and negotiable instrument of the Borrower as drawer and endorser. The Borrower agrees that each BA Lender's accounts and records will constitute prima facie evidence of the execution and delivery by the Borrower of Bankers' Acceptances. This power of attorney shall continue in force until the earlier of (i) delivery of written notice of revocation by the Borrower to the Agent on behalf of the BA Lender at the Agent's address provided in Section 13.08, and (ii) the termination of this Agreement.

5.09 BA Equivalent Notes

Each Non-BA Lender will not accept Bankers' Acceptances hereunder, and shall instead from time to time make BA Equivalent Loans to the Borrower. Each BA Equivalent Loan shall be evidenced by a non-interest bearing promissory note payable by the Borrower to the Non-BA Lender substantially in the form of Exhibit "G" attached hereto, which will be purchased by the Non-BA Lender. Each BA Equivalent Note shall be negotiable by the Non-BA Lender without notice to or the consent of the Borrower, and the holder thereof shall be entitled to enforce such BA Equivalent Note against the Borrower free of any equities, defences or rights of set-off that may exist between the Borrower and the Non-BA Lender. In this Agreement, all references to a BA Equivalent Note shall mean the loan evidenced thereby if required by the context; and all references to the "**issuance**" of a BA Equivalent Note by a Non-BA Lender and similar expressions shall mean the making of a BA Equivalent Loan by the Non-BA Lender which is evidenced by a BA Equivalent Note. The following provisions are applicable to each BA Equivalent Loan made by a Non-BA Lender to the Borrower hereunder:

Payment of BA Equivalent Notes

(a) The Borrower agrees to provide for each BA Equivalent Note by payment of the face amount thereof to the Agent on behalf of the Non-BA Lender on the maturity of the BA Equivalent Note or, prior to such maturity, on the Acceleration Date, and the Agent shall remit the said amount to such Non-BA Lender and such Non-BA Lender shall in turn remit such amount to the holder of the BA Equivalent Note. If the Borrower fails to provide for the payment of the BA Equivalent Note accordingly, any amount not so paid shall be immediately payable by the Borrower to the Agent on behalf of the Non-BA Lender together with interest on such amount calculated daily and payable monthly at the rate and in the manner applicable to Prime Based Loans. The Borrower agrees not to claim any days of grace for the payment at maturity of any BA Equivalent Note and agrees to indemnify and save harmless the Non-BA Lender in connection with all payments made by the Non-BA Lender (or by the Agent on its behalf) pursuant to BA Equivalent Notes accepted by the Non-BA Lender, together with all reasonable costs and expenses incurred by the Non-BA Lender in this regard. The Borrower hereby waives any defences to payment which might otherwise exist if for any reason a BA Equivalent Note is held by the Non-BA Lender for its own account at maturity.

Availability of BA Equivalent Loans

(b) The Non-BA Lender shall have no obligation to make BA Equivalent Loans during any period in which the BA Lenders' obligation to issue Bankers' Acceptances is suspended pursuant to section 3.5 of the CBA Model Provisions.

Power of Attorney

(c) The Borrower hereby appoints the Non-BA Lender as its true and lawful attorney to complete BA Equivalent Notes on behalf of the Borrower in accordance with written (including facsimile) transmitted instructions delivered by the Borrower to the Agent, and the Borrower hereby ratifies all that its said attorney may do by virtue thereof except anything done that constitutes negligence or wilful misconduct by the Non-BA Lender. The Borrower agrees to indemnify and hold harmless the Agent and the Non-BA Lender and their respective directors, officers and employees from and against any charges, complaints, costs, damages, expenses, losses or liabilities of any kind or nature which they may incur, sustain or suffer, arising from or by reason of acting, or failing to act, as the case may be, in reliance upon this power of attorney except to the extent caused by the negligence or wilful misconduct of the Agent or the Non-BA Lender or their respective directors, officers and employees. The Borrower hereby agrees that each BA Equivalent Note completed by the Non-BA Lender on behalf of the Borrower is a valid, binding and negotiable instrument of the Borrower as drawer and endorser. The Borrower agrees that the Non-BA Lender's accounts and records will constitute prima facie evidence of the execution and delivery by the Borrower of BA Equivalent Notes. This power of attorney shall continue in force until the earlier of (i) delivery of written notice of revocation by the Borrower to the Agent on behalf of the Non-BA Lender at the Agent's address provided in Section 13.08, and (ii) the termination of this Agreement.

5.10 CDOR Loans

The following provisions are applicable to CDOR Loans made by a Lender to the Borrower:

Draw Procedures

(a) Upon receipt by the Agent from the Borrower of a Draw Request, Substitution Notice or Rollover Notice in respect of a CDOR Loan, the Agent will promptly advise the Borrower of the CDOR Rate, such rate to be determined as at approximately 10:00 a.m. Toronto, Ontario time, two (2) Business Days before the commencement of the CDOR Period for such CDOR Loan. If the Agent is unable to determine the applicable CDOR Rate or if for any reason the CDOR Period requested by the Borrower is not reasonably available to the Agent, then the Agent shall notify the Borrower of the foregoing and the Lenders shall not be obliged to make the requested CDOR Loan, and if such determination takes place after a Lender has already made Advances in the expectation that such Advances will constitute a CDOR Loan for the CDOR Period requested, such Lender may by written notice to the Borrower require the Borrower to select another CDOR Period or convert the said CDOR Loan into a Prime Based Loan with interest payable thereon at the rate and in the manner as provided in Section 5.01 with respect to Prime Based Loans.

Laws Applicable to CDOR Loans

(b) The Borrower acknowledges and agrees that the ability of the Lenders to maintain or provide any CDOR Loan and/or to charge interest on any CDOR Loan at a CDOR Rate is and will be subject to any statute, law, regulation, rule or direction by any Governmental Authority having jurisdiction which may prohibit or restrict or limit such loans and/or such interest. The Borrower agrees that the Agent and the Lenders shall have the right to comply with any such requirements and, if the Agent or a Lender acting reasonably determines it to be necessary as a result of such requirement, the Agent or such Lender may convert any CDOR Loan to a Prime Based Loan with interest payable thereon as set out in paragraph (a) above or require immediate repayment of all CDOR Loans and accrued interest thereon.

Interest Payments for CDOR Loans

(c) Each CDOR Loan shall have a CDOR Period of either one (1), two (2) or three (3) months, subject to availability, and interest on each CDOR Loan shall be payable in accordance with Section 5.01.

5.11 Cash Collateral for Bankers' Acceptances, BA Equivalent Loans and CDOR Loans

(a) The Borrower acknowledges and agrees that CDOR Loans, Bankers' Acceptances and BA Equivalent Loans may not be repaid prior to the maturity thereof.

(b) If there are any CDOR Loans, Bankers' Acceptances or BA Equivalent Loans outstanding at the time Facility A is terminated, the Borrower shall immediately deposit funds with the Agent in an amount equal to the aggregate of the face amount of all Bankers' Acceptances, BA Equivalent Loans and the amount of CDOR Loans then outstanding under Facility A.

(c) The Borrower may in its discretion from time to time deposit funds with the Agent and instruct the Agent to apply such funds on account of any outstanding CDOR Loans, Bankers' Acceptances or BA Equivalent Loans upon the maturity thereof, provided that, if prior to the maturity of such Availment Option the Agent receives any funds from the Borrower or any other Person which are intended to be applied as a Repayment thereof, then the Agent may retain such funds without any obligation to invest such funds or pay

interest thereon, and shall apply such funds against such Availment Option on the scheduled maturity date thereof.

(d) The Borrower acknowledges and agrees that all funds deposited by the Borrower with the Agent pursuant to this Section 5.11 shall be subject to: (i) a First-Ranking Security Interest in favour of the Agent; and (ii) a right of set-off pursuant to Section 10.04 of this Agreement.

5.12 Breakage Costs

If any Advance made by a Lender in the form of a CDOR Loan, Bankers' Acceptance, or a BA Equivalent Loan is repaid or converted prior to the scheduled maturity date thereof (whether as a result of acceleration or otherwise), or if any Hedge Transaction is unwound prior to its scheduled maturity date (whether as a result of acceleration or otherwise), the Borrower agrees to pay to the applicable Lender upon demand all losses, damages, costs and expenses which such Lender has incurred or may incur as a result of such repayment, conversion or unwinding prior to the said scheduled maturity date, as determined by such Lender in accordance with its usual practice acting reasonably. The applicable Lender shall provide the Borrower with a written certificate showing in reasonable detail the basis for such claim, which shall be deemed to be *prima facie* correct absent manifest error. For greater certainty, CDOR Loans, Bankers' Acceptances and BA Equivalent Loans may not be repaid prior to the maturity thereof.

5.13 Illegality

The obligation of any Lender to make Advances shall be suspended if and for so long as it is unlawful or impossible for such Lender to maintain its Commitment or make Advances hereunder as a result of the adoption of any Applicable Law or any change in any Applicable Law, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Lender with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency.

5.14 Anti-Money Laundering

The Borrower acknowledges that pursuant to AML Legislation the Agent and the Lenders may be required to obtain, verify and record information regarding the Companies and their respective directors, authorized signing officers, direct or indirect shareholders, partners or other persons in control of the Companies and the transactions contemplated hereby. The Borrower shall promptly provide all such information, including any supporting documentation and other evidence, as may be requested by the Agent or any Lender, or any prospective assignee or participant of a Lender or the Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence. If the Agent has ascertained the identity of any Company, or any authorized signatories of any Company, for the purposes of applicable AML Legislation, then the Agent shall:

(a) be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "**written agreement**" in such regard between each Lender and the Agent within the meaning of applicable AML Legislation; and

(b) provide each Lender with copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the foregoing each Lender acknowledges and agrees that the Agent has no obligation to ascertain the identity of any Company, or any authorized signatories of any Company, on behalf of such Lender or to confirm the completeness or accuracy of any information that the Agent obtains from any Company, or any such authorized signatory, in doing so.

5.15 Terrorist Lists

Each Company is and will remain in compliance in all material respects with all Canadian economic sanctions laws and implementing regulations under the Proceeds of *Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Criminal Code* (Canada), the *United Nations Act* (Canada) and all similar applicable anti-money laundering and counter-terrorism financing provisions and regulations issued pursuant to any of the foregoing. No Company (i) is a Person designated by the Canadian government on any list set out in the United Nations Al-Qaida and Taliban Regulations, the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism or the Criminal Code (collectively, the "**Terrorist Lists**") with which a Canadian Person cannot deal with or otherwise engage in business transactions, (ii) is a Person who is otherwise the target of Canadian economic sanctions laws or (iii) is controlled by (including without limitation by virtue of such Person being a director or owning voting shares or interests), or acts, directly or indirectly, for or on behalf of, any Person or entity on a Terrorist List or a foreign government that is the target of Canadian economic sanctions prohibitions such that the entry into, or performance under, this Agreement or any other Loan Document would be prohibited under Canadian Law.

5.16 Commitment Fee

The Borrower shall pay to the Agent a non-refundable commitment fee in the amount of $200,000 in immediately available funds on the Closing Date.

5.17 Annual Review Fee

The Borrower shall pay to the Agent a non-refundable annual review fee in the amount of $10,000 in immediately available funds on each anniversary of the Closing Date prior to the Maturity Date until this Agreement is terminated and the Obligations fully satisfied and released.

5.18 Unavailability of CDOR: Special Provisions Regarding CDOR Loans, Prime Based Loans, Bankers' Acceptances and BA Equivalent Notes

(a) If at any time the Agent determines (which determination shall be conclusive absent manifest error) that:

(i) adequate and fair means do not exist for ascertaining the CDOR Rate or a specific tenor of CDOR Rate (including because the Reuters Screen Page (or any substitute therefor) of Refinitiv Benchmark Services (UK) Limited (or any successor thereto or Affiliate thereof) is not available or is not published on a current basis for the applicable Interest period), and such circumstances are unlikely to be temporary;

(ii) the administrator of CDOR Rate, or a Governmental Authority having jurisdiction, has made a public statement announcing a specific date after which CDOR Rate or a specific tenor of CDOR Rate will permanently or indefinitely cease to be made available (*provided that*, at the time of such statement or publication, there is no successor administrator that will continue to provide a CDOR Rate or the applicable tenor of CDOR Rate);

(iii) a Governmental Authority having jurisdiction over the Agent has made a public statement identifying a specific date after which CDOR Rate or a specific tenor of CDOR Rate shall no longer be permitted to be used to determine the interest rate applicable to loans (the specific date referred to in Section 5.18(a)(ii) and this Section 5.18(a)(iii) referred to herein as a "**CDOR Discontinuation Date**"); or

(iv) newly originated syndicated credit agreements being entered into in Canada adopt, or existing agreements that incorporate language similar to this Section 5.18 are being amended to adopt, a benchmark or reference rate of interest that replaces CDOR Rate,

then, reasonably promptly following such determination by the Agent, the Agent and the Borrower shall negotiate in good faith to select a replacement or successor rate to CDOR Rate (such rate, a "**CDOR Successor Rate**") and make adjustments to the Applicable Margin and other related or conforming amendments to this Agreement giving due consideration to then-prevailing market practice in Canada for (i) determining a rate of interest applicable to newly originated Canadian Dollar loans, and (ii) transitioning existing loans with CDOR-based interest rates to loans bearing interest calculated with reference to a replacement benchmark.

(b) Upon an agreement being reached pursuant to Section 5.18(a) above, the Agent and the Borrower shall enter into an amendment to this Agreement that gives effect to the adoption of the CDOR Successor Rate, adjustments to the Applicable Margin and such other related amendments as may be appropriate in the discretion of the Agent for the implementation and administration of Advances bearing interest calculated with reference to the CDOR Successor Rate. Such amendment will become effective at 5:00 p.m. (Toronto time) on the fifth (5th) Business Day after the Agent has provided a copy of such proposed amendment to all Lenders and the Borrower so long as the Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders.

(c) Until an amendment reflecting the transition to a CDOR Successor Rate becomes effective as contemplated by this Section, the calculation of the stamping fee with respect to each Advance of a Bankers' Acceptance or BA Equivalent Loan shall continue to be calculated with reference to CDOR Rate; provided that if the Agent determines (which determination shall be conclusive, absent manifest error) that a CDOR Discontinuation Date has occurred, then following the CDOR Discontinuation Date and until such time as an amending agreement adopting a CDOR Successor Rate becomes effective as contemplated by this Section, the Lenders' obligations to make any Advances by way of CDOR Loans, Bankers' Acceptance or BA Equivalent Loans shall be suspended for all affected tenors of CDOR Rate and any Draw Request requesting Advances by way of CDOR Loans, Bankers' Acceptances or BA Equivalent Loans for any of the affected tenors shall be deemed to be a Draw Request, as applicable, requesting a Prime Based Loan in the same aggregate principal amount.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.01 Representations and Warranties

Each Company, or where specifically referenced, Parent Holdco, hereby represents and warrants to the Agent and the Lenders as follows:

(a) Status - Each Company has been duly incorporated (or amalgamated) and organized and is validly subsisting under the Laws of its jurisdiction of incorporation and is up-to-date in respect of all material corporate filings.

(b) Corporate Information - Schedule 6.01(b) attached hereto contains a list of the Companies (and each such Company shall be identified as a Borrower, a Secured Subsidiary or an Unsecured Subsidiary, as applicable) and the following information in respect of each Company: prior names and corporate predecessors, governing jurisdiction and all prior governing jurisdictions, registered office and principal place of business, all Approved Jurisdictions and all locations therein, the number and classes of its issued and outstanding shares, and a list of its shareholders including the number and class of shares held by each.

(c) Solvency – The Companies are Solvent on a consolidated basis.

(d) No Pending Changes – No Person has any agreement or option or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase of any properties or assets of any Company out of the ordinary course of business and no Person has any agreement or option or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming an agreement for the purchase, subscription, allotment or issuance of any debt or equity securities of any Company.

(e) No Conflicting Agreements - Neither the execution and delivery of the Security, nor compliance with the terms, provisions and conditions of this Agreement or the Security will conflict with, result in a breach of, or constitute a default under the charter documents or by-laws of any Company or any Material Agreements to which it is a party or is otherwise bound, and does not require the consent or approval of any Person, other than those which have been obtained.

(f) No Conflict with Charter Documents - There are no provisions in the charter documents, constitution or by-laws of any Company of or in any unanimous shareholder agreement affecting it which restrict or limit its powers to borrow money, issue debt obligations, guarantee the payment or performance of the obligations of others, or otherwise encumber all or any of its property, now owned or subsequently acquired.

(g) Loan Documents - The Borrower has the corporate capacity, power, legal right and authority to borrow from the Lenders, perform its obligations under this Agreement and provide the Security required to be provided by it hereunder; each Secured Subsidiary has the corporate capacity, power, legal right and authority to guarantee payment to the Agent and the Lenders of the Borrower's Obligations and provide the Security required to be provided by it hereunder, and each Company has all necessary corporate power and authority to carry on its business as now conducted and to own or lease its assets. The execution and delivery of the Loan Documents by the Companies and the performance of their respective obligations therein have been duly authorized by all necessary corporate action. This Agreement and the other Loan Documents constitute legal, valid and binding obligations of the Companies party thereto, enforceable against them in accordance with the terms and provisions thereof, subject to Laws of general application affecting creditors' rights (including Insolvency Legislation) and the discretion of the court in awarding equitable remedies.

(h) Conduct of Business; Material Permits - Parent Holdco and each of the Companies do not own assets or carry on business in any jurisdiction which is not an Approved Jurisdiction. Each Company is in compliance in all material respects with all Applicable Laws (including all applicable environmental laws and Cannabis Laws) of each jurisdiction in which it owns assets or carries on business and is duly licensed, registered and qualified to do business and is in good standing in each such jurisdiction, and all such licences, registrations and qualifications (including all Cannabis Authorizations) are valid and subsisting and in good standing. Attached hereto as Schedule 6.01(h) is a true and complete list of all Material Permits as at the Closing Date.

(i) Ownership of Assets; Specific Permitted Liens - The Companies own all assets required in order to carry on their businesses as presently conducted. Each Company owns, and possesses its assets free and clear of any and all Liens except for Permitted Liens. No Company has any commitment or obligation (contingent or otherwise) to grant any Liens except for Permitted Liens. No event has occurred which constitutes, or which with the giving of notice, lapse of time or both would constitute, a material default under any Lien which has been granted by any of the Companies. Schedule 6.01(i) attached hereto contains a true and complete list of all Specific Permitted Liens as at the Closing Date.

(j) Owned Properties – The Borrower does not own any Owned Property.

(k) Material Leased Properties - There are no Material Leased Properties other than those listed in Schedule 6.01(k) attached hereto. Schedule 6.01(k) attached hereto contains a true and complete list of all Material Leased Properties including in respect of each applicable lease the names of the parties and the municipal address of the Material Leased Property.

(l) Intellectual Property - Each Company possesses or has the right to use all Intellectual Property material to the conduct of its business, each of which is in good standing in all material respects, and has the right to use such Intellectual Property without violation of any material rights of others with respect thereto. Attached hereto as Schedule 6.01(l) is a list of all such material Intellectual Property held by the Companies as at the Closing Date, including a description of the nature of such rights. No Person has asserted any claim in respect of the validity of such Intellectual Property or the Companies' rights therein, and the Borrower is not aware of any basis for the assertion of any such claims. The Borrower is not aware of any material infringement of the Companies' rights under such Intellectual Property by other Persons. The conduct and operations of the businesses of each Company do not infringe, misappropriate, dilute or violate any Intellectual Property rights held by any other Person.

(m) Insurance - The Companies have obtained insurance which satisfies all requirements in Section 7.01(h) herein.

(n) Material Agreements - Except to the extent disclosed in Schedule 6.01(n), each Material Agreement to which any Company is a party is in good standing and in full force and effect, and none of the Companies, or, to the best of the Borrower's knowledge, any of the other parties thereto, is in material breach of any of the terms or conditions contained therein. Attached hereto as Schedule 6.01(n) is a true and complete list of all Material Agreements to which the Companies are party as at the Closing Date.

(o) Labour Agreements - Schedule 6.01(o) attached hereto contains a true and complete list of (i) all contracts with labour unions and employee associations to which the Companies are

a party as at the Closing Date, and (ii) all discussions to enter into any other contracts with labour unions or employee associations or to establish any other labour union or employee association.

(p) Environmental Laws - Except to the extent disclosed in Schedule 6.01(p) attached hereto:

(i) each Company and its business, operations, assets, equipment, property, leaseholds and other facilities is in compliance in all material respects with all Requirements of Environmental Law, specifically including all Requirements of Environmental Law concerning the storage and handling of Hazardous Materials;

(ii) each Company holds all material permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials and all other Requirements of Environmental Law; and

(iii) the Companies have no material indebtedness, obligation or liability, absolute or contingent, matured or not matured, with respect to the storage, treatment, cleanup or disposal of any Hazardous Materials, including without limitation any such indebtedness, obligation, or liability under any Requirements of Environmental Law regarding such storage, treatment, cleanup or disposal.

(q) Litigation

(i) As of the Closing Date there are no actions, suits or proceedings pending, or to the knowledge of the Borrower threatened, against any Company in any court or before or by any federal, provincial, municipal or other Governmental Authority except the litigation disclosed in Schedule 6.01(q); and

(ii) There are no actions, suits or proceedings pending, or to the knowledge of the Borrower threatened, against any Company in any court or before or by any federal, provincial, municipal or other Governmental Authority which would, individually or in the aggregate, if determined adversely, result in a Material Adverse Change, except to the extent disclosed in Schedule 6.01(q).

(r) Pension Plans - Schedule 6.01(r) attached hereto contains a true and complete list of all Pension Plans established by the Companies as at the Closing Date. The Companies are not party to any Defined Benefit Pension Plans. No steps have been taken to terminate any such Pension Plan (in whole or in part), no contribution failure has occurred with respect to any such Pension Plan sufficient to give rise to a Lien under any Applicable Laws of any jurisdiction, and no condition exists and no event or transaction has occurred with respect to any such Pension Plan which might result in the incurrence by any Company of any material liability, fine or penalty. Each such Pension Plan is in compliance in all material respects with all applicable pension benefits and tax Laws, (i) all contributions (including employee contributions made by authorized payroll deductions or other withholdings) required to be made to the appropriate funding agency in accordance with all Applicable Laws and the terms of such Pension Plan have been made in accordance with all Applicable Laws and the terms of such Pension Plan, (ii) to the extent applicable, all liabilities under such Pension Plan are funded, on a going concern and solvency basis, in accordance with the terms of the respective Pension Plans, the requirements of applicable pension benefits

laws and of applicable regulatory authorities and the most recent actuarial report filed with respect to the Pension Plan, and (iii) no event has occurred and no conditions exist with respect to any such Pension Plan that has resulted or could reasonably be expected to result in such Pension Plan having its registration revoked or refused for the purposes of any applicable pension benefits or tax Laws or being placed under the administration of any relevant pension benefits regulatory authority or being required to pay any Taxes or penalties under any applicable pension benefits or tax Laws.

(s) Financial Statements – The most recent Year-end Financial Statements and Interim Financial Statements delivered to the Agent and the Lenders have been prepared in accordance with IFRS (except in the case of the Interim Financial Statements, subject to normal adjustments and the absence of footnotes) on a basis which is consistent with the previous fiscal period, and present fairly:

(i) the assets and liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Borrower on a consolidated basis as at the dates therein specified;

(ii) the sales, earnings and results of operations of the Borrower on a consolidated basis during the periods covered thereby; and

(iii) in the case of the Year-end Financial Statements, the changes in financial position of the Borrower on a consolidated basis;

and the Companies have no material liabilities (whether accrued, absolute, contingent or otherwise) except as disclosed therein and liabilities incurred in the ordinary course of business which do not directly or indirectly pertain to financing activities, and since the dates of the said Year-end Financial Statements and Interim Financial Statements, as the case may be, no material liabilities have been incurred by the Companies except in the ordinary course of business and no Material Adverse Change has occurred or is reasonably expected to occur in the next Fiscal Quarter.

(t) Financial and Other Information - All financial and other information provided by or in respect of the Companies to the Agent and the Lenders was true, correct and complete in all material respects when provided. No information, exhibit, or report furnished by the Companies to the Agent or the Lenders contains any material misstatement of fact or omits to state a material fact or any fact necessary to make the statement contained therein not materially misleading in the circumstances in which it was made.

(u) No Guarantees – No Guarantees have been granted by any Company except for (i) Guarantees which comprise part of the Security; and (ii) Guarantees in respect of Permitted Funded Debt incurred by any other Company.

(v) Tax Returns – Each Company has duly and timely filed all tax returns required to be filed by it, and has paid all Taxes which are due and payable by it except for Taxes being contested in good faith and in respect of which reserves have been established in accordance with IFRS. Each Company has also paid all other Taxes, charges, penalties and interest due and payable under or in respect of all assessments and re-assessments of which it has received written notice except for Taxes being contested in good faith and in respect of which reserves have been established in accordance with IFRS. There are no actions, suits, proceedings, investigations or claims pending, or to the knowledge of the Borrower

threatened in writing, against any Company in respect of Taxes, governmental charges or assessments except for any such actions, suits, proceedings, investigations or claims which are being contested in good faith and in respect of which reserves have been established in accordance with IFRS.

(w) Statutory Liens - Each Company has remitted on a timely basis all amounts required to have been withheld and remitted (including withholdings from employee wages and salaries relating to income tax, employment insurance and Canada Pension Plan contributions), goods and services tax and all other amounts which if not paid when due could result in the creation of a Statutory Lien against any of its property, except for Permitted Liens.

(x) Sanctions, etc. – Each Company and each of its Affiliates, and each of their respective directors, officers, employees and agents (i) is not a Sanctioned Person; and (ii) is not located, organized or resident in a country or territory that is or whose government is a Sanctioned Entity, and (iii) does not own or control any assets located in a country or territory that is or whose government is a Sanctioned Entity except for products sold to customers in any such country or territory in the ordinary course of business in compliance with applicable Sanctions laws. Each Company and each of its Affiliates does not knowingly derive any revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities, except in compliance with applicable Sanctions laws. No proceeds of any Advance will be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity, except in compliance with applicable Sanctions laws.

(y) No Default, etc. - No Default or Event of Default has occurred and is continuing.

(z) Transactions with Related Persons – The Companies are not party to any contract, commitment or transaction (including by way of loan) with any Related Person, except on terms that are fair and reasonable and no less favourable to it than it would obtain in any comparable arm's length transaction with a Person that is not a Related Person.

(aa) Bank Accounts and Service Agreements – As of the Closing Date, the Companies do not maintain any bank accounts or Service Agreements, other than bank accounts and Service Agreements maintained by the Companies with BMO and its affiliates.

(bb) Downstream Franchisees – To the knowledge of the Companies, each Downstream Franchisee is in compliance in all material respects with all Applicable Laws (including all applicable environmental laws and Cannabis Laws) of each jurisdiction in which it operates a Tokyo Smoke Retail Location and is duly licensed, registered and qualified to do business and is in good standing in each such jurisdiction, and all such licences, registrations and qualifications (including Cannabis Authorizations) are valid and subsisting and in good standing.

(cc) [Reserved]

(dd) Tokyo Smoke Retail Locations – Schedule "A" attached hereto contains a true and complete list of all Tokyo Smoke Retail Locations and the applicable license agreement and/or franchise agreement to which such Tokyo Smoke Retail Location is a party as at the Closing Date.

(ee) Parent Holdco Debt – Prior to giving effect to any increase to the outstanding principal amount of the Parent Holdco Debt resulting from the transactions referred to in Section 9.02(g), on the date hereof the outstanding principal amount of Parent Holdco Debt is $34,000,000.

6.02 Survival of Representations and Warranties

The Borrower acknowledges that the Agent and the Lenders shall rely upon the representations and warranties contained in this Article in connection with the establishment and continuation of the Facilities and also in connection with the entering into by any Lender of any Hedge Transaction with the Borrower. Notwithstanding any investigations which may be made by the Agent or the Lenders, the said representations and warranties shall survive the execution and delivery of this Agreement until full and final payment and satisfaction of the Obligations.

ARTICLE 7
COVENANTS

7.01 Positive Covenants

Each of the Companies hereby covenants and agrees with the Agent and the Lenders that it will, and will cause each other Company to, in each case:

(a) Prompt Payment - in the case of the Borrower, pay all principal, interest, fees and other amounts due hereunder at the times and in the manner specified herein;

(b) Preservation of Corporate Existence, Material Permits, etc. – subject to Section 7.02(i), maintain its corporate existence in good standing, continue to carry on its business, preserve its rights, powers, licences, privileges, franchises and goodwill, including all Material Permits and all Cannabis Authorizations in all applicable jurisdictions, maintain all qualifications to carry on business in each applicable jurisdiction, and conduct its business in a proper and efficient manner so as to protect its property and income, in each case, in all material respects;

(c) Compliance with Laws - comply in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Requirements of Environmental Law and all Cannabis Laws) and use the proceeds of all Advances hereunder for legal and proper purposes, and without limiting the generality of the foregoing the Companies shall and shall cause each other Company to:

(i) manage and operate its business in all material respects in accordance with all Applicable Laws (including all Cannabis Laws and Cannabis Authorizations);

(ii) engage in Cannabis Related Activities only to the extent that such Cannabis Related Activities are (A) in an Approved Jurisdiction, and (B) in compliance with all Applicable Laws in such Approved Jurisdiction (including, without limitation on a federal, state, provincial, territorial and municipal basis); and

(iii) ensure that all of its activities relating to the sale of Cannabis and Cannabis-related products (A) occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions, and (B) occur between entities licensed by Governmental Authorities in Approved Jurisdictions;

(d) Payment of Taxes, etc. - pay when due all rents, Taxes, rates, levies, assessments and governmental charges, fees and dues lawfully levied, assessed or imposed in respect of its property which are material to the conduct of its business, and deliver to the Agent upon request receipts evidencing such payments; except for rents, Taxes, rates, levies, assessments and governmental charges, fees or dues in respect of which an appeal or review proceeding has been commenced, a stay of execution pending such appeal or review proceeding has been obtained or reserves have been established in accordance with IFRS, and the amounts in question do not in the aggregate materially detract from the ability of the Companies to carry on their businesses and to perform and satisfy all of their respective obligations hereunder;

(e) Maintain Records - maintain adequate books, accounts and records in accordance with IFRS;

(f) Maintenance of Assets - keep its property and assets (except obsolete assets) in good repair and working condition;

(g) Inspection - permit the Agent and its employees and agents to enter upon and inspect its properties, assets, books and records from time to time during normal business hours upon reasonable prior notice and in a manner which does not materially interfere with its business, and make copies of and abstracts from such books and records and discuss its affairs, finances and accounts with any of its officers, directors, accountants and auditors, and execute and deliver all consents and further assurances as may be necessary or desirable in order for the Agent and its agents to obtain information from Governmental Authorities and other third parties with respect to environmental matters;

(h) Insurance - obtain and maintain, from insurance companies acceptable to the Agent and the Lenders, acting reasonably, liability insurance, all-risks property insurance on a replacement cost basis (less a reasonable deductible not to exceed amounts customary in the industry for similar businesses and properties), business interruption insurance, product recall and liability insurance coverage in an amount of not less than Five Million Dollars ($5,000,000), and insurance in respect of such other risks as are customary in the industry for similar businesses and properties (and having regard to the availability of insurance coverage in the market), all of which policies of insurance shall be in such amounts as are customary in the industry for similar businesses and properties, and the Secured Companies shall cause the interest of the Agent to be noted on property insurance policies as first mortgagee and loss payee (which policies shall include the standard mortgage clause approved by the Insurance Bureau of Canada (or an equivalent clause in other applicable jurisdictions)) and as an additional insured under liability insurance policies; and the Borrower shall provide the Agent with certificates of insurance and certified copies of such policies from time to time upon request;

(i) [Reserved]

(j) Perform Obligations - fulfil all covenants and obligations required to be performed by it under:

(i) those Loan Documents to which it is a party; and

(ii) the Canopy Support Agreement;

(k) Notice of Certain Events - provide written notice to the Agent of each of the following promptly after the occurrence thereof:

(i) any Default or Event of Default;

(ii) a material default by any Company under any agreement relating to Funded Debt (other than Permitted VTB Debt) in excess of $50,000, or a material default by any Company with respect to its obligations relating to Permitted VTB Debt in excess of $50,000;

(iii) receipt by any Company of notice of the termination or suspension of, or a material default under, any Material Agreement or Material Permit;

(iv) all amendments to the licenses of the Companies;

(v) all material correspondence and notices received from any Governmental Authority or stock exchange with respect to any Material Permit, the licenses and permits required to conduct the Companies' businesses (including Cannabis Authorizations), security clearances or any regulatory or other investigations into the Companies' business practices;

(vi) [reserved];

(vii) (a) the results of any facility audit by any Governmental Authority to the extent such results are material and negative; and (b) any warning document, letter or notice from any Governmental Authority that would have a material and negative impact on any Material Permit or Cannabis Authorization, together with the Company's action plan with respect thereto;

(viii) the issuance of any management letter to any Company by its auditor;

(ix) the incorrectness of any representation or warranty contained herein in any material respect; and

(x) any litigation which is material in relation to the Companies taken as a whole or in which the amount claimed is in excess of $150,000;

(l) Bank Accounts and Service Agreements – maintain all of its bank accounts and Service Agreements with BMO and its Affiliates, provided that the Borrower shall have sixty (60) days to transition any bank accounts that are associated with Permitted Acquisitions;

(m) Use of Advances - utilize the proceeds of all Advances for the Borrower's own business purposes; and not permit such proceeds to be used, directly or indirectly, by any other Person or for any other purpose;

(n) Environmental Information - if requested by the Agent from time to time upon the instructions of the Required Lenders, acting reasonably: (i) provide the Agent with an environmental questionnaire in the Agent's standard form completed by a knowledgeable officer of the Borrower in respect of any owned real property; and (ii) if the information contained therein is inconsistent in any material respect with the representations in Section 6.01(p) herein, provide the Agent with a phase I environmental report in respect of

such property (and if recommended in such phase I report, a phase II environmental report), and promptly take all such action as may be required to comply with all reasonable recommendations contained in such report(s);

(o) Compliance with Laws by Downstream Franchisees - take all reasonable measures to cause each Downstream Franchisee to comply in all material respects with all terms of the Downstream Franchise Agreements or the Downstream Sublicense Agreement, as the case may be, and the Companies shall provide written notice to the Agent promptly upon learning that a Downstream Franchisee failed in any such respect; and

(p) Payrollco

(i) ensure that (A) the Payroll Funds are utilized solely to fulfill Payrollco's obligations under the Payroll Services Agreements, and will not permit Payroll Funds to be used, directly or indirectly, by any Person other than Payrollco, or for any other purpose, and (B) the Payroll Funds received by Payrollco from the Obligors shall be used only to pay the employees of the Obligors, and the Payroll Funds received by Payrollco from the Downstream Franchisees shall be used only to pay the employees of the Downstream Franchisees; and

(ii) Borrower will deliver, or cause to be delivered, on the last business day of each month, an account statement (showing account activity and funds transfers) for the Payroll Account, and at any time and from time to time, upon the Agent's request, will provide the Agent with such other information in respect of the Payroll Account as the Agent deems necessary or desirable.

(q) Further Assurances - provide the Agent with such further information, financial data, documentation and other assurances as the Agent or the Lenders may reasonably require from time to time.

7.02 Negative Covenants

Each of the Secured Companies, or where specifically referenced, Payrollco, hereby covenants and agrees with the Agent and the Lenders that it will not, and will ensure that each other Company does not, in each case, without the prior written consent of the Agent on behalf of the Required Lenders (or if required pursuant to Section 11.01, all Lenders acting unanimously), which consent may be withheld in their discretion unless otherwise expressly provided herein:

(a) Funded Debt - create, incur or assume any Funded Debt, except Permitted Funded Debt;

(b) Guarantees - become obligated under Guarantees, except: (i) Guarantees which comprise part of the Security; (ii) Guarantees in respect of Permitted Funded Debt incurred by any other Secured Company; and (iii) Guarantees provided by a Company in respect of contractual obligations, which do not constitute Funded Debt, of another Company incurred in the ordinary course of business;

(c) Liens - grant or suffer to exist any Lien in respect of any of its property, except Permitted Liens;

(d) Disposition of Assets - directly or indirectly sell, transfer, assign, lease or otherwise dispose of (including by way of sale and leaseback transaction) any of its assets (including, without limitation, Intellectual Property), except that:

(i) each Company may sell inventory and other assets in the ordinary course of business (but for greater certainty, a sale and leaseback transaction shall not be considered to be in the ordinary course of business);

(ii) each Company may sell or transfer assets to any other Company, provided that the transferee has provided all Security required to be provided by it hereunder and no Default or Event of Default has occurred and is continuing or would exist immediately thereafter;

(iii) each Company may sell or otherwise dispose of, for fair market value, Tokyo Smoke Corporate Stores by selling all of the Equity Interests of the applicable Company that owns such Tokyo Smoke Corporate Store or all or substantially all of the assets of the applicable Company that owns such Tokyo Smoke Corporate Store (for greater certainty, excluding a sale of material intellectual property) from time to time, provided that:

(A) the aggregate consideration received for the Tokyo Smoke Corporate Stores disposed of by the Companies does not exceed Three Million Dollars ($3,000,000);

(B) no Default or Event of Default has occurred and is continuing or would exist immediately after any such sale or disposition;

(C) for greater certainty the Borrower shall be required to make a Repayment in connection with each sale or disposition to the extent required pursuant to Section 2.04(b);

(D) the consideration for such sale or other disposition shall be at least 75% cash paid on the effective date of such sale or disposition; and

(E) for greater certainty, this Section 7.02(d)(iii) shall not permit a sale or other disposition of any Equity Interests of the Borrower or all or substantially all of the assets of the Borrower;

(iv) each Company may sell or otherwise dispose of assets (not including assets sold in the ordinary course of business or material intellectual property) from time to time, provided that the aggregate fair market value of the assets sold or otherwise disposed of by the Companies does not exceed Fifty Thousand Dollars ($50,000) in any Fiscal Year, and no Default or Event of Default has occurred and is continuing or would exist immediately after any such sale or disposition, and for greater certainty the Borrower shall be required to make a Repayment in connection with each sale or disposition to the extent required pursuant to Section 2.04(b);

(e) Investments - make or acquire any Investments, except that the following Investments may be made or acquired if both immediately before and immediately after each such Investment no Default or Event of Default has occurred and is continuing:

(i) Permitted Acquisitions;

(ii) Investments in the Secured Companies;

(iii) other Investments approved in writing by the Lenders in their sole discretion; and

(iv) Permitted Investments;

(f) Certain Activities and Investments – directly or indirectly own assets or carry on business in any jurisdiction which is not an Approved Jurisdiction;

(g) Distributions - make any Distribution except as follows:

(i) each Company may make Distributions to a Company, provided that the Agent holds a First-Ranking Security Interest in all property and assets of the Company receiving such Distribution;

(ii) Borrower and 2161907 Alberta Ltd. may make Distributions to Parent Holdco or an Affiliate thereof in the form of management fees paid for management services provided to the Companies by Parent Holdco or such Affiliate in an amount not to exceed One Hundred and Fifty Thousand Dollars ($150,000) in the aggregate each month;

(iii) from and after the fifth (5th) Business Day following receipt by the Agent of the Interim Financial Statements and Compliance Certificate for the Fiscal Quarter ending March 31, 2024, Borrower may make Distributions to Parent Holdco or an Affiliate thereof in the form of management fees paid for management services provided to the Companies by Parent Holdco or such Affiliate, dividends to Parent Holdco or interest payments to Parent Holdco on the Parent Holdco Debt, provided, in each case, that the Senior Funded Debt to EBITDAR Ratio is less than 4:1 before and immediately after each such Distribution; and

(iv) on the Closing Date, using only proceeds of the Parent Holdco Debt received by the Borrower on the Closing Date, the Borrower may make a one-time cash Distribution to DAK Capital in an amount equal to $30,894,809.51 to repay in full all indebtedness originally owed by 2161907 Alberta Ltd. to DAK Capital and assigned to the Borrower;

provided that both before and immediately after each such Distribution the Companies are in compliance with all financial covenants in Section 7.03 and no Default or Event of Default has occurred which is continuing or would arise as a result of such Distribution;

(h) Certain Payments - make any payment in respect of principal, interest, fees or any other amounts in respect of:

(i) the Canopy Debt, except to the extent expressly permitted under the Canopy Subordination Agreement;

(ii) the Parent Holdco Debt, except to the extent expressly permitted under both Section 7.02(g)(iii) and the Parent Holdco Subordination Agreement; or

(iii) any Subordinated Debt, except to the extent expressly permitted under the Subordination Agreement relating thereto; or

(iv) the Permitted VTB Debt, except for the following: (X) a payment then due on Permitted VTB Debt issued in connection with a Permitted Acquisition of a Person or business (an "**acquired business**") if at the time of such payment the EBITDAR of the acquired business for the immediately preceding twelve (12) month period equals or exceeds the EBITDAR of the acquired business for the twelve (12) month period immediately preceding the closing of the acquisition of the acquired business; and (Y) a payment then due on Permitted VTB Debt issued in connection with an acquired business if at the time of such payment the EBITDAR of the acquired business for the immediately preceding twelve (12) month period is less than the EBITDAR of the acquired business for the twelve (12) month period immediately preceding the closing of the acquisition of the acquired business so long as such payment is reduced proportionately with the decrease to the EBITDAR of the acquired business; by way of example for this part (Y), if the EBITDAR of the acquired business for the immediately preceding twelve (12) month period is only 80% of the EBITDAR of the acquired business for the twelve (12) month period immediately preceding the closing of the acquisition of the acquired business then no more than 80% of the related payment then due on Permitted VTB Debt may be repaid under this part (Y),

provided that both before and immediately after each such payment the Companies are in compliance with all financial covenants in Section 7.03 herein and no Default or Event of Default has occurred which is continuing or would arise as a result of such payment;

(i) Corporate Changes – materially change its capital structure or the nature of its business, maintain a place of business or any material assets in any jurisdiction other than the jurisdiction(s) in which it has assets and carries on business on the date hereof, or enter into any transaction whereby all or a substantial portion of its property, assets and undertaking would become the property of any other Person (other than a Company), whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise;

(j) Material Agreements – agree or consent to any material amendment or termination of any Material Agreement other than terminations of Downstream Sublicense Agreements or Downstream Franchise Agreements for reason of breach thereof by a Downstream Franchisee;

(k) Defined Benefit Pension Plans – establish, assume or otherwise become a party to or liable under any Defined Benefit Pension Plan;

(l) New Subsidiaries – create or acquire any Subsidiary unless (i) all of the issued and outstanding shares in the capital of such Subsidiary are owned directly or indirectly by the Borrower; (ii) such new Subsidiary provides a Guarantee in respect of the Obligations and all Security required to be provided by it hereunder; and (iii) all of the issued and outstanding shares of such new Subsidiary are pledged to the Agent, and in each case accompanied by legal opinions as contemplated herein;

(m) Fiscal Year - change its Fiscal Year;

(n) Auditors - appoint or change its auditors to a firm that is not acceptable to the Agent, acting reasonably;

(o) Dealing with Related Persons - enter into any contract, carry out any transaction or otherwise have any dealings with Related Persons except on terms that are fair and reasonable and no less favourable to it than it would obtain in any comparable arm's length transaction with a Person that is not a Related Person, unless otherwise permitted by this Agreement;

(p) Use of Advances - use the proceeds of any Advance for any purposes other than those expressly contemplated in Section 2.02, and without limiting the generality of the foregoing, the proceeds of any Advance will not be used, directly or indirectly, to lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, to fund any operations in, finance any investments, business or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity if such funding, financing or paying would result in a violation of Sanctions by any Person (including any Person participating in such Advance, whether as underwriter, advisor, investor or otherwise), or in any other manner that would result in a violation of Sanctions by any Person. The Agent and the Lenders in their sole and unfettered discretion may refuse to make any Advance or delay, block or refuse to process any transaction which they believe may result in a contravention of the foregoing covenant;

(q) [Reserved];

(r) No Financial Assistance – give any Financial Assistance to any Person other than: (i) the delivery of the Security and the Guarantees in favour of the Agent, and (ii) any Financial Assistance which constitutes an Investment which is permitted by Section 7.02(e);

(s) Payrollco

(i) will not, and will ensure that each other Obligor, each Subsidiary thereof, and any Downstream Franchisee thereof does not, directly or indirectly sell, transfer, assign, lease or otherwise dispose of any of its assets to, or make any loan, capital contribution or other Investment in Payrollco, other than cash in amounts equal to the payments to be made by Payrollco under the Payroll Services Agreements, on behalf of applicable Obligors and the Downstream Franchisees, for wages to employees of such parties and Downstream Franchisees for the next applicable pay period ("**Payroll Funds**"); and

(ii) Payrollco will not engage in any business other than to fulfill its obligations under the Payroll Services Agreements, will not incur any obligations other than its obligations under the Payroll Services Agreements and will not own any assets other than the Payroll Account and, from time to time, the Payroll Funds held in trust in the Payroll Account on behalf of employees of the Obligors and the Downstream Franchisees, for the applicable pay period; or

(t) Canopy Debt

permit the Canopy Debt to be amended in any material respect, including any amendment in respect of the timing, number, or amount of the payments due thereunder.

7.03 Financial Covenants

(a) The Borrower agrees to maintain, on a consolidated basis, the financial ratios listed below, with such ratios to be tested each Fiscal Quarter:

(i) on and at all times after March 31, 2024, the Fixed Charge Coverage Ratio for the immediately preceding twelve (12) month period shall not be less than 1.25:1.

(ii) the Senior Funded Debt to EBITDAR Ratio shall not be less than the ratios identified below for the periods identified below at all times during such periods:

(A)	from and including March 31, 2024, through June 29, 2024;	5.00:1
(B)	from and including June 30, 2024, through September 29, 2024; and	4.50:1.
(C)	thereafter	4.00:1

(b) The Borrower agrees to achieve, on a consolidated basis, EBITDAR in the amounts identified below for the periods identified below, with EBITDAR for the immediately preceding three (3) month period to be reported each Fiscal Quarter:

(A)	for the Fiscal Quarter ending September 30, 2022:	$1,700,000 or greater;
(B)	for the Fiscal Quarter ending December 31, 2022:	$2,100,000 or greater;
(C)	for the Fiscal Quarter ending March 31, 2023:	$2,600,000 or greater;
(D)	for the Fiscal Quarter ending June 30, 2023;	$2,600,000 or greater;
(E)	for the Fiscal Quarter ending September 30, 2023:	$6,500,000 or greater; and
(F)	for the Fiscal Quarter ending December 31, 2023:	$8,500,000 or greater.

(c) in the event of any Default or Event of Default of the financial covenants set forth in Section 7.03(a) or 7.03(b) (the "**Designated Financial Covenants**"), any equity contribution from Parent Holdco into Borrower or any issue of Subordinated Debt by the Borrower to an Affiliate of Parent Holdco (other than a Company) or Parent Holdco within ten (10) days after the Borrower being required to deliver the financial statements as provided for in Section 7.04(a) or 7.04(b) will, at the written request of the Borrower, be included in the calculation of EBITDAR solely for the purposes of determining compliance with such financial covenants at the end of the applicable Fiscal Quarter and any subsequent period that includes such Fiscal Quarter (any such contribution, a "**Specified Equity Contribution**"); provided that:

(i) the amount of any Specified Equity Contribution and the use of proceeds therefrom will be no greater than the amount required to cause the Borrower to be in compliance with the applicable financial covenants;

(ii) all Specified Equity Contributions and the use of proceeds therefrom will be disregarded for all other purposes under the Loan Documents (including, to the extent applicable, calculating EBITDAR for purposes of determining basket levels and other items governed by reference to EBITDAR or that include EBITDAR in the determination thereof in any respect);

(iii) there will be no more than two (2) Specified Equity Contributions made during each Fiscal Year;

(iv) a Specified Equity Contribution may not be made in consecutive Fiscal Quarters;

(v) the proceeds of all Specified Equity Contributions received by the Borrower shall immediately upon receipt be delivered to the Agent for application to Facility A to repay the Outstanding Principal Amount thereunder (an "**Equity Contribution Repayment**"), and the amount the Borrower is entitled to borrow under Facility A will be reduced by the amount of such Equity Contribution Repayment until such time that the Specified Equity Contribution ceases to be calculated as EBITDAR pursuant to the provisions of this Section 7.03(c);

(vi) the Equity Contribution Repayment shall be ignored for all other purposes including determining the amount of indebtedness of the Borrower and calculating the Designated Financial Covenants, but excluding the calculation of interest payments owing hereunder in respect of Facility A, until such time that the Specified Equity Contribution ceases to be calculated as EBITDAR pursuant to the provisions of this Section 7.03(c);

(vii) the Borrower shall provide notice to the Agent of its intention to cause to be made a Specified Equity Contribution no later than the date on which Year-end Financial Statements or Interim Financial Statements, as applicable, are required to be delivered. If, after giving effect to the recalculations set forth in this Section 7.03(c), the Borrower is in compliance with the Designated Financial Covenants, then the Borrower shall be deemed to have satisfied the requirements of the Designated Financial Covenants and the applicable breach, Default or Event of Default of the Designated Financial Covenants that had occurred shall be deemed cured for the purposes of this Agreement.

7.04 Reporting Requirements

The Borrower agrees to deliver, or cause to be delivered (by email in accordance with Section 13.08), the following financial and other information to the Agent at the times indicated below:

(a) within sixty (60) days after the end of each Fiscal Quarter the Interim Financial Statements in respect of such Fiscal Quarter with comparison to the annual consolidated business plan of the Borrower and the corresponding Fiscal Quarter in the previous Fiscal Year, together with a Compliance Certificate in respect of such Fiscal Quarter certified by the President, Chief Financial Officer or other senior officer of the Companies acceptable to the Agent;

(b) annually, within one hundred and twenty (120) days after the end of each Fiscal Year, the Year-end Financial Statements in respect of such Fiscal Year, accompanied by a copy of the Companies' auditor's letter to management, if any, in each case, together with a Compliance Certificate in respect of such Fiscal Year certified by the President, Chief Financial Officer or other senior officer of the Companies acceptable to the Agent;

(c) annually, not later than sixty (60) days after the commencement of each Fiscal Year the annual consolidated business plan of the Borrower for such Fiscal Year updated on a quarterly basis, including projections in respect of profit and loss, balance sheet, income statement, cash flow, Capital Expenditures and financial covenant calculations, including disclosure of all material assumptions utilized; and

(d) such additional information and documents as the Agent (upon the instructions of the Required Lenders) may reasonably require from time to time.

ARTICLE 8
SECURITY

8.01 Security to be Provided by the Companies

The Borrower agrees to provide and to cause the Secured Subsidiaries to provide, as applicable, in each case, the security listed below as continuing security for the payment of the Obligations, specifically including for greater certainty all obligations of the Borrower to the respective Lenders pursuant to or arising in connection with Hedge Transactions and all other obligations of the Borrower arising under or in respect of this Agreement and the other Loan Documents:

(a) unlimited Guarantees in respect of the Obligations from all present and future Secured Subsidiaries;

(b) general security agreements creating a First-Ranking Security Interest in respect of all present and future property, assets and undertaking of the Secured Companies. For greater certainty, such First-Ranking Security Interest specifically includes all shares and other Equity Interests held by each Secured Company in any other Company, except in the case of Permitted Acquisitions in respect of which the Lenders in their discretion have consented in writing otherwise, excluding non-transferable and non- assignable licenses and agreements;

(c) to the extent requested by the Agent upon the instructions of the Required Lenders acting reasonably, security agreements creating a specific assignment and First-Ranking Security Interest in all or any of the Material Agreements, together with acknowledgements and consents from the other parties thereto, provided however that if the assignment of any Material Agreement as security requires the consent of the other contracting party thereto, the Borrower shall use reasonable commercial efforts to obtain such consent but if such consent is not provided the assignment of such Material Agreement as security shall not be required;

(d) to the extent requested by the Agent upon the instructions of the Required Lenders acting reasonably, security agreements creating a specific assignment and First-Ranking Security Interest in all or any of the Material Permits to the extent a security interest may be obtained therein, together with acknowledgements and consents from the issuers thereof to the extent available;

(e) to the extent requested by the Agent upon the instructions of the Required Lenders acting reasonably, and to the extent assignable by law, security agreements creating an assignment and First-Ranking Security Interest in respect of Intellectual Property of the Secured Companies which the Required Lenders consider to be material, together with any necessary consents from other Persons which may be required in connection with the granting of said assignments and security interests;

(f) to the extent requested by the Agent upon the instructions of the Required Lenders acting reasonably, assignments of bank accounts maintained by the Secured Companies with financial institutions other than BMO, including deposit account control agreements in favour of the Agent;

(g) assignments of all policies of insurance in respect of the Secured Companies (which requirement shall be satisfied if the Agent's interest as first mortgagee and loss payee is recorded on such policies); and

(h) such other security and further assurances as the Agent may reasonably require from time to time (including without limitation indemnities for Letters of Credit).

8.02 Security to be Provided by Others

The Borrower agrees to obtain and provide to the Agent the following (and it shall constitute an Event of Default if any item of listed below is not provided to the Agent):

(a) a limited recourse Guarantee from Parent Holdco supported by a pledge of 100% of the Equity Interests of the Borrower held by Parent Holdco;

(b) an unsecured Guarantee in the amount of $40,000,000 from DAK Capital (the "**DAK Capital BMO Guarantee**");

(c) the DAK Subordination Agreement;

(d) the Parent Holdco Subordination Agreement;

(e) the Canopy Subordination Agreement;

(f) a subordination, postponement and standstill agreement from each holder of any other indebtedness which is intended to constitute Subordinated Debt, prior to or concurrently with the issuance of such Subordinated Debt; and

(g) in respect of Material Leased Property entered into from and after the Closing Date, a Landlord Agreement in respect of any Material Leased Property (other than 333 Yonge Street, Toronto and 1 Bloor Street East, Toronto), provided that if the Borrower uses reasonable commercial efforts to obtain such Landlord Agreement but the applicable landlord does not consent then such Landlord Agreement shall not be required.

8.03 General Provisions re Security; Registration

The Security shall be in form and substance satisfactory to the Agent and the Required Lenders in their discretion, acting reasonably. The Security shall be held by the Agent for the benefit of the Lenders. The Agent may require that any item of Security be governed by the Laws of the jurisdiction where the property

subject to such item of Security is located. The Security shall be registered by the Borrower where necessary or desirable to record and perfect the charges contained therein, as determined by the Agent in its discretion and, to the extent required by the Agent upon the instructions of the Required Lenders, fixture filings in respect of any personal property of the Secured Companies affixed to Real Property. To the extent requested in writing by the Agent upon the instructions of the Required Lenders, all share certificates evidencing issued and outstanding shares in the capital of each Company shall be delivered to the Agent, together with stock transfer powers of attorney executed in blank.

8.04 Opinions re Security

The Borrower shall cause to be delivered to the Agent the opinions of the solicitors for the Companies regarding their corporate status, the due authorization, execution and delivery of the Security provided by them, all registrations in respect of the Security, the results of all corporate, personal property security and other customary searches in respect of the Companies (such results to be satisfactory to the Agent and the Lenders) and the enforceability of such Security, all such opinions to be in form and substance satisfactory to the Agent and its counsel.

8.05 After-Acquired Property, Further Assurances

The Borrower shall execute and deliver from time to time, and cause each other Company to execute and deliver from time to time, all such further documents and assurances as may be reasonably required by the Agent from time to time, not inconsistent with the terms of this Agreement, in order to provide the Security contemplated hereunder, specifically including supplemental or additional security agreements, assignments and pledge agreements which must include lists of specific assets to be subject to the security interests required hereunder.

8.06 Security for Hedge Transactions

If a Lender continues to be a party to one or more Hedge Transactions with the Borrower after all other indebtedness and obligations of the Borrower to such Lender hereunder have been repaid and satisfied in full (or assigned by such Lender to an assignee), for greater certainty such Lender shall continue to be a Lender for all purposes of this Agreement and the obligations under such Hedge Transactions shall continue to be secured by the Security as provided herein, but such Lender shall not thereafter be a "**Required Lender**" as such term is defined herein.

8.07 Agent May Obtain Insurance

If the Borrower does not provide the Agent with evidence of continuing insurance coverage which satisfies the requirements of this Agreement, the Agent may, but will have no obligation to, purchase such insurance in order to protect the interests of the Agent and the Lenders in the Collateral. Such insurance may also, but need not, protect the Secured Companies' interests in the Collateral. The Borrower agrees to immediately reimburse the Agent upon demand for all costs and expenses incurred by the Agent in respect of the purchase of any such insurance, and until so paid such expenses shall constitute part of the Obligations, shall bear interest as provided in Section 10.09 and shall be secured by the Security.

8.08 Insurance Proceeds

If insurance proceeds become payable in respect of loss of or damage to any property owned by a Company, such proceeds shall be applied against the Obligations subject to the following exception. If no Event of Default has occurred and is continuing at such time, the Lenders shall consent to the payment of such proceeds to such Company provided that:

(a) such property has been repaired or replaced within one hundred eighty (180) days after the event giving rise to the proceeds and the proceeds will reimburse such Company for payments it has made for such purpose; or

(b) the Borrower confirms in writing to the Agent that it will forthwith cause such proceeds to be used to repair or replace such property.

ARTICLE 9
CONDITIONS PRECEDENT

9.01 Conditions Precedent to First Advance

All of the following conditions must be satisfied, in each case to the satisfaction of the Agent and the Lenders in their discretion, at the time the Lenders make the first Advance under this Agreement:

(a) the Lenders shall have completed and shall be satisfied with their due diligence in respect of the Companies, and without limiting the generality of the foregoing the Lenders shall be satisfied with:

(i) financial projections in respect of the Borrower on a consolidated basis for the current Fiscal Year and the immediately following two (2) Fiscal Years taking into account the capital structure outlined herein and the transactions contemplated in Section 2.02 herein, which demonstrate results sufficient to repay the Obligations in accordance with the terms hereof;

(ii) the Borrower's proposed financial, operating and quality management systems, including evidence that such systems will satisfy all applicable requirements of Governmental Authorities;

(iii) the terms and conditions of all Material Permits, including certified true copies of all licenses issued by Governmental Authorities (including those in other Approved Jurisdictions) for each Secured Company together with all amendments thereto and all material correspondence received from Governmental Authorities including communication relating to any non-compliance items; and

(iv) evidence that the Companies maintain insurance as required herein;

(b) the Agent shall have received, and be satisfied with, true and accurate copies of the definitive documentation with respect to the Parent Holdco Debt and the Parent Holdco Security;

(c) the Agent shall have received, and be satisfied with, true and accurate copies of the definitive documentation with respect to the Canopy Debt;

(d) other than as set out in Schedule 6.01(q), no litigation is pending or threatened in writing against one or more of the Companies that, if decided adversely, could constitute a Material Adverse Change;

(e) all Security required to be provided prior to the Closing Date shall have been executed and delivered, all registrations necessary or desirable in connection therewith shall have been made, and all legal opinions and other documentation required by the Lenders in

connection therewith shall have been executed and delivered, all in form and substance satisfactory to the Agent and the Lenders;

(f) the Companies shall have no Funded Debt except Permitted Funded Debt;

(g) the Agent shall have received satisfactory evidence that there are no Liens affecting any of the Companies or their assets except Permitted Liens, and the Agent shall have received particulars of all Permitted Liens listed in paragraphs (q), (r) and (s) of the definition thereof, specifically including the assets encumbered thereby, the amounts due thereunder, and if requested by the Agent, confirmation from the holders thereof that the terms thereof are being complied with;

(h) the Agent shall have received, and be satisfied with, true and accurate copies of definitive documentation with respect to the Canopy Support Agreement;

(i) the Agent shall have received, and be satisfied with, a true and accurate copy of the Canopy Term Sheet;

(j) the Agent shall have received, and be satisfied with, true and accurate copies of forms of definitive documentation between the applicable Companies and the Downstream Franchisees for the Tokyo Smoke Retail Locations;

(k) any necessary governmental, regulatory and third party approvals necessary in connection with this Agreement and the transactions contemplated therein shall have been given unconditionally and without containing any onerous terms;

(l) the Agent shall have received an officer's certificate and certified copies of resolutions of the board of directors of each Company concerning the due authorization, execution and delivery of the Loan Documents to which it is a party, and such related matters as the Agent and the Lenders may reasonably require;

(m) the Agent shall have received a certificate of status, certificate of compliance or similar certificate for each Company issued by its governing jurisdiction and each other jurisdiction in which it carries on business or holds any material assets;

(n) the Agent and the Lenders shall have received opinions from the solicitors for each Company regarding its corporate status, the due authorization, execution, delivery and enforceability of the Loan Documents provided by it, and such other matters as the Agent and the Lenders may reasonably require, in form and substance satisfactory to the Agent and the Lenders;

(o) the Companies shall have executed all account documentation required by the Agent;

(p) the Companies shall have satisfied all requirements of the Agent and the Lenders under AML Legislation;

(q) the Borrower shall have paid to the Agent, or made arrangements satisfactory to the Agent for the payment of, all fees and expenses (including the Agent's reasonable legal expenses) relating to the establishment of the Facilities, specifically including all underwriting fees, arrangement fees and similar fees as agreed in writing between the Borrower and the Agent;

(r) no Material Adverse Change shall have occurred since the date of the latest financial information and /or financial statements provided to the Agent with respect to the Borrower on a consolidated basis;

(s) the Agent shall have received, and be satisfied with, a true and accurate copy of the DAK Capital Security; and

(t) the Agent and the Lenders shall have received such additional evidence, documents or undertakings as they may reasonably require to complete the transactions contemplated hereby in accordance with the terms and conditions contained herein.

9.02 Conditions Precedent to Advances under Facility A

All of the following conditions must be satisfied, in each case to the satisfaction of the Agent and the Lenders in their discretion, at the time the Lenders make the first Advance (other than in respect of Section 9.02(g)) and any subsequent Advance under Facility A:

(a) [reserved];

(b) for Advance(s) to fund Permitted Acquisitions, the Agent and the Lenders shall have received:

(i) [reserved];

(ii) [reserved];

(iii) a *pro-forma* Compliance Certificate signed by an officer of the Borrower evidencing the Borrower's compliance, on a consolidated basis, with the financial covenants contained in Section 7.03 and confirming the Borrower will be in compliance, on a consolidated basis, with the applicable financial covenants contained in Section 7.03 after giving effect to the use of proceeds for such Advance (including the creation of any indebtedness incurred in connection with the use of proceeds for such Advance);

(iv) and be satisfied with, true and accurate copies of the definitive documentation of all definitive agreements (including without limitation any purchase and/or vendor take-back loan agreements, and Subordination Agreements) for the proposed acquisition;

(v) if required by the Agent in its sole discretion, a Subordination Agreement in form and substance satisfactory to the Agent in respect of any vendor take-back indebtedness proposed to be issued by a Company for such Permitted Acquisition;

(vi) and be satisfied with, true and accurate copies of financial statements of the business being acquired indicating a minimum of 6-months of operating history; and

(vii) such other supporting information relating to the use of proceeds of the Advance and the applicable Permitted Acquisition as the Agent shall reasonably request;

(c) the representations and warranties in Section 6.01 shall be true and correct in all material respects as if made on the date of such Advance except to the extent such representations and warranties are made in respect of or as of a specific date or in respect of a specific period of time;

(d) all additional Security, if any, required to be provided at the time of such Advance shall have been executed and delivered and all registrations necessary or desirable in connection therewith shall have been made, and any other documentation required by the Agent shall have been executed and delivered, all in form and substance satisfactory to the Agent;

(e) the Borrower shall have given a Draw Request to the Agent in accordance with the notice requirements provided herein;

(f) no Default or Event of Default shall have occurred and be continuing, nor shall the making of the Advance result in the occurrence of a Default or Event of Default; and

(g) other than for the first Advance under Facility A, the Agent and the Lenders shall have received and be satisfied with evidence that Parent Holdco has provided a cash equity contribution or cash Subordinated Debt to the Borrower in an amount equal on a dollar to dollar basis to the amount of each Advance under Facility A, up to $2,500,000.

ARTICLE 10
DEFAULT AND REMEDIES

10.01 Events of Default

The occurrence of any one or more of the following events, after the expiry of any applicable cure period set out below, shall constitute an event of default under this Agreement (an "**Event of Default**"):

(a) the Borrower or any other Secured Company fails to pay any (i) principal payable under this Agreement or any other Loan Document when due; or (ii) interest, fees or other obligations (other than principal and interest) under this Agreement or any other Loan Document when due and such failure remains unremedied for a period of three (3) Business Days following notice from the Agent to the Borrower;

(b) any representation or warranty provided by an Obligor to the Agent or the Lenders herein or in any other Loan Document is incorrect in any material respects on the date which such representation or warranty is made;

(c) the Borrower fails to perform or comply with any of the covenants in Section 7.03;

(d) any Obligor fails to perform or comply with any of its covenants or obligations contained in this Agreement, the Security or any other agreement made between it and any Lenders (other than those in paragraphs (a), (b), and (c) above) after receipt of notice of such non-compliance from the Agent; provided that if such non-compliance is capable of remedy within twenty (20) days and such Obligor diligently attempts to remedy such non-compliance and informs the Agent of its efforts in this regard, and such non-compliance is remedied within such period, then such non-compliance shall be deemed not to constitute an Event of Default, provided, however, that the Obligors are not entitled to utilize such cure period to remedy non-compliance with any of their respective covenants or obligations contained in Section 7.02;

(e) the Secured Companies are in default in the payment or performance of any indebtedness or obligations under one or more agreements relating to Funded Debt (other than the Outstanding Principal Amount, the Canopy Debt and the Permitted VTB Debt) that exceeds $500,000 in aggregate and which results in such Funded Debt becoming due or permits such Funded Debt to be accelerated prior to its scheduled maturity;

(f) a Secured Company is in default in the payment or performance of any of its indebtedness or obligations under: (i) the Canopy Debt or (ii) the Permitted VTB Debt that exceeds $250,000 in the aggregate, in each case of (i) and (ii) after the expiry of any grace or cure periods relating thereto;

(g) an Insolvency Event occurs in respect of any Obligor;

(h) any Company is in default in any material respect under any Material Agreement (after the expiry of any grace period or cure periods relating thereto), or agrees to the surrender or termination of any Material Agreement prior to the expiry date expressly set out therein, unless

(i) such Company is in discussions with the other party to such Material Agreement in order to cure such default and such other party has agreed in writing with such Company that it will not terminate such Material Agreement or take any actions to enforce its rights and remedies thereunder and will continue to observe and perform its obligations thereunder as if such default had not occurred, or

(ii) such Material Agreement is immediately replaced by a substantially similar Material Agreement containing terms satisfactory to the Lenders, acting reasonably;

(i) the termination of the TS Trademark License Agreement or the TS Master Franchise Agreement except in connection with the Canopy Acquisition or in another circumstance where the Borrower or one of its subsidiaries acquires the related intellectual property;

(j) DAK Capital is in default in the payment or performance of any of its indebtedness or obligations under any agreement relating to Funded Debt with BMO, or any credit facility provided by BMO to DAK Capital is terminated or cancelled;

(k) the personal guarantee dated October 23, 2017 by Mr. Daryl Katz in favour of BMO for any reason ceases to be in full force and effect, or any Obligor or Mr. Daryl Katz contests the validity or enforceability thereof or denies he has any further liability or obligation thereunder (including, without limitation, any denial of liability or obligation to guarantee the indebtedness, liabilities and obligations of DAK Capital under the DAK Capital BMO Guarantee);

(l) any Secured Company is in default in any material respect under any Material Permit (after the expiry of any grace period or cure periods relating thereto), or agrees to the surrender or termination of any Material Permit prior to the expiry date expressly set out therein, unless (i) such Secured Company is in discussions with the issuer of such Material Permit in order to cure such default and such issuer has agreed in writing with such Secured Company that it will not terminate such Material Permit or take any actions to enforce its rights and remedies thereunder and will continue to observe and perform its obligations thereunder as if such default had not occurred, or (ii) such Material Permit is immediately

replaced by a substantially similar Material Permit containing terms satisfactory to the Lenders, acting reasonably;

(m) any document constituting part of the Security or any other Loan Document shall for any reason cease to be in full force and effect or shall be declared in a final judgment of a court of competent jurisdiction to be null and void, or any Obligor contests the validity or enforceability thereof or denies it has any further liability or obligation thereunder, or any document (other than a Guarantee) constituting part of the Security shall for any reason (other than the fault of the Agent or any Lender) fail to create a valid and perfected First-Ranking Security Interest in and to the property purported to be subject thereto;

(n) any Person which has provided a Guarantee in respect of the Obligations terminates or purports to terminate its liability under such Guarantee or its liability thereunder in respect of any future Advances, or disputes the validity or enforceability of such Guarantee or any Security provided by it;

(o) any Person takes possession of any property of a Company by way of or in contemplation of enforcement of security, or a distress or execution or similar process is levied or enforced against any such property, and such possession continues in effect and is not released, satisfied, vacated, stayed, or discharged within sixty (60) days or such longer period during which entitlement to the use of such property continues with the applicable Company, and such Company is contesting the same in good faith and by appropriate proceedings, provided that such grace period will cease to apply if the property is removed from the use of the Company;

(p) one or more final judgments or decrees for the payment of money shall have been obtained or entered against any one or more of the Obligors in excess of $100,000 in the aggregate and shall remain unpaid for a period in excess of thirty (30) days; unless such judgement is fully covered by insurance (subject to a reasonable deductible amount) and the insurer thereof has confirmed such coverage in writing;

(q) a Change of Control occurs without the prior written consent of the Agent;

(r) the Companies' auditors include any going-concern or other adverse qualification in their audit opinion relating to the Year-End Financial Statements of the Companies;

(s) the *Cannabis Act* is repealed and not replaced with similar legislation; or

(t) a Material Adverse Change occurs which is continuing.

10.02 Acceleration, etc.

(a) Upon the occurrence of an Event of Default which is continuing the Agent shall, upon the instructions of the Required Lenders, issue a written notice to the Borrower (an "**Acceleration Notice**") declaring all of the Obligations to be immediately due and payable.

(b) Upon receipt of an Acceleration Notice the Borrower shall immediately pay and satisfy the Obligations, including payment to the Agent of the following amounts (without duplication): (i) the Outstanding Principal Amount and all accrued and unpaid interest, fees and other amounts relating thereto; (ii) the Aggregate Net Hedge Liability; and (iii) an amount equal to the face amount of all Bankers' Acceptances and BA Equivalent Loans

then outstanding; and (iv) the aggregate maximum amount payable under all outstanding Letters of Credit. The Agent will hold all such amounts paid by the Borrower in respect of such Hedge Transactions, CDOR Loans, Bankers' Acceptances, BA Equivalent Loans and Letters of Credit as security for the Borrower's obligations thereunder.

(c) At any time on or after the Acceleration Date the Agent may exercise any and all rights and remedies hereunder and under any other Loan Documents, including the enforcement of all or any portion of the Security.

(d) From and after the date of the occurrence of an Event of Default and for so long as such Event of Default continues, both before and after the Acceleration Date, the Outstanding Principal Amount shall bear interest or fees at the rates otherwise applicable plus two percent (2.00%) per annum in order to compensate the Lenders for the additional risk.

10.03 Acceleration of Certain Contingent Obligations

Upon the occurrence of an Event of Default which is continuing, any Lender which has issued a CDOR Loan, Bankers' Acceptance, or BA Equivalent Note or Letter of Credit or entered into a Hedge Transaction with the Borrower may make a Prime Based Loan to the Borrower in an amount equal to, the amount of the CDOR Loan, the face amount of such Bankers' Acceptance, BA Equivalent Note or Letter of Credit or the amount required to unwind such Hedge Transaction (such amount to be determined in accordance with the terms thereof), as the case may be, and the proceeds of any such Prime Based Loan shall be held by such Lender and used to satisfy the Lender's obligations under the said CDOR Loan, Bankers' Acceptance, BA Equivalent Note or Letter of Credit as such becomes due, or to effect the unwinding of such Hedge Transaction. Any such Prime Based Loan shall bear interest at the rate and in the manner applicable to Prime Based Loans under Facility A.

10.04 Combining Accounts; Set-Off

Upon the occurrence and during the continuation of an Event of Default, in addition to and not in limitation of any rights now or hereafter granted under Applicable Law, each Lender may at any time and from time to time:

(a) combine, consolidate or merge any or all of the deposits or other accounts maintained with such Lender by a Secured Company (whether term, notice, demand or otherwise and whether matured or unmatured) and such Company's obligations to such Lender hereunder; and

(b) set off, apply or transfer any or all sums standing to the credit of any such deposits or accounts in or towards the satisfaction of such obligations.

Each Lender may exercise any rights pursuant to this Section 10.04 without prior notice to the Borrower or such Company, but agrees to provide written notice to the Agent and the Borrower promptly after exercising any such rights.

10.05 Appropriation of Monies

After the occurrence and during the continuation of an Event of Default the Agent may from time to time, but subject to Section 11.03, apply any Proceeds of Realization against any portion or portions of the Obligations, and the Borrower may not require any different application. The taking of a judgment or any other action or dealing whatsoever by the Agent or the Lenders in respect of the Security shall not operate

as a merger of any of the Obligations hereunder or in any way affect or prejudice the rights, remedies and powers which the Agent or the Lenders may have, and the foreclosure, surrender, cancellation or any other dealing with any Security or the said obligations shall not release or affect the liability of the Borrower or any other Person in respect of the remaining portion of the Obligations.

10.06 No Further Advances

The Lenders shall not be obliged to make any further Advances (including honouring any cheques drawn by the Borrower which are presented for payment) from and after the earliest to occur of the following: (i) delivery by the Agent to the Borrower of a written notice that a Default or Event of Default has occurred and is continuing and that as a result thereof no further Advances will be made (regardless of whether an Acceleration Notice is issued); (ii) the occurrence of an Insolvency Event; and (iii) receipt by the Agent or any Lender of any garnishment notice, notice of a Statutory Lien or other notice of similar effect in respect of any Company pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) or any similar notice under any other statute in effect in any jurisdiction.

10.07 Judgment Currency

If for the purposes of obtaining judgment against the Borrower in any court in any jurisdiction with respect to this Agreement it becomes necessary for a Lender to convert into the currency of such jurisdiction (in this Section called the "**Judgment Currency**") any amount due to the Lender by the Borrower hereunder in any currency other than the Judgment Currency, then the conversion shall be made at the Exchange Rate prevailing on the Business Day before the day on which judgment is given. In the event that there is a change in the Exchange Rate prevailing between the Business Day before the day on which the judgment is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts (if any) or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount paid on such date is the amount in the Judgment Currency which when converted at the Exchange Rate prevailing on the date of payment is the amount then due under this Agreement in such other currency. Any additional amount due by the Borrower under this Section will be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Agreement.

10.08 Remedies Cumulative

All rights and remedies granted to the Agent and the Lenders in this Agreement, and any other documents or instruments in existence between the parties or contemplated hereby, and any other rights and remedies available to the Agent and the Lenders at Law or in equity, shall be cumulative. The exercise or failure to exercise any of the said remedies shall not constitute a waiver or release thereof or of any other right or remedy, and shall be non-exclusive.

10.09 Performance of Covenants by Agent

If the Borrower fails to perform any covenant or obligation to be performed by it pursuant to this Agreement, then the Agent may in its discretion perform any of the said obligations but will be under no obligation to do so, and any amounts expended or advanced by the Agent for such purpose shall be payable by the Borrower upon demand together with interest at the highest rate then applicable to the Facilities.

ARTICLE 11
THE AGENT AND THE LENDERS

11.01 Decision-Making

(a) Any amendment to this Agreement relating to the following matters, and the granting of any waiver or written consent by the Lenders in respect of such matters, shall require the unanimous agreement of the Lenders:

(i) changes to the interest rates and fees;

(ii) increases in the maximum amount of credit available;

(iii) changes to the scheduled dates or the scheduled amounts for Repayments hereunder;

(iv) the establishment of any Availment Option in U.S. Dollars or any other currency which is not a Qualified Currency;

(v) releases of all or any portion of the Security, except to the extent provided in paragraph (c) below;

(vi) the definitions of "**Required Lenders**" and "**Proportionate Share**" in Section 1.01;

(vii) any provision of this Agreement which expressly states that the unanimous consent of the Lenders is required in connection with any action to be taken or consent to be provided by the Lenders; and

(viii) this Section 11.01.

(b) Except for the matters described in paragraph (a) above, any amendment to this Agreement shall be effective if made among the Borrower, the Agent and the Required Lenders, and for greater certainty any such amendment which is agreed to by the Required Lenders shall be final and binding upon all Lenders.

(c) The Agent may from time to time without notice to or the consent of the Lenders execute and deliver partial releases of the Security in respect of any item of Collateral (whether or not the proceeds of sale thereof are received by the Agent) which the Companies are permitted to dispose of pursuant to this Agreement without obtaining the prior written consent of the Lenders, and in releasing any such security the Agent may rely upon and assume the correctness of all information contained in any certificate or document provided by the Borrower, without further enquiry. Otherwise, any release or discharge in respect of the Security or any portion thereof shall require the written consent of the Lenders acting unanimously.

(d) Except for the matters which require the unanimous consent of the Lenders as set out in the foregoing paragraphs of this Section 11.01, and except as otherwise specifically provided in this Agreement, any action to be taken or decision to be made by the Lenders pursuant to this Agreement (specifically including for greater certainty the issuance of written notice to the Borrower of the occurrence of a Default or Event of Default, the

issuance of a demand for payment of the Obligations, a decision to make an Advance despite any condition precedent relating thereto not being satisfied, the provision of any waiver in respect of a breach of any covenant or the granting of any consent) shall be effective if approved in writing by the Required Lenders; and any such decision or action shall be final and binding upon all the Lenders.

(e) Any action to be taken or decision to be made by the Lenders pursuant to this Agreement which is required to be unanimous shall be made at a meeting of the Lenders called by the Agent pursuant to Section 11.06(k) or by a written instrument executed by all of the Lenders. Any action to be taken or decision to be made by the Lenders pursuant to this Agreement which is required to be made by the Required Lenders shall be made at a meeting of the Lenders called by the Agent pursuant to Section 11.06(k) or by a written instrument executed by the Required Lenders. Any such instrument may be executed by facsimile or pdf and in counterparts.

11.02 Security

(a) Except to the extent provided in paragraph (b), the Security shall be granted in favour of and held by the Agent for and on behalf of the Lenders in accordance with the provisions of this Agreement. The Agent shall, in accordance with its usual practices in effect from time to time, take all steps required to perfect and maintain the Security, including: taking possession of the certificates representing the securities required to be pledged hereunder; filing renewals and change notices in respect of such Security; and ensuring that the name of the Agent is noted as loss payee or mortgagee on all property insurance policies covering the Collateral. If the Agent becomes aware of any matter concerning the Security which it considers to be material, it shall promptly inform the Lenders. The Agent shall comply with all instructions provided by the Lenders in connection with the enforcement or release of the Security which it holds. The Agent agrees to permit each Lender to review and make photocopies of the original documents comprising the Security from time to time upon reasonable notice.

(b) If any Company has provided security in favour of any Lender directly, such Lender agrees to pay to the Agent all amounts received by it in connection with the enforcement of such security, and all such amounts shall be deemed to constitute Proceeds of Realization and shall be dealt with as provided in Section 11.03. Each Lender which holds any such Security agrees that it shall not enforce such security unless and until the Required Lenders have made a determination to enforce the Security pursuant to Section 11.01(d).

11.03 Application of Proceeds of Realization

Notwithstanding any other provision of this Agreement, the Proceeds of Realization of the Security or any portion thereof shall be distributed in the following order:

(a) first, in payment of all reasonable costs and expenses incurred by the Agent and the Lenders in connection with such realization, including legal, accounting and receivers' fees and disbursements;

(b) second, against the remaining Obligations (except those referred to in paragraph (c) below), on a pari passu basis among the Lenders to whom such Obligations are payable; and

(c) third, to pay any Obligations owed to Non Funding Lenders, on a pari passu basis among the Non Funding Lenders to whom such Obligations are payable; and

(d) fourth, if all obligations of the Borrower listed above have been paid and satisfied in full, any surplus Proceeds of Realization shall be paid in accordance with Applicable Law.

11.04 Payments by Agent

(a) The following provisions shall apply to all payments made by the Agent to the Lenders hereunder:

(i) the Agent shall be under no obligation to make any payment (whether in respect of principal, interest, fees or otherwise) to any Lender until an amount in respect of such payment has been received by the Agent from the Borrower;

(ii) if the Agent receives a payment of principal, interest, fees or other amount owing by the Borrower which is less than the full amount of any such payment due, the Agent shall distribute such amount received among the Lenders in each Lender's Proportionate Share;

(iii) if any Lender has advanced more or less than its Proportionate Share of its Commitment, such Lender's entitlement to such payment shall be increased or reduced, as the case may be, in proportion to the amount actually advanced by such Lender;

(iv) if a Lender's Proportionate Share of an Advance has been advanced for less than the full period to which any payment by the Borrower relates, such Lender's entitlement to receive a portion of any payment of interest or fees shall be reduced in proportion to the length of time such Lender's Proportionate Share has actually been outstanding (unless such Lender has paid all interest required to have been paid by it to the Agent pursuant to the CBA Model Provisions);

(v) the Agent acting reasonably and in good faith shall, after consultation with the Lenders in the case of any dispute, determine in all cases the amount of all payments to which each Lender is entitled and such determination shall be deemed to be prima facie correct;

(vi) upon request, the Agent shall deliver a statement detailing any of the payments to the Lenders referred to herein;

(vii) all payments by the Agent to a Lender hereunder shall be made to such Lender at its address set out herein unless notice to the contrary is received by the Agent from such Lender; and

(viii) if the Agent has received a payment from the Borrower on a Business Day (not later than the time required for the receipt of such payment as set out in this Agreement) and fails to remit such payment to any Lender entitled to receive its Proportionate Share of such payment on such Business Day, the Agent agrees to pay interest on such late payment at a rate determined by the Agent in accordance with prevailing banking industry practice on interbank compensation.

(b) The Agent may in its discretion from time to time make adjustments in respect of any Lender's share of a Drawdown, Substitution, Rollover or Repayment in order that the Advances made by such Lender under such Facility A shall be approximately in accordance with such Lender's Proportionate Share.

11.05 Protection of Agent

(a) Unless the Agent has actual knowledge or actual notice to the contrary, it may assume that each Lender's address set out in Exhibit "A" attached hereto is correct, unless and until it has received from such Lender a notice designating a different address.

(b) The Agent may engage and pay for the advice or services of any lawyers, accountants or other experts whose advice or services may to it seem necessary, expedient or desirable and rely upon any advice so obtained (and to the extent that such costs are not recovered from the Borrower pursuant to this Agreement, each Lender agrees to reimburse the Agent in such Lender's Proportionate Share of such costs).

(c) Unless the Agent has actual knowledge or actual notice to the contrary, it may rely as to matters of fact which might reasonably be expected to be within the knowledge of any Company upon a statement contained in any Loan Document.

(d) Unless the Agent has actual knowledge or actual notice to the contrary, it may rely upon any communication or document believed by it to be genuine.

(e) The Agent may refrain from exercising any right, power or discretion vested in it under this Agreement unless and until instructed by the Required Lenders as to whether or not such right, power or discretion is to be exercised and, if it is to be exercised, as to the manner in which it should be exercised (provided that such instructions shall be required to be provided by all of the Lenders in respect of any matter for which the unanimous consent of the Lenders is required as set out herein).

(f) The Agent may refrain from exercising any right, power or discretion vested in it which would or might in its sole and unfettered opinion be contrary to any Law of any jurisdiction or any directive or otherwise render it liable to any Person, and may do anything which is in its opinion in its discretion necessary to comply with any such Law or directive.

(g) The Agent may delegate any of its duties and responsibilities hereunder to any other Person as it shall determine to be appropriate.

(h) The Agent may refrain from acting in accordance with any instructions of the Required Lenders to begin any legal action or proceeding arising out of or in connection with this Agreement or take any steps to enforce or realize upon any Security, until it shall have received such security as it may reasonably require (whether by way of payment in advance or otherwise) against all costs, claims, expenses (including legal fees) and liabilities which it will or may expend or incur in complying with such instructions.

(i) The Agent shall not be bound to disclose to any Person any information relating to the Companies or any Related Person if such disclosure would or might in its opinion in its discretion constitute a breach of any Law or regulation or be otherwise actionable at the suit of any Person.

(j) The Agent shall not accept any responsibility for the accuracy and/or completeness of any information supplied in connection herewith or for the legality, validity, effectiveness, adequacy or enforceability of any Loan Document and shall not be under any liability to any Lender as a result of taking or omitting to take any action in relation to any Loan Document except in the case of the Agent's negligence or wilful misconduct.

11.06 Duties of Agent

The Agent shall:

(a) as a non-fiduciary agent for the Borrower, maintain a record of the Outstanding Principal Amount owing to each Lender, which record shall conclusively be presumed to be correct and accurate, absent manifest error;

(b) hold and maintain the Security to the extent provided in Section 11.02;

(c) provide to each Lender copies of all financial information received from the Borrower promptly after receipt thereof, and copies of any Draw Requests, Substitution Notices, Rollover Notices, Repayment Notices and other notices received by the Agent from the Borrower upon request by any Lender;

(d) promptly advise each Lender of Advances required to be made by it hereunder and disburse all Repayments to the Lenders hereunder in accordance with the terms of this Agreement;

(e) promptly notify each Lender of the occurrence of any Default or Event of Default of which the Agent has actual knowledge or actual notice;

(f) at the time of engaging any agent, receiver, receiver-manager, consultant, monitor or other party in connection with the Security or the enforcement thereof, obtain the agreement of such party to comply with the applicable terms of this Agreement in carrying out any such enforcement activities and dealing with any Proceeds of Realization;

(g) account for any monies received by it in connection with this Agreement, the Security and any other agreement delivered in connection herewith or therewith;

(h) each time the Borrower requests the written consent of the Lenders (or the Required Lenders, as the case may be) in connection with any matter, use its best efforts to obtain and communicate to the Borrower the response of the Lenders (or the Required Lenders) in a reasonably prompt and timely manner having due regard to the nature and circumstances of the request;

(i) give written notice to the Borrower in respect of any other matter in respect of which notice is required in accordance with or pursuant to this Agreement, promptly or promptly after receiving the consent of the Lenders, if required under the terms of this Agreement;

(j) except as otherwise provided in this Agreement, act in accordance with any instructions given to it by the Required Lenders;

(k) refrain from exercising any right, power or discretion vested in it under this Agreement or any document incidental thereto if so instructed by the Required Lenders (in respect of any

matter which requires the consent of the Required Lenders), or by all of the Lenders (in respect of any matter which requires the unanimous consent of the Lenders); and

(l) call a meeting of the Lenders at any time not earlier than five (5) days and not later than thirty (30) days after receipt of a written request for a meeting provided by any Lender.

11.07 Lenders' Obligations Several; No Partnership

The obligations of each Lender under this Agreement are several. The failure of any Lender to carry out its obligations hereunder shall not relieve the other Lenders of any of their respective obligations hereunder. No Lender shall be responsible for the obligations of any other Lender hereunder. Neither the entering into of this Agreement nor the completion of any transactions contemplated herein shall constitute the Lenders a partnership.

11.08 Sharing of Information

The Agent and the Lenders may share among themselves any information they may have from time to time concerning the Companies whether or not such information is confidential; but shall have no obligation to do so (except for any obligations of the Agent to provide information to the extent required in this Agreement).

11.09 Acknowledgement by Borrower

The Borrower hereby acknowledges notice of the terms of the provisions of this Article 11 and agrees to be bound hereby to the extent of its obligations hereunder.

11.10 Amendments to Article 11

The Agent and the Lenders may amend any provision in this Article 11, except Section 11.01, without prior notice to or the consent of the Borrower, and the Agent shall provide a copy of any such amendment to the Borrower reasonably promptly thereafter; provided however if any such amendment would materially adversely affect any rights, entitlements, obligations or liabilities of the Borrower, such amendment shall not be effective until the Borrower provides its written consent thereto, such consent not to be unreasonably withheld or arbitrarily delayed.

11.11 Deliveries, etc.

As between the Companies on the one hand, and the Agent and the Lenders on the other hand:

(a) all statements, certificates, consents and other documents which the Agent purports to deliver to a Company on behalf of the Lenders shall be binding on each of the Lenders, and none of the Companies shall be required to ascertain or confirm the authority of the Agent in delivering such documents;

(b) all certificates, statements, notices and other documents which are delivered by a Company to the Agent in accordance with this Agreement shall be deemed to have been duly delivered to each of the Lenders; and

(c) all payments which are delivered by the Borrower to the Agent in accordance with this Agreement shall be deemed to have been duly delivered to each of the Lenders.

11.12 Non Funding Lender

(a) Each Non Funding Lender shall be required to provide to the Agent, immediately upon receipt of a written request from the Agent, (A) cash in an amount equal to one hundred and five percent (105%) of such Non Funding Lender's Proportionate Share of the face amount of outstanding Letters of Credit; and (B) cash in an amount, as shall be determined from time to time by the Agent in its discretion, equal to all other obligations of such Non Funding Lender to the Agent that are owing or may become owing pursuant to this Agreement, including, without limitation, such Non Funding Lender's obligation to pay its Proportionate Share of any indemnification or expense reimbursement amounts not paid by the Borrower. Such cash shall be held by the Agent in one or more accounts in the name of the Agent and shall not be required to be interest-bearing. The Agent shall be entitled to apply such cash from time to time in satisfaction of all or any portion of such obligations of such Non Funding Lender, as determined by the Agent in its discretion.

(b) The Agent shall be entitled to set off any Non Funding Lender's Proportionate Share of all payments received from the Borrower against such Non Funding Lender's obligations to fund payments and Advances required to be made by it and to purchase participations required to be purchased by it in each case under this Agreement and the other Loan Documents. The Agent shall be entitled to withhold and deposit in one or more non-interest bearing accounts in the name of the Agent all amounts (whether principal, interest, fees or otherwise) received by the Agent from the Borrower and due to such Non Funding Lender pursuant to this Agreement, which amounts shall be used by the Agent (A) first, to reimburse the Agent for any amounts owing to it by such Non Funding Lender pursuant to this Agreement or any other Loan Document, (B) second, to reimburse the other Lenders in respect of any Advances which may have been made by them in their discretion in order to fund, in whole or in part, any shortfall in Advances which were required to have been made by such Non Funding Lender (and to the extent that any said Advance made by a Lender is so reimbursed, such Advance shall be deemed to have been assigned by such Lender to the Non Funding Lender), (C) third, to be held in such account and applied by the Agent from time to time against all other obligations of such Non Funding Lender to the Agent owing pursuant to this Agreement in such amount as shall be determined from time to time by the Agent in its discretion including, without limitation, such Non Funding Lender's obligation to pay its Proportionate Share of any indemnification or expense reimbursement amounts not paid by the Borrower, and (D) fourth, at the Agent's discretion, to fund from time to time such Non Funding Lender's Proportionate Share of Advances.

(c) A Non Funding Lender shall have no voting or consent rights with respect to matters under this Agreement or the other Loan Documents, unless and until it is no longer a Non Funding Lender. Accordingly, the Commitments and the portion of the Outstanding Principal Amount owing to any Non Funding Lender shall be disregarded in the determination of the Required Lenders.

(d) Neither the Agent nor any of its Affiliates nor any of their respective officers, directors, employees, agents or representatives shall be liable to any Lender (including, without limitation, a Non Funding Lender) for any action taken or omitted to be taken by them in connection with amounts payable by the Borrower to a Non Funding Lender and received by the Agent and applied in accordance with the provisions of this Agreement, save and except for the negligence or wilful misconduct of the Agent as determined by a final non-appealable judgment of a court of competent jurisdiction.

ARTICLE 12
CBA MODEL PROVISIONS

12.01 CBA Model Provisions Incorporated by Reference

The CBA Model Provisions (except for the footnotes contained therein) form part of this Agreement and are incorporated herein by reference, subject to the following variations:

(a) Each term set out below which is used as a defined term in the CBA Model Provisions shall be deemed to have been replaced as set out below; and for greater certainty the said replacement term shall have the meaning ascribed thereto in Section 1.01 of this Agreement:

(i) "**Administrative Agent**" shall be replaced by "**Agent**";

(ii) "**Applicable Percentage**" shall be replaced by "**Proportionate Share**";

(iii) "**Loans**" shall be replaced by "**Advances**";

(iv) "**Obligors**" shall be replaced by "**Companies**" (and all necessary changes required by the context shall be deemed to have been made); and

(v) "**Provisions**" shall be replaced by "**CBA Model Provisions**".

(b) "**Pro rata share**", "**rateably**" and similar terms in the CBA Model Provisions shall have the meaning ascribed to the term "**Proportionate Share**" as defined in Section 1.01 of this Agreement, if the context requires.

(c) The terms "**Related Parties**" and "**Related Party**" in the CBA Model Provisions shall be deemed to have the meanings ascribed to the defined terms "**Related Persons**" and "**Related Person**" in this Agreement, respectively.

(d) In the third line of subsection 7.7(1) of the CBA Model Provisions, the phrase "**…in consultation with the Borrower…**" is hereby amended to read "**…after consultation with the Borrower**".

(e) The parties hereby acknowledge and agree that the indemnity contained in clause 9(b)(iii) of the CBA Model Provisions is in addition to and not in substitution for the indemnity contained in Section 13.05 of this Agreement.

12.02 Inconsistencies with CBA Model Provisions

To the extent that there is any inconsistency between a provision of this Agreement and a provision of the CBA Model Provisions, the provision of this Agreement shall govern. For greater certainty, a provision of this Agreement and a provision of the CBA Model Provisions shall be considered to be inconsistent if both relate to the same subject-matter and the provision in the CBA Model Provisions imposes more onerous obligations or restrictions than the corresponding provision in this Agreement.

ARTICLE 13
GENERAL

13.01 Waiver

The failure or delay by the Agent or any Lender in exercising any right or privilege with respect to the non-compliance with any provisions of this Agreement by the Borrower and any course of action on the part of the Agent or any Lender, shall not operate as a waiver of any rights of the Agent or such Lender unless made in writing by the Agent or such Lender. Any such waiver shall be effective only in the specific instance and for the purpose for which it is given and shall not constitute a waiver of any other rights and remedies of the Agent or such Lender with respect to any other or future non-compliance.

13.02 Expenses of Agent and Lenders

Whether or not the transactions contemplated by this Agreement are completed or any Advance has been made, the Borrower agrees to pay on demand by the Agent from time to time all reasonable expenses incurred by the Agent or any Lender in connection with this Agreement, the Security and all documents contemplated hereby, specifically including reasonable expenses incurred by the Agent and the Lenders in respect of due diligence, appraisals, insurance consultations, credit reporting and responding to demands of any Governmental Authority; reasonable legal expenses incurred by the Agent and the Lenders in connection with the preparation and interpretation of this Agreement and the Security and the administration of the Facilities generally, including the preparation of waivers and partial discharges of Security, and all reasonable legal expenses incurred by the Agent and the Lenders in connection with the protection and enforcement of the Security.

13.03 Debit Authorization

The Borrower hereby authorizes the Agent to debit any account maintained by the Borrower with the Agent, and to set off and compensate against any and all accounts, credits and balances maintained by the Borrower with the Agent, in order to pay (i) any interest or other amounts payable by the Borrower from time to time pursuant to this Agreement when due; and (ii) any expenses referred to in Section 13.02 which are not paid by the Borrower within thirty (30) days after receipt by the Borrower of a written request from the Agent for payment of such expenses. The Agent agrees to give written notice to the Borrower of any such debit promptly thereafter.

13.04 General Indemnity

In addition to any other liability of the Borrower hereunder, the Borrower hereby agrees to indemnify and save harmless the Indemnitees from and against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including reasonable legal fees) of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees (except to the extent arising from the negligence or wilful misconduct of such Indemnitees) which relate or arise out of or result from:

(a) any failure by the Borrower to pay and satisfy its obligations hereunder including, without limitation, any costs or expenses incurred by reason of the liquidation or re-employment in whole or in part of deposits or other funds required by the Lenders to fund or maintain the Facilities or as a result of the Borrower's failure to take any action on the date required hereunder or specified by it in any notice given hereunder;

(b) any investigation by Governmental Authorities or any litigation or other similar proceeding related to any use made or proposed to be made by the Borrower of the proceeds of any Advance; and

(c) any instructions given to any Lender to stop payment on any cheque issued by the Borrower or to reverse any wire transfer or other transaction initiated by such Lender at the request of the Borrower.

13.05 Environmental Indemnity

In addition to any other liability of the Borrower hereunder, the Borrower hereby agrees to indemnify and save harmless the Indemnitees from and against:

(a) any losses suffered by the Indemnitees for, in connection with, or as a direct or indirect result of, the failure of any Company to comply with all Requirements of Environmental Law;

(b) any losses suffered by the Indemnitees for, in connection with, or as a direct or indirect result of, the presence of any Hazardous Material situated in, on or under any property owned by any of the Companies or upon which any of them carries on business; and

(c) any and all liabilities, losses, damages, penalties, expenses (including reasonable legal fees) and claims which may be paid, incurred or asserted against the Indemnitees for, in connection with, or as a direct or indirect result of, any legal or administrative proceedings with respect to the presence of any Hazardous Material on or under any property owned by any of the Companies or upon which any of them carries on business, or the discharge, emission, spill, radiation or disposal by any of them of any Hazardous Material into or upon any Real Property, the atmosphere, or any watercourse or body of water; including the costs of defending and/or counterclaiming or claiming over against third parties in respect of any action or matter and any cost, liability or damage arising out of a settlement entered into by the Indemnitees of any such action or matter;

except to the extent arising from the negligence or wilful misconduct of such Indemnitees.

13.06 Survival of Certain Obligations despite Termination of Agreement

The termination of this Agreement shall not relieve the Borrower from its obligations to the Agent and the Lenders arising prior to such termination, such as obligations arising as a result of or in connection with any breach of this Agreement, any failure to comply with this Agreement or the inaccuracy of any representations and warranties made or deemed to have been made prior to such termination, and obligations arising pursuant to all indemnity obligations contained herein. Without limiting the generality of the foregoing, the obligations of the Borrower to the Agent and the Lenders arising under or in connection with Sections 13.04 and 13.05 of this Agreement and Section 3.2 of the CBA Model Provisions shall continue in full force and effect despite any termination of this Agreement.

13.07 Interest on Unpaid Costs and Expenses

If the Borrower fails to pay when due any amount in respect of costs or expenses incurred by the Agent or any other amount incurred by the Agent and required to be paid by it hereunder (other than principal or interest on any Advance), it shall pay interest on such unpaid amount from the time such amount is due until paid at the rate equal to the highest rate of interest then applicable under the Facilities.

13.08 Notice

Without prejudice to any other method of giving notice, all communications provided for or permitted hereunder shall be in writing and delivered to the addressee by registered mail, or sent by electronic mail to the applicable address and to the attention of the officer of the addressee as follows:

(a) to the Borrower for and on behalf of Parent Holdco and each other Company – via registered mail or email:

590 King St. W, Suite 400, Toronto, ON M5V 1M3
Attention: Paul Marcaccio
Email: PMarcaccio@katzgroup.ca

With a copy to:

Suite 2700 Edmonton Tower, 10111 104 Avenue NW, Edmonton AB T5J 0J4
Attention: Shawna Vogel
Email: svogel@katzgroup.ca

(b) to the Agent:

Bank of Montreal
Corporate Finance
18th Floor, First Canadian Place
Toronto, Ontario
M5X 1A1

Attention: Allen Benjamin
Email: Allen.Benjamin@bmo.com

(c) to any Lender, at its address noted on Exhibit "A" attached hereto.

Any communication transmitted by prepaid private courier shall be deemed to have been validly and effectively given or delivered on the Business Day after which it is submitted for delivery. Any communication transmitted by electronic mail shall be deemed to have been validly and effectively given or delivered on the day on which it is transmitted, if transmitted on a Business Day on or before 5:00 p.m. (local time of the intended recipient), and otherwise on the next following Business Day. Any party may change its address for service by notice given in the foregoing manner.

13.09 Severability

Any provision of this Agreement which is illegal, prohibited or unenforceable in any jurisdiction, in whole or in part, shall not invalidate the remaining provisions hereof; and any such illegality, prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13.10 Further Assurances

The Borrower shall, at its expense, promptly execute and deliver or cause to be executed and delivered to the Agent upon request, acting reasonably, from time to time all such other and further documents,

agreements, opinions, certificates and instruments in compliance with this Agreement, or if necessary or desirable to more fully record or evidence the obligations intended to be entered into herein.

13.11 Time of the Essence

Time shall be of the essence of this Agreement.

13.12 Promotion and Marketing

For the purpose of promotion and marketing, the Borrower hereby authorizes and consents to the reproduction, disclosure and use by the Lenders and the Agent of its name, identifying logo (other than any Tokyo Smoke logo) and the Facilities, provided that the Lenders and the Agent comply with all Applicable Law, the Borrower is provided an opportunity to review and approve any such reproduction, disclosure or use and the amount of the Facilities shall not be disclosed. The Borrower acknowledges and agrees that the Lenders shall be entitled to determine, in their discretion, whether to use such information; that no compensation will be payable by the Lenders or the Agent in connection therewith, and that the Lenders and the Agent shall have no liability whatsoever to it or any of its employees, officers, directors, affiliates or shareholders in obtaining and using such information as contemplated herein except where such liability arises as a result of the gross negligence or wilful misconduct of the Agent or any Lender.

13.13 Entire Agreement; Waivers and Amendments to be in Writing

(a) This Agreement supersedes all discussion papers, term sheets and other writings which may have been issued by the Agent or the Lenders prior to the date hereof relating to the Facilities, which shall have no further force or effect. This Agreement and any other documents or instruments contemplated herein or therein shall constitute the entire agreement and understanding among the Borrower, the Lenders and the Agent relating to the subject-matter hereof.

(b) Subject to Section 11.01(b) and Section 11.10, no provision of this Agreement, or any other document or instrument in existence among the parties may be modified, waived or terminated except by an instrument in writing executed by the party against whom such modification, waiver or termination is sought to be enforced.

13.14 Inconsistencies with Security

To the extent that there is any inconsistency between a provision of this Agreement and a provision of any document constituting part of the Security, the provision of this Agreement shall govern. For greater certainty, a provision of this Agreement and a provision of the Security shall be considered to be inconsistent if both relate to the same subject-matter and the provision in the Security imposes more onerous obligations or restrictions than the corresponding provision in this Agreement.

13.15 Confidentiality

The Agent and the Lenders agree that all documentation and other information made available by the Borrower to them under or in connection with this Agreement shall (except to the extent such documentation or other information is publicly available or hereafter becomes publicly available other than by their actions, or was theretofore known or hereinafter becomes known to them independently of any disclosure by the Companies) be held in confidence by them and used solely in the evaluation, administration and enforcement of the Advances and all matters related to this Agreement and the Security and the transactions contemplated hereby and thereby, and in the prosecution of defence of legal

proceedings arising in connection herewith and therewith. Notwithstanding the foregoing, nothing contained herein shall be construed to prevent the Agent or the Lenders from (a) making disclosure of any information (i) if required to do so by Applicable Law, (ii) to any Governmental Authority having or claiming to have authority to regulate or oversee any aspect of the business of the Agent, the Lenders or the Companies in connection with the exercise of such authority or claimed authority and that compels or requires the disclosure of such information, (iii) pursuant to any subpoena or if otherwise compelled in connection with any litigation or administrative proceeding, (iv) to any prospective participant or assignee of all or any portion of the rights and obligations or the Agent or any Lender hereunder provided that such prospective assignee executes and delivers to the Borrower a confidentiality agreement in form and substance acceptable to it, acting reasonably, or (v) to the extent that the Agent or its counsel deems necessary or appropriate, acting reasonably, to effect or preserve its Security or to enforce any remedy provided in this Agreement or the Security or otherwise available by Law; or (b) making, on a confidential basis, such disclosures as the Agent and the Lenders reasonably deem necessary or appropriate to their legal counsel, accountants or other advisers, agents or representatives (including outside auditors).

13.16 Governing Law

This Agreement shall be interpreted in accordance with the Laws of the Province of Ontario. Without prejudice to the right of the Agent and the Lenders to commence any proceedings with respect to this Agreement in any other proper jurisdiction, the parties hereby attorn and submit to the jurisdiction of the courts of the Province of Ontario.

13.17 Execution by Fax and Counterparts

This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement. This Agreement may be executed by facsimile or pdf, and any signature contained hereon by facsimile or pdf shall be deemed to be equivalent to an original signature for all purposes.

13.18 Binding Effect

This Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns; "**successors**" includes any corporation resulting from the amalgamation of any party with any other corporation.

13.19 Original Credit Agreement, Loan Documents and Amendment and Restatement

Each Obligor agrees that:

(a) the Original Credit Agreement and the other Loan Documents provided in connection therewith have been duly executed and delivered by each Obligor party thereto and are in full force and effect as of the Closing Date;

(i) the agreements and obligations of each Obligor contained therein constitute the legal, valid and binding agreements and obligations of such Obligor enforceable against such Obligor in accordance with its terms and no Obligor has a valid defense to the enforcement of such agreements or obligations; and

(ii) the Agent is entitled to all of the rights, remedies and benefits provided for in the Original Credit Agreement and such Loan Documents.

(b) The provisions set forth in the Original Credit Agreement are simultaneously amended and restated in their entirety by this Agreement, and as so amended and restated, are replaced and superseded by the provisions set forth in this Agreement.

(c) The amendment and restatement contained herein shall not, in any manner, be construed to constitute payment of (other than any actual repayment of outstanding amounts), or impair, limit, cancel or extinguish, or constitute a novation in respect of, the Obligations and other obligations, liabilities and indebtedness of the Obligors evidenced by or arising under the Original Credit Agreement, and the Liens of Agent, on behalf of itself and the Lenders, securing such Obligations and other obligations, liabilities and indebtedness, which shall not in any manner be impaired, limited, terminated, waived or released, but shall continue in full force and effect in favor of Agent, for the benefit of itself and the Lenders.

13.20 Existing Security Interests

(a) Each Obligor agrees that all security and guarantees granted by them under, or in connection with, the Original Credit Agreement and the other Loan Documents provided in connection therewith shall be held by the Agent to secure the Obligations.

(b) The Liens of the Agent in the Collateral shall be deemed to be continuously granted, perfected and registered from the earliest date of such granting, perfection and registration.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date on the first page hereof.

BANK OF MONTREAL, as Administrative Agent and Lender

Per: _____

Name: Allen Benjamin
Title: Managing Director

Per: _____

Name: Andrew Stefankiewicz
Title: Associate

2675970 ONTARIO INC., as Borrower

Per: Justin Farbstein
Name: Justin Farbstein
Title: President

2733181 ONTARIO INC., as a Guarantor

Per: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2733182 ONTARIO INC., as a Guarantor

Per: Justin Farbstein
Name: Justin Farbstein
Title: President

2737503 ONTARIO INC., as a Guarantor

Per: Justin Farbstein
Name: Justin Farbstein
Title: President

2161907 ALBERTA LTD., as a Guarantor

Per: Jürgen Schreiber
Name: Jürgen Schreiber
Title: Chief Executive Officer

2699078 ONTARIO INC., as a Guarantor

Per: Justin Farbstein
Name: Justin Farbstein
Title: President

2708540 ONTARIO CORPORATION, as a Guarantor

Per: Justin Farbstein
Name: Justin Farbstein
Title: President

2197130 ALBERTA LTD., as a Guarantor

Per: Justin Farbstein
Name: Justin Farbstein
Title: President

TS-IP HOLDINGS LTD., as a Guarantor

Per: Shawna K. Vogel
Name: Shawna K. Vogel
Title: Secretary

TS PROGRAMS LTD., as a Guarantor

Per: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2826475 ONTARIO INC., as a Guarantor

Per: Justin Farbstein
Name: Justin Farbstein
Title: President

2734082 ONTARIO INC., as a Guarantor

Per: Justin Farbstein
Name: Justin Farbstein
Title: President

TS WELLINGTON INC., as a Guarantor

Per: Justin Farbstein
Name: Justin Farbstein
Title: President

2742591 ONTARIO INC., as a Guarantor

Per: Justin Farbstein
Name: Justin Farbstein
Title: President

2796279 ONTARIO INC., as a Guarantor

Per: Justin Farbstein
Name: Justin Farbstein
Title: President

OEG RETAIL CANNABIS HR SERVICES LTD.

Per: Justin Farbstein
Name: Justin Farbstein
Title: President

OEG RETAIL CANNABIS INC.

Per: Jürgen Schreiber
Name: Jürgen Schreiber
Title: Chief Executive Officer

EXHIBIT "A"
LENDERS AND LENDERS' AMOUNTS

Lender	Facility A Amount	Total
Bank of Montreal	$40,000,000	$40,000,000
Total	**$40,000,000**	**$40,000,000**

BA Lenders

Bank of Montreal

Non-BA Lenders

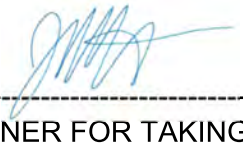
None.

Lenders' Addresses

Bank of Montreal
Corporate Finance
18th Floor, First Canadian Place
Toronto, Ontario
M5X 1A1

Attention: Allen Benjamin
Email: Allen.Benjamin@bmo.com

THIS IS **EXHIBIT "F"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

BMO Bank of Montreal

SECURITY AGREEMENT

Reference is made to the second amended and restated credit agreement dated October 7, 2022 (as amended, supplemented or restated, collectively the "**Credit Agreement**") made among 2675970 Ontario Inc., as borrower, the guarantors party thereto from time to time, as guarantors, and the Bank of Montreal, as administrative agent (the "**Administrative Agent**") for itself and on behalf of the lenders named therein (whom, collectively with the Administrative Agent are the "**Secured Parties**").

The undersigned (hereinafter called the "**Debtor**") hereby enters into this Security Agreement with the Administrative Agent for valuable consideration and as security for the payment and performance of its Obligations (as defined in the Credit Agreement). This Security Agreement is entered into pursuant to and is governed by the *Personal Property Security Act* (Ontario) insofar as it affects personal property located in Ontario.

List all premises and asset locations, by schedule, if necessary

1. The Debtor hereby represents and warrants to the Administrative Agent that it has assets at the following locations in Ontario and Alberta:

As set forth in the Information Certificate delivered by the Debtor to the Administrative Agent on the date hereof.

Attach a schedule, if equipment is to be listed

2. The Debtor hereby:

(a) mortgages and charges to the Administrative Agent as and by way of a fixed and specific mortgage and charge, and grants to the Administrative Agent a security interest in, all its present and future equipment and any proceeds therefrom, including, without limiting the generality of the foregoing, all fixtures, plant, machinery, tools and furniture now or hereafter owned or acquired or in respect of which the Debtor has rights now or in the future and any equipment specifically listed or otherwise described in any schedule hereto;

(b) mortgages and charges to the Administrative Agent, and grants to the Administrative Agent a security interest in, all its present and future inventory and any proceeds therefrom, including, without limiting the generality of the foregoing, all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service;

(c) assigns to the Administrative Agent and grants to the Administrative Agent a security interest in, all its present and future intangibles and any proceeds therefrom, including, without limiting the generality of the foregoing, all its present and future accounts, accounts receivable, client lists, client records, client files, contract rights and other choses in action of every kind or nature now due or hereafter to become due, including insurance rights arising from or out of the assets referred to in sub-clauses (a) and (b) above;

(d) grants, mortgages, charges, transfers and assigns to the Administrative Agent a security interest in, all its present and future chattel papers, documents of title, instruments, money and securities, and any proceeds therefrom; and

(e) charges in favour of the Administrative Agent as and by way of a floating charge its undertaking and all its property and assets, real and personal, moveable or immoveable, of whatsoever nature and kind, both present and future (other than property and assets hereby validly assigned or subjected to a specific mortgage and charge and to the exceptions hereinafter contained). For the purposes of this Security Agreement, the equipment, inventory, intangibles, undertaking and all other property and assets of the Debtor referred to in this clause 2 are hereinafter sometimes collectively called the "**Collateral**". Without limiting the generality of the description of Collateral as set out in this clause 2, and for greater certainty, the Collateral shall include all present and future personal property of the Debtor of the type described in any schedule attached hereto but shall

exclude any lease, license, permit or agreement (the "**Contractual Rights**") to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of a mortgage, charge, transfer, assignment or security interest in such Contractual Rights (i) would constitute a breach of the terms of or, permit any person to terminate, such Contractual Rights, (ii) is permitted only with the consent of the other party thereto, which consent has not been obtained, or (iii) would constitute a breach of or violation under any law, rule, statute or regulation to which the Debtor is subject. The Debtor agrees that it, upon request in writing by the Administrative Agent, shall use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the security interest granted hereby under this Security Agreement and until such consent is obtained, the Debtor shall hold its interest therein in trust for the Administrative Agent and shall assign as security such Contractual Rights to the Administrative Agent forthwith upon obtaining the consent of the other party thereto. The Debtor agrees that it shall promptly advise the Administrative Agent in writing of any acquisition of personal property which is not of the type herein described. The Debtor agrees to execute and deliver from time to time, at its own expense, amendments to this Security Agreement or additional security agreements, which may be reasonably required by the Administrative Agent to ensure attachment of security interests in such personal property.

3. The Collateral is on the date hereof primarily situate or located at the location(s) set out in clause 1 hereof but may from time to time be located at other premises of the Debtor. The Collateral may also be located at other places while in transit to and from such locations and premises; and the Collateral may from time to time be situate or located at any other place when on lease or consignment to any lessee or consignee from the Debtor.

4. It is hereby declared that the last day of any term of years reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor, is hereby or shall be excepted out of the mortgages, charges and security interests hereby created; however, upon enforcement of Administrative Agent's rights hereunder, Administrative Agent shall stand possessed of such last day in trust to assign the same to any person acquiring such term. There shall also be excluded from the security created by this Security Agreement any property of the Debtor that constitutes consumer goods for the personal use of the Debtor.

5. The Debtor shall not without the prior written consent of the Administrative Agent sell or dispose of any of the Collateral except as permitted under the Credit Agreement and other than that described in sub-clause (b) of clause 2 above which may be sold only in the ordinary course of business and for the purpose of carrying on the same; and if the amounts of any of the intangibles referred to in sub-clause (c) of clause 2 above or any proceeds arising from the Collateral described in sub-clauses (a) and (b) of clause 2 above shall be paid to the Debtor, the Debtor shall receive the same as agent of the Administrative Agent and forthwith pay over the same to the Administrative Agent to the extent required by the Credit Agreement. The Debtor shall not without the prior written consent of the Administrative Agent create any liens other than Permitted Liens (as defined in the Credit Agreement) upon or assign or transfer as security or pledge or hypothecate as security or create a security interest in the Collateral except to the Administrative Agent. The Debtor agrees that the Administrative Agent may, during the continuance of an Event of Default, require any account debtor of the Debtor to make payment to the Administrative Agent and the Administrative Agent may take control of any proceeds referred to in sub-clauses (a), (b) and (c) of clause 2 hereof and may hold all amounts received from any account debtors and any proceeds as cash collateral as part of the Collateral and as security for the Obligations of the Debtor to the Administrative Agent.

6. The Debtor shall notify the Administrative Agent promptly (and in any event, at least 30 days prior to the taking effect of any of the following changes), in reasonable detail, of any of the following: (a) any change in the location of the jurisdiction of incorporation or amalgamation, registered office, head office, chief executive office or domicile of the Debtor; (b) any change in the name of the Debtor; (c) any merger, consolidation or amalgamation of the Debtor with any other person; (d) any additional jurisdiction in which the Debtor carries on business or has tangible personal property; or (e) any acquisition of any intellectual property rights which are the subject of a registration or application with any governmental intellectual property authority or other governing body or registry. Provided the Debtor (i) provides notice to the Administrative Agent to the extent required under this clause 6, (ii) has obtained Administrative Agent's prior written consent to the extent required under the Credit Agreement, and (iii) is otherwise in compliance with its covenants set out in the Credit Agreement, the Debtor shall not be responsible for completing any filings or other actions that are required in order for the Administrative Agent to continue at all times following

such change to have a valid and perfected first priority security interest with respect to all of the Collateral of the Debtor.

7. The Debtor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all and singular every such further acts, deeds, assignments, security agreements and assurances as the Administrative Agent may reasonably require for the better granting, assigning, charging, setting over, assuring and confirming unto the Administrative Agent the property and assets hereby mortgaged and charged or subjected to security interests or intended so to be or which the Debtor may hereafter become bound to mortgage, charge, assign or subject to a security interest in favour of the Administrative Agent and for the better accomplishing and effectuating of this Security Agreement.

8. The Debtor shall at all times upon request by the Administrative Agent furnish the Administrative Agent with such information concerning the Collateral and the Debtor's affairs and business as the Administrative Agent may reasonably request, including lists of inventory and equipment and lists of accounts and accounts receivable showing the amounts owing upon each account and securities therefor and copies of all financial statements, books and accounts, invoices, letters, papers and other documents in any way evidencing the account.

9. This Agreement may be terminated by written agreement made between the Debtor and the Secured Parties at any time when all of the Obligations have been fully paid or satisfied and all commitments or other obligations under the Loan Documents have been terminated or cancelled and the Debtor is entitled to obtain the release of the Collateral or any part thereof from the security interests granted hereunder in accordance with the terms of the Credit Agreement or other document, as applicable.

10. This Agreement is enforceable upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement). Upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement), the Administrative Agent may declare any or all of the Obligations to be immediately due and payable and may proceed to realize the security hereby constituted and to enforce its rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Administrative Agent or not, and the Administrative Agent may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtor. Any such receiver or receivers so appointed shall have power to take possession of the Collateral or any part thereof and to carry on the business of the Debtor, and to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor, and to further charge the Collateral in priority to the security constituted by this Security Agreement as security for money so borrowed, and to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as such receiver shall determine. In exercising any powers any such receiver or receivers shall act as agent or agents for the Debtor and the Administrative Agent shall not be responsible for his or their actions.

In addition, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may enter upon the applicable premises and lease or sell the whole or any part or parts of the Collateral. The Debtor agrees that considering the nature of that part of the Collateral that is not perishable it will be commercially reasonable to sell such part of the Collateral:

(a) as a whole or in various lots;

(b) by a public sale or call for tenders by advertising such sale once in a local daily newspaper at least seven (7) days before such sale; and

(c) by private sale after the receipt by the Administrative Agent of at least two offers from prospective purchasers who may include persons related to or affiliated with the Debtor or other customers of the Administrative Agent.

Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Administrative Agent in its sole discretion may seem advantageous and such sale may take place whether or not the Administrative Agent has taken possession of such property and assets.

No remedy for the realization of the security hereof or for the enforcement of the rights of the Administrative Agent shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this Security Agreement includes a receiver and manager.

11. Any and all payments made in respect of the Obligations from time to time and moneys realized from any securities held therefor (including moneys realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Administrative Agent may see fit, and the Administrative Agent shall at all times and from time to time have the right to change any appropriation as the Administrative Agent may see fit.

12. The Debtor agrees to pay all reasonable and documented out-of-pocket expenses, including solicitor's fees and disbursements and the remuneration of any receiver appointed hereunder, incurred by the Administrative Agent in the preparation, perfection and enforcement of this Security Agreement, including all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its agents to put into place and confirm the priority of any security interest in this Security Agreement and the payment of such expenses shall be secured hereby.

13. The Administrative Agent may waive any default herein referred to; provided always that no act or omission by the Administrative Agent in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or the rights resulting therefrom.

14. The Debtor acknowledges that value has been given, that the Debtor has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Security Agreement.

15. The security hereof is in addition to and not in substitution for any other security now or hereafter held by the Administrative Agent and shall be general and continuing security notwithstanding that the Obligations of the Debtor shall at any time or from time to time be fully satisfied or paid.

16. Nothing herein shall obligate the Secured Parties to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Secured Parties.

17. This Security Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the Debtor and the Administrative Agent.

18. This Security Agreement is a security agreement within the meaning of the *Personal Property Security Act* (Ontario) and does not constitute an acknowledgement of any particular indebtedness or liability of the Debtor to the Secured Parties.

19. This Security Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

20. The Debtor Acknowledges receipt of a copy of this agreement.

21. In construing this Security Agreement, terms herein shall have the same meaning as defined in the *Personal Property Security Act* (Ontario), unless the context otherwise requires. The word "Debtor", the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more individuals, corporations or partnerships and, if more than one, shall apply and be binding upon each of them severally. The term "successors" shall include, without limiting its meaning, any corporation resulting from the amalgamation of a corporation with another corporation and, where the Debtor is a partnership, any new partnership resulting from the

admission of new partners or any other change in the Debtor, including, without limiting the generality of the foregoing, the death of any or all of the partners.

22. This Security Agreement may be executed by original, facsimile or pdf signature, which when so executed shall be deemed to be an original.

23. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Credit Agreement, the terms of the Credit Agreement shall govern to the extent necessary to remove the conflict or inconsistency.

[Signature page follows]

BMO Bank of Montreal

Ontario Personal Property Security Act Security Agreement

insert date of execution

IN WITNESS WHEREOF this Security Agreement has been executed by the Debtor on the 7th day of October, 2022.

To be signed by Debtor; if Debtor is a corporation ensure signatures are authorized and if Debtor is a corporation with a corporate seal, affix Corporate Seal; Debtor's name should be typed

2675970 ONTARIO INC., as Debtor

By: Justin Farbstein

Name: Justin Farbstein
Title: President

THIS IS **EXHIBIT "G"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

BMO Bank of Montreal

AMENDED AND RESTATED SHARE PLEDGE AGREEMENT

Reference is made to (1) the second amended and restated credit agreement dated October 7, 2022 (as amended, supplemented or restated, collectively the "**Credit Agreement**") made among 2675970 Ontario Inc., as borrower, the guarantors party thereto from time to time, as guarantors, and the Bank of Montreal, as administrative agent (the "**Administrative Agent**") for itself and on behalf of the lenders named therein (whom, collectively with the Administrative Agent are the "**Secured Parties**"), and (2) the share pledge agreement dated February 28, 2020 by the undersigned in favour of the Administrative Agent (as amended, restated, modified, supplemented or replaced from time to time, the "**Original Share Pledge Agreement**").

The undersigned (hereinafter called the "**Pledgor**") hereby enters into this Share Pledge Agreement with the Administrative Agent for valuable consideration and as security for the payment and performance of all Obligations (as defined in the Credit Agreement).

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement (including without limitation, the recitals hereto), unless there is something within the subject matter or context inconsistent therewith, all capitalized terms used herein but not defined herein shall have the meanings given to them in the Credit Agreement, and the following terms shall have the following meanings:

(a) "**Agreement**" means this Share Pledge Agreement (as the same now exists or may hereafter be amended, supplemented or restated);

(b) "**PPSA**" means the *Personal Property Security Act* (Ontario), and all regulations made thereunder, as it may be from time to time amended, supplemented, re-enacted or succeeded by successor legislation of comparable effect;

(c) "**Pledged Share Issuers**" means, collectively, each Subsidiary of the Pledgor from time to time, including, without limitation, each person or other entity identified on Schedule A hereto as the issuer of the Pledged Shares identified opposite the name of such person or other entity, as such Schedule A may be amended from time to time, together with each other person or entity whose capital stock is pledged or is required under the Loan Documents to be pledged from time to time by the Pledgor to the Secured Parties, and their respective successors and assigns;

(d) "**Pledged Shares**" means all the shares, units or other securities in the capital of the Pledged Share Issuers now held and hereafter acquired from time to time by the Pledgor, including as set out on Schedule A hereto, as it may be amended from time to time, and any substitutions therefor, additions thereto and proceeds thereof arising out of any consolidation, subdivision, reclassification, conversion, stock dividend or similar increase or decrease in or alteration of the capital of the Pledged Share Issuers or any other event and any shares, units or other securities acquired pursuant to the exercise of a right or offer granted or made by the Pledgor to the extent that any such right or offer arises out of the ownership of any shares in the capital of the Pledged Share Issuers together with any dividends or other moneys now or hereafter received or declared in respect of the Pledged Shares and all other rights and claims of the Pledgor in respect of the Pledged Shares; and

(e) "**STA**" shall mean the *Securities Transfer Act,* 2006 (Ontario) as it may from time to time be amended, supplemented, re-enacted or succeeded by successor legislation of comparable effect.

1.2 Headings, Etc.

The division of this Agreement into articles, sections and subsections and other subdivisions and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation hereof.

1.3 Rules of Construction

Unless the context otherwise requires:

(a) words importing the singular number only shall include the plural and *vice versa* and words importing the use of either gender shall include both genders and words importing individuals shall include firms and corporations and *vice versa*;

(b) the phrases "upon the occurrence and during the continuation of an Event of Default", "the occurrence and continuance of an event of default", or any such other similar phrase(s) in this Agreement referring to the existence of a default, event of default, or Event of Default, shall mean both: (i) that an event of default has occurred; and (ii) that such event of default is continuing; and

(c) reference herein to any agreement, indenture or other instrument in writing means such agreement, indenture or other instrument in writing as amended, modified, supplemented, extended, renewed, restated or replaced from time to time.

ARTICLE 2
PLEDGE

2.1 Pledge

As continuing security for the due and timely payment and performance by the Pledgor of its Obligations, the Pledgor hereby assigns, mortgages, charges, hypothecates, pledges and grants a security interest in the Pledged Shares to and in favour of the Administrative Agent. The Pledgor hereby agrees to forthwith deliver to the Administrative Agent the certificates evidencing the Pledged Shares together with all appropriate transfer and other documents (including, if applicable, a director's resolution approving the transfer of the Pledged Shares to the Administrative Agent) to enable the Administrative Agent or its agent or nominee, to obtain control (as defined in the STA) of the Pledged Shares, to be registered as the owner thereof and to transfer or sell the Pledged Shares upon any enforcement of the rights and remedies granted to the Administrative Agent in this Agreement. If the Pledgor acquires any certificates evidencing the Pledged Shares after the date hereof, the Pledgor shall, forthwith upon receipt of such certificates, deliver such certificates to the Administrative Agent, its agent or nominee, together with all appropriate transfer and other documents to enable the Administrative Agent or its agent or nominee, to obtain control (as defined in the STA) of the Pledged Shares, to be registered as the owner thereof and to transfer or sell or cause to be transferred or sold such Pledged Shares upon any enforcement of the rights and remedies granted to the Administrative Agent in this Agreement. Notwithstanding the foregoing, until the occurrence of an Event of Default which is continuing, the Pledgor shall be entitled to keep all Pledged Shares registered in its name on the books of the Pledged Shares Issuers.

2.2 Attachment and Value

The Pledgor acknowledges and agrees that:

(a) value has been given;

(b) the security interests created hereby attach to the Pledged Shares immediately upon execution and delivery of this Agreement to the Administrative Agent, and the Administrative Agent and the Pledgor have not agreed to postpone the time of attachment of the pledge of the Pledged Shares by the Pledgor; and

(c) the Pledgor has rights in the Pledged Shares or the power to transfer rights in the Pledged Shares and to the extent that the Pledgor does not acquire rights or interests in any of the Pledged Shares until after the execution and delivery of this Agreement, the security interests created hereby shall attach to such Pledged Shares at the time the Pledgor acquires rights or interests therein.

ARTICLE 3
PROVISIONS RELATING TO THE PLEDGED SHARES

3.1 Voting Rights

(a) Until the occurrence of an Event of Default which is continuing, the Pledgor shall be entitled to exercise all voting rights in respect of the Pledged Shares and to give consents, waivers, notices and ratifications and to take other action in respect thereof, including, without limitation:

(i) give any proxies to vote the Pledged Shares; or

(ii) enter into any shareholders' agreement or voting trust with respect to the Pledged Shares;

provided, however, that no votes shall be cast or consent, waiver, notice or ratification given or action taken which would be directly prejudicial to the interest of the Secured Parties, materially impair or materially reduce the value of or restrict the transferability of the Pledged Shares, or be inconsistent with or violate any provisions of any of the Loan Documents or any other agreement relating hereto or thereto.

(b) Except during the continuance of an Event of Default, if any of the Pledged Shares are registered in the name of the Administrative Agent, its agent or nominee, the Administrative Agent, on the written request of the Pledgor, shall execute and deliver or cause its agent or nominee to execute and deliver to the Pledgor suitable proxies or voting powers or powers of attorney in favour of the Pledgor or its nominee or nominees for voting, giving consents, waivers, notices or ratifications or take any other action the Pledgor is permitted to take in respect of such Pledged Shares and, to the extent consistent with or in respect of matters permitted hereunder, otherwise facilitate the voting of any such Pledged Shares, the giving of such consents, waivers, notices and ratifications and the taking of such actions.

3.2 Dividends and Distributions

(a) Until the occurrence of an Event of Default which is continuing, the Pledgor shall be entitled to receive and deal with (except as restricted by any of the Loan Documents) any and all dividends, interest and other distributions or like payments (whether in cash, security (as such term is defined in the PPSA) or other property) permitted under the Credit Agreement at any time payable on or with respect to the Pledged Shares, and the Administrative Agent shall forthwith deliver to the Pledgor any such dividends, interest, distributions or other like payments received by it.

(b) During the continuance of an Event of Default, all rights of the Pledgor to receive dividends, interest, distributions and other like payments which it would otherwise be entitled to receive in respect of the Pledged Shares permitted under the Credit Agreement shall cease, and all such rights shall become vested for such period in the Administrative Agent which shall thereupon during such period have the sole right to receive such amounts. The Administrative Agent shall, to the extent permitted by applicable law and the Credit Agreement, be entitled to apply any such amounts received by it during the continuance of an Event of Default in respect of the Obligations, and pending such application of such amounts, the same shall be deemed to form part of the Pledged Shares.

3.3 Rights and Duties of the Administrative Agent

It is understood and agreed that, at any time and from time to time during the continuance of an Event of Default, all rights of the Pledgor pursuant to Sections 3.1 and 3.2 shall cease and the Administrative Agent may enforce and exercise any and all of the rights of the Pledgor with respect to the Pledged Shares, including those rights described in Sections 3.1 and 3.2. In the physical keeping of any Pledged Shares, the Administrative Agent is only obliged to exercise the same degree of care as it would exercise with respect to its own securities kept at the same place.

ARTICLE 4
REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties

The Pledgor hereby represents and warrants to the Administrative Agent as follows and acknowledges that the Secured Parties are relying on such representations and warranties in advancing or continuing to advance credit pursuant to the Credit Agreement:

(a) it is the registered and beneficial owner of, and has good title to, the Pledged Shares;

(b) the Pledged Shares represent all (except as otherwise indicated on Schedule A) of the issued and outstanding capital stock of the Pledged Share Issuers as of the date of this Agreement and all of the Pledged Shares are certificated securities (as defined in the STA) and have been delivered to the Administrative Agent;

(c) the Pledged Shares have been duly issued and are outstanding as fully paid and non-assessable shares;

(d) it has full power, authority and right to enter this Agreement and to pledge the Pledged Shares and to grant to the Administrative Agent the security interests created by this Agreement;

(e) this Agreement has been duly executed and delivered by it and constitutes an enforceable obligation against the Pledgor in accordance with its terms, subject to the qualifications set out in the opinion of the Pledgor's legal counsel delivered pursuant to the Credit Agreement;

(f) it has not granted any right to acquire any interest in any of the Pledged Shares except as set forth in this Agreement;

(g) it has not assigned, transferred, set over or granted a security interest in the Pledged Shares to any other person except as set forth in this Agreement and except for Permitted Liens;

(h) it has not granted any party other than the Administrative Agent control (as defined in the STA) over the Pledged Shares;

(i) none of the rights of the Pledgor arising as the legal and beneficial owner of the Pledged Shares have been surrendered, cancelled or terminated except as set forth in this Agreement; and

(j) there is no default or dispute existing in respect of the Pledged Shares.

4.2 Covenants

The Pledgor covenants and agrees with the Administrative Agent the following:

(a) if the Pledgor shall become entitled to receive or shall receive any share certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any

reorganization), option or right, whether in addition to, in substitution of, as a conversion of, or in exchange for some or all of the Pledged Shares, or otherwise in respect thereof, the Pledgor shall accept the same as the agent of the Administrative Agent, hold the same in trust for the Administrative Agent and deliver the same forthwith to the Administrative Agent (or to an agent or nominee, as the Administrative Agent may direct) in the exact form received, together with the appropriate transfer and other documents to enable the Administrative Agent or its agent or nominee to obtain control (as defined in the STA) thereof, to be registered as owner thereof and to transfer or sell same or cause to be transferred or sold same upon any enforcement of the rights and remedies granted to the Administrative Agent in this Agreement, to be held by the Administrative Agent hereunder as additional security for the Obligations. During the continuance of an Event of Default, any sums paid upon or in respect of the Pledged Shares upon the liquidation or dissolution of the Pledged Share Issuers, shall be paid over to the Administrative Agent to be held by it as part of the Pledged Shares and in case any distribution of capital shall be made on or in respect of the Pledged Shares or any property shall be distributed upon or with respect to the Pledged Shares pursuant to the recapitalization or reclassification of the capital of the Pledged Share Issuers or pursuant to the reorganization thereof, the property so distributed shall be delivered to the Administrative Agent to be held by it, subject to the terms hereof as part of the Pledged Shares. During the continuance of an Event of Default, if any sums of money or property so paid or distributed in respect of the Pledged Shares shall be received by Pledgor, the Pledgor shall, until such money or property is paid or delivered to the Administrative Agent, hold such money or property in trust for the Administrative Agent segregated from other funds of the Pledgor, as part of the Pledged Shares;

(b) the Pledgor shall not permit any issuance of additional shares in the capital of the Pledged Share Issuers unless all such additional shares are pledged in favour of the Secured Parties hereunder forthwith upon their issuance; and

(c) the Pledgor shall defend the Secured Parties' right, title and security interest in and to all the Pledged Shares against the claims and demands of all persons whomsoever and the Pledgor will have good title to any other shares or assets that become Pledged Shares hereunder.

ARTICLE 5
DEFAULT AND REMEDIES

5.1 Remedies

Upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement) that has not been waived in accordance with the terms of this Agreement, the security interests created hereby shall immediately become enforceable and the Administrative Agent may, forthwith or at any time thereafter, except as provided by applicable law or this Agreement, take any one or more of the following actions:

(a) dispose of the Pledged Shares by private sale, public sale or otherwise (including giving an option or options to purchase or contract to sell) upon such terms and conditions as the Administrative Agent considers to be desirable and the Administrative Agent may apply and allocate any proceeds arising from the realization of the Pledged Shares to the Obligations in such manner as the Administrative Agent, in its absolute discretion, shall deem appropriate;

(b) elect to retain the Pledged Shares or any portion thereof irrevocably by giving written notice of such election to the Pledgor and by complying with all applicable laws governing the exercise of this right;

(c) exercise any or all of the rights and privileges attaching to the Pledged Shares and deal with the Pledged Shares as if the Administrative Agent was the absolute owner thereof (including causing the Pledged Shares to be registered in the name of the Administrative Agent or its agent or nominee) and collect, draw upon, receive, appropriate and realize upon the Pledged Shares or any part thereof;

(d) file such proofs of claims or other documents as may be necessary or desirable to have their claim lodged in any bankruptcy, winding-up, liquidation, arrangement, dissolution or other proceedings (voluntary or otherwise) relating to the Pledgor;

(e) in the name of the Pledgor perform, at the Pledgor's expense, any and all obligations or covenants of the Pledgor relating to the Pledged Shares and to enforce performance by the other parties of their obligations, covenants and agreements in relation to the Pledged Shares including by the institution and prosecution of any and all actions and proceedings as may be deemed necessary or desirable, in the discretion of the Administrative Agent, for such enforcement and the settlement of any disputes with such other parties upon such terms and conditions as the Administrative Agent, in its discretion, considers to be desirable;

(f) by instrument in writing, appoint any person to be a receiver (which term shall include a receiver and manager) of the Pledged Shares or any part thereof and may remove any receiver so appointed and appoint another in its stead; and any receiver so appointed shall have the authority to do any of the acts specified in this Section 5.1 and to take possession of and collect dividends, interest, distributions and other like payments payable to the Pledgor in respect of the Pledged Shares and pay therefrom all charges relating to or in respect of the Pledged Shares; or

(g) take any other action, suit, remedy or proceeding authorized or permitted by this Agreement or by law or in equity.

5.2 Sale of Pledged Shares

To the extent permitted by applicable law, any sale referred to in Subsection 5.1(a) may be a sale of all or any portion of the Pledged Shares and may be by way of public auction, public tender, private contract or otherwise. Upon the occurrence and during the continuation of an Event of Default, any sale pursuant to this Section 5.2 may be made with or without any special condition as to the upset price, reserve bid, title or evidence of title or other matter and may be made from time to time as the Administrative Agent, in its sole discretion deems fit, with power to vary or rescind any such sale or buy in at any public sale and resell without being answerable for any loss, other than, in respect of the foregoing, such actions that are contrary to applicable law. The Administrative Agent may sell the Pledged Shares for a consideration payable by installments either with or without taking security for the payment of such installments and may make and deliver to any purchaser thereof good and sufficient deeds, assurances and conveyances of the Pledged Shares and give receipts for the purchase money, and any such sale shall be a perpetual bar, both at law and in equity, against the Pledgor and all those claiming an interest by, from, through or under the Pledgor. In the event of any sale pursuant to this Section 5.2, the Pledgor hereby covenants and agrees to provide all information, certificates and consents required under applicable securities laws or under the rules, by-laws or policies of the exchange(s) on which any of the Pledged Shares may be listed and posted for trading to permit the due and valid sale of the Pledged Shares in compliance with such laws, rules, by-laws or policies.

5.3 Obligations of the Administrative Agent

The Administrative Agent shall not be under any obligation, or be liable or accountable for any failure, to enforce payment of performance of the Obligations or to seize, collect, realize or obtain payment with respect to the Pledged Shares or to preserve any of its rights, the Pledgor's or any other person's in respect of the Pledged Shares or to exercise or exhaust any of their rights and remedies hereunder or under or with respect to the Pledged Shares and shall not be under any obligation to institute proceedings for any of such purposes. The Administrative Agent shall not be responsible for any loss occasioned by any sale or other dealing with the Pledged Shares or by retention of or failure to sell or otherwise deal therewith or be bound to protect the Pledged Shares from depreciating in value or becoming worthless other than as a result of the Administrative Agent 's wilful misconduct or gross negligence as determined pursuant to a final non-appealable order of a court of competent jurisdiction.

5.4 Redemption of Pledged Shares

At any time before the Administrative Agent has disposed of the Pledged Shares as provided for herein or before it has elected to retain all or part of the Pledged Shares irrevocably, the Pledgor may redeem the Pledged Shares by tendering payment of the aggregate amount of the outstanding Obligations at such time.

5.5 Rights and Remedies Cumulative

The rights and remedies given to the Administrative Agent hereunder shall be cumulative of and not in substitution for any rights or remedies to which the Administrative Agent may be entitled under any of the Loan Documents or any other security provided to the Administrative Agent or which may be available at law or in equity and may be exercised whether or not the Administrative Agent has pursued or is then pursuing any other such rights or remedies.

ARTICLE 6
ACKNOWLEDGEMENTS BY PLEDGOR

6.1 Acknowledgements

The Pledgor hereby:

(a) acknowledges receipt of a copy of this Agreement;

(b) agrees that the pledge created hereby or to be created shall be and be deemed to be effective whether the Obligations hereby secured or any part thereof shall be advanced before, upon or after the date of execution of this Agreement; and

(c) acknowledges and agrees that this Agreement and the rights and obligations of the Secured Parties contained in any of the Loan Documents may be assigned in whole or in part in accordance with the Credit Agreement and, in the event of any assignment, the assignee(s) shall be entitled to all the rights and remedies, and subject to the obligations, of the Administrative Agent set forth in this Agreement.

ARTICLE 7
WAIVER

7.1 Waiver by the Administrative Agent

The Administrative Agent may, in its sole discretion, at any time by written notice delivered to the Pledgor, waive in whole or in part any breach of this Agreement, any Event of Default or any rights and remedies hereunder or otherwise and may grant extensions of time or other indulgences to, accept compositions from or grant releases and discharges to the Pledgor in respect of the collateral or otherwise deal with the Pledgor or with the Pledged Shares and any security held by the Administrative Agent as it may see fit without prejudice to the liability of the Pledgor hereunder. The Pledgor hereby agrees that any such waiver shall not be a waiver of any other or subsequent breach of this Agreement or Event of Default and that any failure by the Administrative to exercise any of its rights or remedies hereunder or otherwise shall in no way affect or impair the Administrative Agent's security interest or the rights and remedies of the Administrative Agent hereunder or otherwise.

7.2 Waivers in Writing

No term, condition or provision hereof or any right hereunder, or in respect thereof, shall be, or shall be deemed to have been, waived by the Administrative Agent, except by express written waiver signed by the Administrative Agent, all such waivers to extend only to the particular circumstances therein specified.

ARTICLE 8
EFFECTIVE DATE AND TERMINATION

8.1 Effective Date

This Agreement shall become effective as of the date first written above. This Agreement and the security interests created hereunder are in addition to and not in substitution for any other security granted by the Pledgor to the Secured Parties, whether before or after the execution of this Agreement. The security interest shall be a general and continuing security interest and shall continue in full force and effect until terminated as provided in Section 8.2.

8.2 Termination

This Agreement may be terminated by written agreement made between the Pledgor and the Secured Parties at any time when all of the Obligations have been fully paid or satisfied and all commitments or other obligations under the Loan Documents have been terminated or cancelled and the Pledgor is entitled to obtain the release of the Pledged Shares or any part thereof from the security interests granted hereunder in accordance with the terms of the Credit Agreement or other document, as applicable.

ARTICLE 9
POWER OF ATTORNEY

9.1 Power of Attorney

The Pledgor hereby irrevocably constitutes and appoints the Administrative Agent and any one of its directors and officers holding office from time to time and its nominees and agents as the true and lawful attorney of the Pledgor with full power of substitution in the name of the Pledgor to do any and all such acts and things or execute and deliver all such agreements, documents and instruments as the Administrative Agent, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise its rights and remedies hereunder, including without in any way limiting the generality of the foregoing: (i) transferring any or all of the Pledged Shares into the name of the Administrative Agent or to any person who acquires the same pursuant to the provisions of Section 5.1; (ii) endorsing, negotiating or redeeming any Pledged Shares; (iii) exercising any voting rights associated with the Pledged Shares and executing any proxies or similar instruments in furtherance thereof; and (iv) realizing or collecting any proceeds or any dividends, principle, interest or other payments in respect of the Pledged Shares; provided that such power of attorney shall not be exercised until an Event of Default has occurred and so long as the same is continuing. The Pledgor hereby ratifies and agrees to ratify all lawful acts of any such attorney taken or done in accordance with this Section 9.1. This power of attorney being coupled with an interest and given for valuable consideration (the receipt and adequacy of which is acknowledged) shall not be revoked or terminated by any act or thing and shall remain in full force and effect until this Agreement has been terminated.

ARTICLE 10
NOTICE

10.1 Notice

All notices, requests and demands hereunder shall be validly given if made in accordance with the notice provisions set out in the Credit Agreement.

ARTICLE 11
MISCELLANEOUS

11.1 Further Assurances

The Pledgor will, from time to time at the request of the Administrative Agent, make and do all such acts and things and execute and deliver all such instruments, agreements and documents as the Administrative Agent shall reasonably

request by notice in writing given to the Pledgor in order to give control (as defined in the STA) over the Pledged Shares, to create, preserve, perfect, validate or otherwise protect the security interests created hereunder, to enable the Administrative Agent to exercise and enforce any of its rights and remedies hereunder and generally to carry out the provisions and intentions of this Agreement.

11.2 Entire Agreement

This Agreement contains the entire agreement between the parties relating to the security interests granted in this Agreement. Any modification of this Agreement shall not be binding unless in writing and signed by the Administrative Agent and the Pledgor. There are no representations, warranties, covenants or acknowledgements affecting, or relied upon in connection with the entering into, this Agreement or any secured property, other than as expressed in this Agreement in writing.

11.3 Security Interests Effective Immediately

Neither the execution of, nor any filing with respect to, this Agreement shall obligate the Secured Parties to make any advance or loan or further advance, or bind the Secured Parties to grant or extend any credit pursuant to the Credit Agreement, but the security interest granted pursuant to this Agreement shall take effect forthwith upon the execution of this Agreement by the Pledgor.

11.4 Filings

The Pledgor authorizes the Administrative Agent to make such registrations, filings or recordings or such re-registrations, re-filings or re-recordings against the Pledgor as it may deem necessary or appropriate to perfect or secure the security interest created hereunder.

11.5 Amendments

This Agreement may not be modified or amended except in writing and executed by the parties hereto.

11.6 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

11.7 Attornment

Each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of the Superior Court of Justice (Ontario) in the Province of Ontario for the purposes of any legal or equitable suit, action or proceeding in connection with this Agreement.

11.8 Severability

If any term, covenant, obligation or agreement contained in this Agreement, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term, covenant, obligation or agreement to persons or circumstances other than those held to be invalid or unenforceable, shall not be affected thereby and each term, covenant, obligation or agreement herein contained shall be separately valid and enforceable to the fullest extent permitted by law.

11.9 Time

Time shall be of the essence of this Agreement.

11.10 Agreement Paramount

In the event of any conflict, inconsistency, ambiguity or difference between the provisions of this Agreement and of the Credit Agreement, then the provisions of the Credit Agreement shall govern and be paramount, and any such provision in this Agreement shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference. Notwithstanding the foregoing, if there is any right or remedy of the Administrative Agent set out in this Agreement or any part thereof which is not set out or provided for in the Credit Agreement, such additional right or remedy shall not constitute a conflict, inconsistency, ambiguity or difference.

11.11 Amendment and Restatement

The parties hereto agree as follows:

(a) this agreement amends, restates and replaces the Original Share Pledge Agreement in its entirety; and

(b) this agreement does not novate, substitute, terminate, discharge or release the indebtedness, liabilities and obligations of the undersigned under the Original Share Pledge Agreement, all of which shall remain in full force and effect, except as amended and restated hereby.

11.12 Enurement

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns except that the Pledgor shall not have the right to assign its rights or obligations hereunder or any interest herein except as provided for in the Credit Agreement. The Administrative Agent may assign its respective rights or obligations hereunder or any interest herein in accordance with the terms of the Credit Agreement.

11.12 Reassignment

Upon the full, indefeasible and final satisfaction of the Obligations, the Administrative Agent shall, within a reasonable time following its receipt of a written request from the Pledgor, and at the sole cost and expense of the Pledgor, reassign any and all interest in the Pledged Shares hereby assigned to the Administrative Agent including, without limitation, all of the Secured Parties' rights, benefits, title and interest in and to the Pledged Shares hereby assigned, and execute all security registration discharges in respect thereof and such other documents or instruments as the Pledgor may reasonably require and redeliver to the Pledgor, or as the Pledgor may otherwise direct the Administrative Agent, any Pledged Shares in its possession.

11.13 Counterparts

This Agreement, or any amendment to it, may be executed in multiple counterparts, each of which shall be deemed to be an original agreement. All counterparts shall be construed together and shall constitute one and the same agreement. Any delivery of an executed copy of this Agreement by way of telecopy or facsimile or pdf shall constitute delivery hereof, provided that any party delivering by way of telecopy or facsimile or pdf shall, as soon as reasonably practicable, deliver the original executed copy to the other parties.

[*Signature Page Follows*]

IN WITNESS WHEREOF this Share Pledge Agreement has been executed by the Pledgor on the 7th day of October, 2022.

2675970 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

Each Pledged Share Issuer hereby acknowledges and agrees to be bound (insofar as it is concerned) by the terms of this Share Pledge Agreement.

2161907 ALBERTA LTD.

By: Jürgen Schreiber
Name: Jürgen Schreiber
Title: Chief Executive Officer

2733181 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2733182 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS PROGRAMS LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2737503 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

OEG RETAIL CANNABIS HR SERVICES LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS-IP HOLDINGS LTD.

By: Shawna K. Vogel
Name: Shawna K. Vogel
Title: Secretary

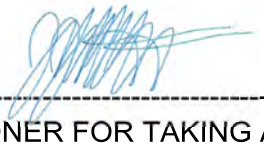
2826475 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

SCHEDULE A

PLEDGED SHARE ISSUER	NUMBER AND CLASS OF SHARES	% of Shares Owned by Pledgor
2733182 ONTARIO INC.	Share Certificate No. C-1, representing 100 common shares.	100%
2733181 ONTARIO INC.	Share Certificate No. C-1, representing 100 common shares.	100%
2737503 ONTARIO INC.	Share Certificate No. C-1, representing 100 common shares.	100%
2161907 ALBERTA LTD.	Share Certificate No. A-2, representing 100 class A shares.	100%
TS PROGRAMS LTD.	Share Certificate No. A-1, representing 100 Class A shares	100%
TS-IP HOLDINGS LTD.	Share Certificate No. A-1, representing 100 Class A shares	100%
2826475 ONTARIO INC.	Share Certificate No. C-1, representing 100 Common shares	100%
OEG RETAIL CANNABIS HR SERVICES LTD.	Share Certificate No. C-1, representing 100 Common shares	100%

THIS IS **EXHIBIT "H"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

Execution Version

BMO Bank of Montreal

Amended and Restated Guarantee for Indebtedness of an Incorporated Company

To: BANK OF MONTREAL, in its capacity as administrative agent for itself and on behalf of the Lenders (as defined in the Credit Agreement) (the "**Administrative Agent**")

Reference is made to the second amended and restated credit agreement dated October 7, 2022 (as amended, supplemented or restated, collectively the "**Credit Agreement**") made among 2675970 Ontario Inc., as borrower, the guarantors party thereto from time to time, as guarantors, and the Bank of Montreal, as administrative agent (the "**Administrative Agent**") for itself and on behalf of the lenders named therein (whom, collectively with the Administrative Agent are the "**Secured Parties**")

IN CONSIDERATION of the Secured Parties agreeing to establish credit facilities in favour of 2675970 Ontario Inc. (the "**Customer**"), and in order to induce the Lenders to make Advances from time to time, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby jointly and severally (solidarily in the Province of Québec) guarantees payment to the Secured Parties of all Obligations (as defined in the Credit Agreement). The liability of the undersigned (or each undersigned, if more than one) under this Guarantee is unlimited, together with reasonable legal or other costs, charges and expenses. The liability of the undersigned to make payment under this Guarantee shall arise immediately after demand for payment under this Guarantee has been made in writing by the Administrative Agent on the undersigned or any one of them, if more than one.

IT IS AGREED that no change in the name, objects, capital stock, ownership, control or constitution of the Customer shall in any way affect the liability of the undersigned with respect to transactions occurring either before or after any such change. If the Customer amalgamates with one or more other corporations this Guarantee shall continue and apply to all debts and liabilities owing to the Secured Parties by the corporation continuing from the amalgamation. The Secured Parties shall not be required to inquire into or confirm the powers of the Customer or any of its directors or other agents acting or purporting to act on its behalf, and all amounts, liabilities, advances, renewals and credits in fact incurred, borrowed or obtained from the Secured Parties shall be deemed to form part of the debts and liabilities hereby guaranteed, notwithstanding whether incurring such debts or liabilities exceeded the powers of the Customer or of its directors or agents, or was in any way irregular, defective or improper.

IT IS FURTHER AGREED that the undersigned shall be liable to the Secured Parties in respect of all debts and liabilities, subject to the limitation, if any, set forth in the first paragraph of this Guarantee, stated to be owing to the Secured Parties by the Customer under the Credit Agreement and other Loan Documents (as defined in the Credit Agreement), notwithstanding whether any such agreement or any provision thereof is invalid, void, illegal, or unenforceable and notwithstanding whether such agreement was properly completed, entered into or authorized. Subject to the limitation, if any, set forth in the first paragraph of this Guarantee, the undersigned shall indemnify and save the Secured Parties harmless from any losses which may arise by virtue of any debts and liabilities stated to be owing to the Secured Parties by the Customer under the Credit Agreement and other Loan Documents (as defined in the Credit Agreement), being or becoming for any reason whatsoever in whole or in part (a) void, voidable, null, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable in accordance with its terms, or (b) released or discharged by operation of law (all of the foregoing being an "**Indemnifiable Circumstance**"). For greater certainty, the losses shall include the amount of all debts and liabilities owing to the Secured Parties by the Customer which would have been payable by the Customer but for the Indemnifiable Circumstance. Nothing set out herein shall be interpreted as requiring any debts or liabilities which are hereby guaranteed to be documented by written agreement between the Secured Parties and the Customer.

IT IS FURTHER AGREED that the Secured Parties, without the consent of the undersigned and without exonerating in whole or in part the undersigned, may grant time, renewals, extensions, indulgences, releases and discharges to, may abstain from taking, perfecting or realizing upon security from, may release security to, may accept compositions from, and may otherwise change the terms of any of the debts and liabilities hereby guaranteed and otherwise deal with, the Customer and all other persons (including any other undersigned and any other guarantor) and security as the Secured Parties may see fit. No loss or diminution of any security received by the

Secured Parties from the Customer or others, whether the loss or diminution is due to the fault of any Secured Party or otherwise, shall in any way limit or lessen the liability of the undersigned under this Guarantee. All dividends, compositions, and amounts received by the Secured Parties from the Customer or from any other person or estate capable of being applied by the Secured Parties in reduction of the debts and liabilities hereby guaranteed, shall be regarded for all purposes as payments in gross, and the Secured Parties shall be entitled to prove against the estate of the Customer upon any insolvency or winding-up in respect of the whole of said debts and liabilities, and the undersigned shall have no right to be subrogated to the Secured Parties in respect of any such proof until each Secured Party has received from such estate payment in full of its claim with interest.

AND IT IS FURTHER AGREED that this shall be a continuing guarantee, and shall guarantee any ultimate balance owing to the Secured Parties, including all reasonable costs, charges and expenses which the Secured Parties may incur in enforcing or obtaining payment of amounts due to the Secured Parties from the Customer either alone or in conjunction with any other person or otherwise howsoever, or attempting to do so. The Secured Parties shall not be obliged to seek recourse against the Customer or any other person or realize upon any security it may hold before being entitled to payment from the undersigned of all debts and liabilities hereby guaranteed. The undersigned hereby renounces the benefits of discussion and division. The undersigned renounces claiming or setting up against the Secured Parties any right which such undersigned may have to be subrogated in any of the rights, hypothecs, privileges and other security held from time to time by the Secured Parties. A written statement from any manager or acting manager of any Secured Party purporting to show the amount at any particular time due and payable to such Secured Party, and guaranteed by this Guarantee shall be, in the absence of any manifest error, conclusive evidence as against the undersigned that such amount is at such time so due and payable to such Secured Party and is guaranteed hereby.

Insert name of Canadian Province in which Customer's account with the Bank is kept at the time Guarantee is given

THIS CONTRACT shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and for the purpose of legal proceedings this contract shall be deemed to have been made in the said province and to be performed there, and the courts of that province shall have non-exclusive jurisdiction over all disputes which may arise under this contract, provided always that nothing herein contained shall prevent a Secured Party from proceeding at its election against the undersigned in the courts of any other province or country.

IF ANY PROVISION of this Guarantee is determined to be unenforceable, prohibited, invalid or illegal, it shall be severed from this Guarantee solely to the extent of such unenforceability, prohibition, invalidity or illegality and the remainder of such provision and the remainder of this Guarantee shall be unaffected thereby.

ALL DEBTS AND LIABILITIES present and future of the Customer to the undersigned are hereby assigned (to the extent permitted by applicable law) to the Administrative Agent and postponed to the debts and liabilities of the Customer to the Secured Parties under the Credit Agreement and other Loan Documents (as defined in the Credit Agreement) and, except for such amounts that constitute a distribution, interest or principal payment permitted under the Credit Agreement, all such amounts paid to the undersigned or its assigns shall be received on behalf of and in trust for the Secured Parties and shall immediately be paid over to the Administrative Agent. Any request by the undersigned to the Administrative Agent for useful information respecting the content and the terms and conditions of the debts and liabilities of any the Customer hereby guaranteed or the progress made in their performance, shall be made in writing by such undersigned to the Administrative Agent.

THE UNDERSIGNED acknowledges that this Guarantee has been delivered free of any conditions and that no representations have been made to the undersigned affecting the liability of the undersigned under this Guarantee save as may be specifically embodied herein and agrees that this Guarantee is in addition to and not in substitution for any other guarantees now or subsequently held by the Secured Parties.

THE UNDERSIGNED represents and warrants that (i) it fully understands the provisions of this Guarantee and its obligations hereunder; (ii) it has been afforded the opportunity to engage independent legal counsel, at its own expense, to explain the provisions of this Guarantee and its obligations hereunder; and (iii) it has either engaged legal counsel in connection with its execution of this Guarantee or has decided, at its sole discretion, not to do so.

THE UNDERSIGNED agrees, without limitation of the rights of the Secured Parties under applicable law, that the Secured Parties may apply any amounts owing to, or sum standing to the credit of, the undersigned with any

office, branch, subsidiary or affiliate of the Secured Parties to the payment when due of any amount owing by the undersigned hereunder. For this purpose, the Secured Parties may convert any such amount or sum into the currency of the amount owing hereunder at a rate of exchange at which the applicable Secured Party could purchase the relevant currency on the relevant date acting in good faith.

THIS GUARANTEE shall remain in effect notwithstanding any change in the circumstances having led the undersigned to execute this Guarantee and notwithstanding the termination of or a change in the office or duties of such undersigned or in any relationship between such undersigned and the Customer.

THE UNDERSIGNED acknowledges and agrees that the Secured Parties may make a claim or demand payment hereunder notwithstanding any limitation period regarding such claim or demand set forth in the *Limitations Act, 2002* (Ontario) or under any other applicable law with similar effect and, to the maximum extent permitted by applicable law, any limitations periods set forth in such act or applicable law are hereby explicitly excluded or, if excluding such limitations periods is not permitted by such actor applicable law, are hereby extended to the maximum limitation period permitted by such act or applicable law. For greater certainty, the undersigned acknowledges and agrees that this Guarantee is a "business agreement" as defined under Section 22 of the *Limitations Act, 2002* (Ontario).

THE UNDERSIGNED acknowledges and agrees that this Guarantee (1) amends, restates and replaces, in the entirety, the guarantees granted by each of the undersigned to the Administrative Agent under or in connection with the amended and restated credit agreement dated October 1, 2020 (as amended, supplemented or restated) made among 2161907 Alberta Ltd., 2733181 Ontario Inc., 2733182 Ontario Inc., and 2737503 Ontario Inc., as borrowers, and 2675970 Ontario Inc., as a guarantor, and Administrative Agent, and (2) does not novate, substitute, terminate, discharge or release the indebtedness, liabilities and obligations of the undersigned under such guarantees, all of which shall remain in full force and effect, except as amended and restated hereby.

IN THIS GUARANTEE, unless the context otherwise requires, references to the undersigned shall be interpreted as referring to each of the undersigned if there is more than one undersigned.

THIS GUARANTEE may be executed by original, facsimile or pdf signature, which when so executed shall be deemed to be an original.

THIS GUARANTEE shall be binding upon the undersigned and its successors and assigns and shall inure to the benefit of the Secured Parties and their respective successors, transferees and assigns. The undersigned may not assign its rights and/or obligations under this Guarantee or any interest herein without the prior written consent of the Secured Parties, and the Secured Parties may assign their rights and obligations under this Guarantee in accordance with the Credit Agreement. The liquidation, dissolution or termination of the undersigned shall not terminate this Guarantee.

This clause applies to the Province of Quebec only

It is the express wish of the parties hereto that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

[*Signature Page Follows*]

IN WITNESS WHEREOF the undersigned have executed and delivered this Guarantee on the 7th day of October, 2022.

2675970 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2733181 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2733182 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2161907 ALBERTA LTD.

By: Jürgen Schreiber
Name: Jürgen Schreiber
Title: Chief Executive Officer

2737503 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2699078 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2197130 ALBERTA LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2708540 ONTARIO CORPORATION

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS-IP HOLDINGS LTD.

By: Shawna K. Vogel
Name: Shawna K. Vogel
Title: Secretary

TS PROGRAMS LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2826475 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS WELLINGTON INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2734082 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2796279 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2742591 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

BMO Bank of Montreal

Execution Version
Ontario Personal Property Security Act Security Agreement

AMENDED AND RESTATED SECURITY AGREEMENT

Reference is made to the second amended and restated credit agreement dated October 7, 2022 (as amended, supplemented or restated, collectively the "**Credit Agreement**") made among 2675970 Ontario Inc., as borrower, the guarantors party thereto from time to time, as guarantors, and the Bank of Montreal, as administrative agent (the "**Administrative Agent**") for itself and on behalf of the lenders named therein (whom, collectively with the Administrative Agent are the "**Secured Parties**").

Each of the undersigned (collectively the "**Debtors**" and each a "**Debtor**") hereby enters into this Amended and Restated Security Agreement with the Administrative Agent for valuable consideration and as security for the payment and performance of its Obligations (as defined in the Credit Agreement). This Amended and Restated Security Agreement is entered into pursuant to and is governed by the *Personal Property Security Act* (Ontario) insofar as it affects personal property located in Ontario.

List all premises and asset locations, by schedule, if necessary

1. Each Debtor hereby represents and warrants to the Administrative Agent that it has assets at the following locations in Ontario and Alberta:

As set forth in the Information Certificate delivered by such Debtor to the Administrative Agent on the date hereof.

Attach a schedule, if equipment is to be listed

2. Each Debtor hereby:

(a) mortgages and charges to the Administrative Agent as and by way of a fixed and specific mortgage and charge, and grants to the Administrative Agent a security interest in, all its present and future equipment and any proceeds therefrom, including, without limiting the generality of the foregoing, all fixtures, plant, machinery, tools and furniture now or hereafter owned or acquired or in respect of which such Debtor has rights now or in the future and any equipment specifically listed or otherwise described in any schedule hereto;

(b) mortgages and charges to the Administrative Agent, and grants to the Administrative Agent a security interest in, all its present and future inventory and any proceeds therefrom, including, without limiting the generality of the foregoing, all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service;

(c) assigns to the Administrative Agent and grants to the Administrative Agent a security interest in, all its present and future intangibles and any proceeds therefrom, including, without limiting the generality of the foregoing, all its present and future accounts, accounts receivable, client lists, client records, client files, contract rights and other choses in action of every kind or nature now due or hereafter to become due, including insurance rights arising from or out of the assets referred to in sub-clauses (a) and (b) above;

(d) grants, mortgages, charges, transfers and assigns to the Administrative Agent a security interest in, all its present and future chattel papers, documents of title, instruments, money and securities, and any proceeds therefrom; and

(e) charges in favour of the Administrative Agent as and by way of a floating charge its undertaking and all its property and assets, real and personal, moveable or immoveable, of whatsoever nature and kind, both present and future (other than property and assets hereby validly assigned or subjected to a specific mortgage and charge and to the exceptions hereinafter contained). For the purposes of this Amended and Restated Security Agreement, the equipment, inventory, intangibles, undertaking and all other property and assets of the Debtors referred to in this clause 2 are hereinafter sometimes collectively called the "**Collateral**". Without limiting the generality of the description of

Collateral as set out in this clause 2, and for greater certainty, the Collateral shall include all present and future personal property of each Debtor of the type described in any schedule attached hereto but shall exclude any lease, license, permit or agreement (the "**Contractual Rights**") to which such Debtor is a party or of which such Debtor has the benefit, to the extent that the creation of a mortgage, charge, transfer, assignment or security interest in such Contractual Rights (i) would constitute a breach of the terms of or, permit any person to terminate, such Contractual Rights, (ii) is permitted only with the consent of the other party thereto, which consent has not been obtained, or (iii) would constitute a breach of or violation under any law, rule, statute or regulation to which any Debtor is subject. Each Debtor agrees that it, upon request in writing by the Administrative Agent, shall use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the security interest granted hereby under this Amended and Restated Security Agreement and until such consent is obtained, each Debtor shall hold its interest therein in trust for the Administrative Agent and shall assign as security such Contractual Rights to the Administrative Agent forthwith upon obtaining the consent of the other party thereto. Each Debtor agrees that it shall promptly advise the Administrative Agent in writing of any acquisition of personal property which is not of the type herein described. Each Debtor agrees to execute and deliver from time to time, at its own expense, amendments to this Amended and Restated Security Agreement or additional security agreements, which may be reasonably required by the Administrative Agent to ensure attachment of security interests in such personal property.

3. The Collateral is on the date hereof primarily situate or located at the location(s) set out in clause 1 hereof but may from time to time be located at other premises of the Debtor. The Collateral may also be located at other places while in transit to and from such locations and premises; and the Collateral may from time to time be situate or located at any other place when on lease or consignment to any lessee or consignee from the Debtor.

4. It is hereby declared that the last day of any term of years reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by any Debtor, is hereby or shall be excepted out of the mortgages, charges and security interests hereby created; however, upon enforcement of Administrative Agent's rights hereunder, Administrative Agent shall stand possessed of such last day in trust to assign the same to any person acquiring such term. There shall also be excluded from the security created by this Amended and Restated Security Agreement any property of any Debtor that constitutes consumer goods for the personal use of such Debtor.

5. The Debtors shall not without the prior written consent of the Administrative Agent sell or dispose of any of the Collateral except as permitted under the Credit Agreement and other than that described in sub-clause (b) of clause 2 above which may be sold only in the ordinary course of business and for the purpose of carrying on the same; and if the amounts of any of the intangibles referred to in sub-clause (c) of clause 2 above or any proceeds arising from the Collateral described in sub-clauses (a) and (b) of clause 2 above shall be paid to the Debtors, the Debtors shall receive the same as agent of the Administrative Agent and forthwith pay over the same to the Administrative Agent to the extent required by the Credit Agreement. The Debtors shall not without the prior written consent of the Administrative Agent create any liens other than Permitted Liens (as defined in the Credit Agreement) upon or assign or transfer as security or pledge or hypothecate as security or create a security interest in the Collateral except to the Administrative Agent. Each Debtor agrees that the Administrative Agent may, during the continuance of an Event of Default, require any account debtor of such Debtor to make payment to the Administrative Agent and the Administrative Agent may take control of any proceeds referred to in sub-clauses (a), (b) and (c) of clause 2 hereof and may hold all amounts received from any account debtors and any proceeds as cash collateral as part of the Collateral and as security for the Obligations of the Debtors to the Administrative Agent.

6. Each Debtor shall notify the Administrative Agent promptly (and in any event, at least 30 days prior to the taking effect of any of the following changes), in reasonable detail, of any of the following: (a) any change in the location of the jurisdiction of incorporation or amalgamation, registered office, head office, chief executive office or domicile of such Debtor; (b) any change in the name of such Debtor; (c) any merger, consolidation or amalgamation of such Debtor with any other person; (d) any additional jurisdiction in which such Debtor carries on business or has tangible personal property; or (e) any acquisition of any intellectual property rights which are the subject of a registration or application with any governmental intellectual property authority or other governing body or registry. Provided each Debtor (i) provides notice to the Administrative Agent to the extent required under this clause 6, (ii) has obtained Administrative Agent's prior written consent to the extent required under the Credit Agreement, and (iii)

is otherwise in compliance with its covenants set out in the Credit Agreement, such Debtor shall not be responsible for completing any filings or other actions that are required in order for the Administrative Agent to continue at all times following such change to have a valid and perfected first priority security interest with respect to all of the Collateral of such Debtor.

7. The Debtors shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all and singular every such further acts, deeds, assignments, security agreements and assurances as the Administrative Agent may reasonably require for the better granting, assigning, charging, setting over, assuring and confirming unto the Administrative Agent the property and assets hereby mortgaged and charged or subjected to security interests or intended so to be or which the Debtors may hereafter become bound to mortgage, charge, assign or subject to a security interest in favour of the Administrative Agent and for the better accomplishing and effectuating of this Amended and Restated Security Agreement.

8. The Debtors shall at all times upon request by the Administrative Agent furnish the Administrative Agent with such information concerning the Collateral and the Debtors' affairs and business as the Administrative Agent may reasonably request, including lists of inventory and equipment and lists of accounts and accounts receivable showing the amounts owing upon each account and securities therefor and copies of all financial statements, books and accounts, invoices, letters, papers and other documents in any way evidencing the account.

9. This Agreement may be terminated by written agreement made between the Debtors and the Secured Parties at any time when all of the Obligations have been fully paid or satisfied and all commitments or other obligations under the Loan Documents have been terminated or cancelled and the Debtors are entitled to obtain the release of the Collateral or any part thereof from the security interests granted hereunder in accordance with the terms of the Credit Agreement or other document, as applicable.

10. This Agreement is enforceable upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement). Upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement), the Administrative Agent may declare any or all of the Obligations to be immediately due and payable and may proceed to realize the security hereby constituted and to enforce its rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Administrative Agent or not, and the Administrative Agent may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtors. Any such receiver or receivers so appointed shall have power to take possession of the Collateral or any part thereof and to carry on the business of the Debtors, and to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtors, and to further charge the Collateral in priority to the security constituted by this Amended and Restated Security Agreement as security for money so borrowed, and to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as such receiver shall determine. In exercising any powers any such receiver or receivers shall act as agent or agents for the Debtor and the Administrative Agent shall not be responsible for his or their actions.

In addition, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may enter upon the applicable premises and lease or sell the whole or any part or parts of the Collateral. Each Debtor agrees that considering the nature of that part of the Collateral that is not perishable it will be commercially reasonable to sell such part of the Collateral:

(a) as a whole or in various lots;

(b) by a public sale or call for tenders by advertising such sale once in a local daily newspaper at least seven (7) days before such sale; and

(c) by private sale after the receipt by the Administrative Agent of at least two offers from prospective purchasers who may include persons related to or affiliated with the Debtors or other customers of the Administrative Agent.

Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Administrative Agent in its sole discretion may seem advantageous and such sale may take place whether or not the Administrative Agent has taken possession of such property and assets.

No remedy for the realization of the security hereof or for the enforcement of the rights of the Administrative Agent shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this Amended and Restated Security Agreement includes a receiver and manager.

11. The Debtors acknowledge and agree that this Amended and Restated Security Agreement (1) amends, restates and replaces, in the entirety, the security agreements granted by each of the Debtors to the Administrative Agent under or in connection with the amended and restated credit agreement dated October 1, 2020 (as amended, supplemented or restated) made among 2161907 Alberta Ltd., 2733181 Ontario Inc., 2733182 Ontario Inc., and 2737503 Ontario Inc., as borrowers, and 2675970 Ontario Inc., as a guarantor, and Administrative Agent, and (2) does not novate, substitute, terminate, discharge or release the indebtedness, liabilities and obligations of the Debtors under the such security agreements, all of which shall remain in full force and effect, except as amended and restated hereby.

12. Any and all payments made in respect of the Obligations from time to time and moneys realized from any securities held therefor (including moneys realized on any enforcement of this Amended and Restated Security Agreement) may be applied to such part or parts of the Obligations as the Administrative Agent may see fit, and the Administrative Agent shall at all times and from time to time have the right to change any appropriation as the Administrative Agent may see fit.

13. Each Debtor agrees to pay all reasonable and documented out-of-pocket expenses, including solicitor's fees and disbursements and the remuneration of any receiver appointed hereunder, incurred by the Administrative Agent in the preparation, perfection and enforcement of this Amended and Restated Security Agreement, including all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its agents to put into place and confirm the priority of any security interest in this Amended and Restated Security Agreement and the payment of such expenses shall be secured hereby.

14. The Administrative Agent may waive any default herein referred to; provided always that no act or omission by the Administrative Agent in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or the rights resulting therefrom.

15. Each Debtor acknowledges that value has been given, that it has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Amended and Restated Security Agreement.

16. The security hereof is in addition to and not in substitution for any other security now or hereafter held by the Administrative Agent and shall be general and continuing security notwithstanding that the Obligations of the Debtors shall at any time or from time to time be fully satisfied or paid.

17. Nothing herein shall obligate the Secured Parties to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness or liability of the Debtors to the Secured Parties.

18. This Amended and Restated Security Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the Debtors and the Administrative Agent.

19. This Amended and Restated Security Agreement is a security agreement within the meaning of the *Personal Property Security Act* (Ontario) and does not constitute an acknowledgement of any particular indebtedness or liability of the Debtors to the Secured Parties.

20. This Amended and Restated Security Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

21. Each Debtor Acknowledges receipt of a copy of this agreement.

22. In construing this Amended and Restated Security Agreement, terms herein shall have the same meaning as defined in the *Personal Property Security Act* (Ontario), unless the context otherwise requires. The word "Debtor", the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more individuals, corporations or partnerships and, if more than one, shall apply and be binding upon each of them severally. The term "successors" shall include, without limiting its meaning, any corporation resulting from the amalgamation of a corporation with another corporation and, where the Debtor is a partnership, any new partnership resulting from the admission of new partners or any other change in the Debtor, including, without limiting the generality of the foregoing, the death of any or all of the partners.

23. This Amended and Restated Security Agreement may be executed by original, facsimile or pdf signature, which when so executed shall be deemed to be an original.

24. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Credit Agreement, the terms of the Credit Agreement shall govern to the extent necessary to remove the conflict or inconsistency.

[Signature pages follow]

BMO Bank of Montreal

Ontario Personal Property Security Act Security Agreement

IN WITNESS WHEREOF this Amended and Restated Security Agreement has been executed by the Debtor on the 7th day of October, 2022.

To be signed by Debtor; if Debtor is a corporation ensure signatures are authorized and if Debtor is a corporation with a corporate seal, affix Corporate Seal;

2675970 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2733181 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2733182 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2161907 ALBERTA LTD.

By: Jürgen Schreiber
Name: Jürgen Schreiber
Title: Chief Executive Officer

2737503 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2699078 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2197130 ALBERTA LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2708540 ONTARIO CORPORATION

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS-IP HOLDINGS LTD.

By: Shawna K. Vogel
Name: Shawna K. Vogel
Title: Secretary

TS PROGRAMS LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2826475 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS WELLINGTON INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2734082 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

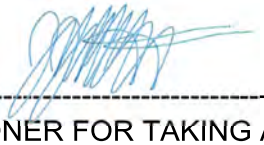
2796279 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2742591 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

THIS IS **EXHIBIT "I"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

Execution Version

BMO Bank of Montreal

Guarantee for Indebtedness of an Incorporated Company

To: BANK OF MONTREAL, in its capacity as administrative agent for itself and on behalf of the Lenders (as defined in the Credit Agreement) (the "**Administrative Agent**")

Reference is made to the second amended and restated credit agreement dated October 7, 2022 (as amended, supplemented or restated, collectively the "**Credit Agreement**") made among 2675970 Ontario Inc., as borrower, the guarantors party thereto from time to time, as guarantors, and the Bank of Montreal, as administrative agent (the "**Administrative Agent**") for itself and on behalf of the lenders named therein (whom, collectively with the Administrative Agent are the "**Secured Parties**")

IN CONSIDERATION of the Secured Parties agreeing to establish credit facilities in favour of 2675970 Ontario Inc. (the "**Customer**"), and in order to induce the Lenders to make Advances from time to time, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby jointly and severally (solidarily in the Province of Québec) guarantees payment to the Secured Parties of all Obligations (as defined in the Credit Agreement). The liability of the undersigned (or each undersigned, if more than one) under this Guarantee is unlimited, together with reasonable legal or other costs, charges and expenses. The liability of the undersigned to make payment under this Guarantee shall arise immediately after demand for payment under this Guarantee has been made in writing by the Administrative Agent on the undersigned or any one of them, if more than one.

IT IS AGREED that no change in the name, objects, capital stock, ownership, control or constitution of the Customer shall in any way affect the liability of the undersigned with respect to transactions occurring either before or after any such change. If the Customer amalgamates with one or more other corporations this Guarantee shall continue and apply to all debts and liabilities owing to the Secured Parties by the corporation continuing from the amalgamation. The Secured Parties shall not be required to inquire into or confirm the powers of the Customer or any of its directors or other agents acting or purporting to act on its behalf, and all amounts, liabilities, advances, renewals and credits in fact incurred, borrowed or obtained from the Secured Parties shall be deemed to form part of the debts and liabilities hereby guaranteed, notwithstanding whether incurring such debts or liabilities exceeded the powers of the Customer or of its directors or agents, or was in any way irregular, defective or improper.

IT IS FURTHER AGREED that the undersigned shall be liable to the Secured Parties in respect of all debts and liabilities, subject to the limitation, if any, set forth in the first paragraph of this Guarantee, stated to be owing to the Secured Parties by the Customer under the Credit Agreement and other Loan Documents (as defined in the Credit Agreement), notwithstanding whether any such agreement or any provision thereof is invalid, void, illegal, or unenforceable and notwithstanding whether such agreement was properly completed, entered into or authorized. Subject to the limitation, if any, set forth in the first paragraph of this Guarantee, the undersigned shall indemnify and save the Secured Parties harmless from any losses which may arise by virtue of any debts and liabilities stated to be owing to the Secured Parties by the Customer under the Credit Agreement and other Loan Documents (as defined in the Credit Agreement), being or becoming for any reason whatsoever in whole or in part (a) void, voidable, null, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable in accordance with its terms, or (b) released or discharged by operation of law (all of the foregoing being an "**Indemnifiable Circumstance**"). For greater certainty, the losses shall include the amount of all debts and liabilities owing to the Secured Parties by the Customer which would have been payable by the Customer but for the Indemnifiable Circumstance. Nothing set out herein shall be interpreted as requiring any debts or liabilities which are hereby guaranteed to be documented by written agreement between the Secured Parties and the Customer.

IT IS FURTHER AGREED that the Secured Parties, without the consent of the undersigned and without exonerating in whole or in part the undersigned, may grant time, renewals, extensions, indulgences, releases and discharges to, may abstain from taking, perfecting or realizing upon security from, may release security to, may accept compositions from, and may otherwise change the terms of any of the debts and liabilities hereby guaranteed and otherwise deal with, the Customer and all other persons (including any other undersigned and any other guarantor) and security as the Secured Parties may see fit. No loss or diminution of any security received by the

Secured Parties from the Customer or others, whether the loss or diminution is due to the fault of any Secured Party or otherwise, shall in any way limit or lessen the liability of the undersigned under this Guarantee. All dividends, compositions, and amounts received by the Secured Parties from the Customer or from any other person or estate capable of being applied by the Secured Parties in reduction of the debts and liabilities hereby guaranteed, shall be regarded for all purposes as payments in gross, and the Secured Parties shall be entitled to prove against the estate of the Customer upon any insolvency or winding-up in respect of the whole of said debts and liabilities, and the undersigned shall have no right to be subrogated to the Secured Parties in respect of any such proof until each Secured Party has received from such estate payment in full of its claim with interest.

AND IT IS FURTHER AGREED that this shall be a continuing guarantee, and shall guarantee any ultimate balance owing to the Secured Parties, including all reasonable costs, charges and expenses which the Secured Parties may incur in enforcing or obtaining payment of amounts due to the Secured Parties from the Customer either alone or in conjunction with any other person or otherwise howsoever, or attempting to do so. The Secured Parties shall not be obliged to seek recourse against the Customer or any other person or realize upon any security it may hold before being entitled to payment from the undersigned of all debts and liabilities hereby guaranteed. The undersigned hereby renounces the benefits of discussion and division. The undersigned renounces claiming or setting up against the Secured Parties any right which such undersigned may have to be subrogated in any of the rights, hypothecs, privileges and other security held from time to time by the Secured Parties. A written statement from any manager or acting manager of any Secured Party purporting to show the amount at any particular time due and payable to such Secured Party, and guaranteed by this Guarantee shall be, in the absence of any manifest error, conclusive evidence as against the undersigned that such amount is at such time so due and payable to such Secured Party and is guaranteed hereby.

Insert name of Canadian Province in which Customer's account with the Bank is kept at the time Guarantee is given

THIS CONTRACT shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and for the purpose of legal proceedings this contract shall be deemed to have been made in the said province and to be performed there, and the courts of that province shall have non-exclusive jurisdiction over all disputes which may arise under this contract, provided always that nothing herein contained shall prevent a Secured Party from proceeding at its election against the undersigned in the courts of any other province or country.

IF ANY PROVISION of this Guarantee is determined to be unenforceable, prohibited, invalid or illegal, it shall be severed from this Guarantee solely to the extent of such unenforceability, prohibition, invalidity or illegality and the remainder of such provision and the remainder of this Guarantee shall be unaffected thereby.

ALL DEBTS AND LIABILITIES present and future of the Customer to the undersigned are hereby assigned (to the extent permitted by applicable law) to the Administrative Agent and postponed to the debts and liabilities of the Customer to the Secured Parties under the Credit Agreement and other Loan Documents (as defined in the Credit Agreement) and, except for such amounts that constitute a distribution, interest or principal payment permitted under the Credit Agreement, all such amounts paid to the undersigned or its assigns shall be received on behalf of and in trust for the Secured Parties and shall immediately be paid over to the Administrative Agent. Any request by the undersigned to the Administrative Agent for useful information respecting the content and the terms and conditions of the debts and liabilities of any the Customer hereby guaranteed or the progress made in their performance, shall be made in writing by such undersigned to the Administrative Agent.

THE UNDERSIGNED acknowledges that this Guarantee has been delivered free of any conditions and that no representations have been made to the undersigned affecting the liability of the undersigned under this Guarantee save as may be specifically embodied herein and agrees that this Guarantee is in addition to and not in substitution for any other guarantees now or subsequently held by the Secured Parties.

THE UNDERSIGNED represents and warrants that (i) it fully understands the provisions of this Guarantee and its obligations hereunder; (ii) it has been afforded the opportunity to engage independent legal counsel, at its own expense, to explain the provisions of this Guarantee and its obligations hereunder; and (iii) it has either engaged legal counsel in connection with its execution of this Guarantee or has decided, at its sole discretion, not to do so.

THE UNDERSIGNED agrees, without limitation of the rights of the Secured Parties under applicable law, that the Secured Parties may apply any amounts owing to, or sum standing to the credit of, the undersigned with any

office, branch, subsidiary or affiliate of the Secured Parties to the payment when due of any amount owing by the undersigned hereunder. For this purpose, the Secured Parties may convert any such amount or sum into the currency of the amount owing hereunder at a rate of exchange at which the applicable Secured Party could purchase the relevant currency on the relevant date acting in good faith.

THIS GUARANTEE shall remain in effect notwithstanding any change in the circumstances having led the undersigned to execute this Guarantee and notwithstanding the termination of or a change in the office or duties of such undersigned or in any relationship between such undersigned and the Customer.

THE UNDERSIGNED acknowledges and agrees that the Secured Parties may make a claim or demand payment hereunder notwithstanding any limitation period regarding such claim or demand set forth in the *Limitations Act, 2002* (Ontario) or under any other applicable law with similar effect and, to the maximum extent permitted by applicable law, any limitations periods set forth in such act or applicable law are hereby explicitly excluded or, if excluding such limitations periods is not permitted by such actor applicable law, are hereby extended to the maximum limitation period permitted by such act or applicable law. For greater certainty, the undersigned acknowledges and agrees that this Guarantee is a "business agreement" as defined under Section 22 of the *Limitations Act, 2002* (Ontario).

IN THIS GUARANTEE, unless the context otherwise requires, references to the undersigned shall be interpreted as referring to each of the undersigned if there is more than one undersigned.

THIS GUARANTEE may be executed by original, facsimile or pdf signature, which when so executed shall be deemed to be an original.

THIS GUARANTEE shall be binding upon the undersigned and its successors and assigns and shall inure to the benefit of the Secured Parties and their respective successors, transferees and assigns. The undersigned may not assign its rights and/or obligations under this Guarantee or any interest herein without the prior written consent of the Secured Parties, and the Secured Parties may assign their rights and obligations under this Guarantee in accordance with the Credit Agreement. The liquidation, dissolution or termination of the undersigned shall not terminate this Guarantee.

This clause applies to the Province of Quebec only

It is the express wish of the parties hereto that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

[*Signature Page Follows*]

IN WITNESS WHEREOF the undersigned have executed and delivered this Guarantee on the 8 day of May, 2023.

14284585 CANADA INC.

By: _____
Name: Andy Williams
Title: President

10006215 MANITOBA LTD.

By: _____
Name: Andy Williams
Title: President

EAST COAST TWEED INC.

By: _____
Name: Andy Williams
Title: President

1000451353 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

1000451354 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

THIS IS **EXHIBIT "J"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

Execution Version

BMO Bank of Montreal

Ontario Personal Property Security Act Security Agreement

SECURITY AGREEMENT

Reference is made to the second amended and restated credit agreement dated October 7, 2022 (as amended, supplemented or restated, collectively the "**Credit Agreement**") made among 2675970 Ontario Inc., as borrower, the guarantors party thereto from time to time, as guarantors, and the Bank of Montreal, as administrative agent (the "**Administrative Agent**") for itself and on behalf of the lenders named therein (whom, collectively with the Administrative Agent are the "**Secured Parties**").

Each of the undersigned (collectively the "**Debtors**" and each a "**Debtor**") hereby enters into this Security Agreement with the Administrative Agent for valuable consideration and as security for the payment and performance of its Obligations (as defined in the Credit Agreement). This Security Agreement is entered into pursuant to and is governed by the *Personal Property Security Act* (Ontario) insofar as it affects personal property located in Ontario.

List all premises and asset locations, by schedule, if necessary

1. Each Debtor hereby represents and warrants to the Administrative Agent that it has assets at the following locations in Ontario, Alberta, Manitoba, Newfoundland, and Saskatchewan:

As set forth in the Information Certificate delivered by such Debtor to the Administrative Agent on the date hereof.

Attach a schedule, if equipment is to be listed

2. Each Debtor hereby:

(a) mortgages and charges to the Administrative Agent as and by way of a fixed and specific mortgage and charge, and grants to the Administrative Agent a security interest in, all its present and future equipment and any proceeds therefrom, including, without limiting the generality of the foregoing, all fixtures, plant, machinery, tools and furniture now or hereafter owned or acquired or in respect of which such Debtor has rights now or in the future and any equipment specifically listed or otherwise described in any schedule hereto;

(b) mortgages and charges to the Administrative Agent, and grants to the Administrative Agent a security interest in, all its present and future inventory and any proceeds therefrom, including, without limiting the generality of the foregoing, all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service;

(c) assigns to the Administrative Agent and grants to the Administrative Agent a security interest in, all its present and future intangibles and any proceeds therefrom, including, without limiting the generality of the foregoing, all its present and future accounts, accounts receivable, client lists, client records, client files, contract rights and other choses in action of every kind or nature now due or hereafter to become due, including insurance rights arising from or out of the assets referred to in sub-clauses (a) and (b) above;

(d) grants, mortgages, charges, transfers and assigns to the Administrative Agent a security interest in, all its present and future chattel papers, documents of title, instruments, money and securities, and any proceeds therefrom; and

(e) charges in favour of the Administrative Agent as and by way of a floating charge its undertaking and all its property and assets, real and personal, moveable or immoveable, of whatsoever nature and kind, both present and future (other than property and assets hereby validly assigned or subjected to a specific mortgage and charge and to the exceptions hereinafter contained). For the purposes of this Security Agreement, the equipment, inventory, intangibles, undertaking and all

other property and assets of the Debtors referred to in this clause 2 are hereinafter sometimes collectively called the "**Collateral**". Without limiting the generality of the description of Collateral as set out in this clause 2, and for greater certainty, the Collateral shall include all present and future personal property of each Debtor of the type described in any schedule attached hereto but shall exclude any lease, license, permit or agreement (the "**Contractual Rights**") to which such Debtor is a party or of which such Debtor has the benefit, to the extent that the creation of a mortgage, charge, transfer, assignment or security interest in such Contractual Rights (i) would constitute a breach of the terms of or, permit any person to terminate, such Contractual Rights, (ii) is permitted only with the consent of the other party thereto, which consent has not been obtained, or (iii) would constitute a breach of or violation under any law, rule, statute or regulation to which any Debtor is subject. Each Debtor agrees that it, upon request in writing by the Administrative Agent, shall use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the security interest granted hereby under this Security Agreement and until such consent is obtained, each Debtor shall hold its interest therein in trust for the Administrative Agent and shall assign as security such Contractual Rights to the Administrative Agent forthwith upon obtaining the consent of the other party thereto. Each Debtor agrees that it shall promptly advise the Administrative Agent in writing of any acquisition of personal property which is not of the type herein described. Each Debtor agrees to execute and deliver from time to time, at its own expense, amendments to this Security Agreement or additional security agreements, which may be reasonably required by the Administrative Agent to ensure attachment of security interests in such personal property.

3. The Collateral is on the date hereof primarily situate or located at the location(s) set out in clause 1 hereof but may from time to time be located at other premises of the Debtor. The Collateral may also be located at other places while in transit to and from such locations and premises; and the Collateral may from time to time be situate or located at any other place when on lease or consignment to any lessee or consignee from the Debtor.

4. It is hereby declared that the last day of any term of years reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by any Debtor, is hereby or shall be excepted out of the mortgages, charges and security interests hereby created; however, upon enforcement of Administrative Agent's rights hereunder, Administrative Agent shall stand possessed of such last day in trust to assign the same to any person acquiring such term. There shall also be excluded from the security created by this Security Agreement any property of any Debtor that constitutes consumer goods for the personal use of such Debtor.

5. The Debtors shall not without the prior written consent of the Administrative Agent sell or dispose of any of the Collateral except as permitted under the Credit Agreement and other than that described in sub-clause (b) of clause 2 above which may be sold only in the ordinary course of business and for the purpose of carrying on the same; and if the amounts of any of the intangibles referred to in sub-clause (c) of clause 2 above or any proceeds arising from the Collateral described in sub-clauses (a) and (b) of clause 2 above shall be paid to the Debtors, the Debtors shall receive the same as agent of the Administrative Agent and forthwith pay over the same to the Administrative Agent to the extent required by the Credit Agreement. The Debtors shall not without the prior written consent of the Administrative Agent create any liens other than Permitted Liens (as defined in the Credit Agreement) upon or assign or transfer as security or pledge or hypothecate as security or create a security interest in the Collateral except to the Administrative Agent. Each Debtor agrees that the Administrative Agent may, during the continuance of an Event of Default, require any account debtor of such Debtor to make payment to the Administrative Agent and the Administrative Agent may take control of any proceeds referred to in sub-clauses (a), (b) and (c) of clause 2 hereof and may hold all amounts received from any account debtors and any proceeds as cash collateral as part of the Collateral and as security for the Obligations of the Debtors to the Administrative Agent.

6. Each Debtor shall notify the Administrative Agent promptly (and in any event, at least 30 days prior to the taking effect of any of the following changes), in reasonable detail, of any of the following: (a) any change in the location of the jurisdiction of incorporation or amalgamation, registered office, head office, chief executive office or domicile of such Debtor; (b) any change in the name of such Debtor; (c) any merger, consolidation or amalgamation of such Debtor with any other person; (d) any additional jurisdiction in which such Debtor carries on business or has tangible personal property; or (e) any acquisition of any intellectual property rights which are the subject of a registration or application with any governmental intellectual property authority or other governing body or registry.

Provided each Debtor (i) provides notice to the Administrative Agent to the extent required under this clause 6, (ii) has obtained Administrative Agent's prior written consent to the extent required under the Credit Agreement, and (iii) is otherwise in compliance with its covenants set out in the Credit Agreement, such Debtor shall not be responsible for completing any filings or other actions that are required in order for the Administrative Agent to continue at all times following such change to have a valid and perfected first priority security interest with respect to all of the Collateral of such Debtor.

7. The Debtors shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all and singular every such further acts, deeds, assignments, security agreements and assurances as the Administrative Agent may reasonably require for the better granting, assigning, charging, setting over, assuring and confirming unto the Administrative Agent the property and assets hereby mortgaged and charged or subjected to security interests or intended so to be or which the Debtors may hereafter become bound to mortgage, charge, assign or subject to a security interest in favour of the Administrative Agent and for the better accomplishing and effectuating of this Security Agreement.

8. The Debtors shall at all times upon request by the Administrative Agent furnish the Administrative Agent with such information concerning the Collateral and the Debtors' affairs and business as the Administrative Agent may reasonably request, including lists of inventory and equipment and lists of accounts and accounts receivable showing the amounts owing upon each account and securities therefor and copies of all financial statements, books and accounts, invoices, letters, papers and other documents in any way evidencing the account.

9. This Agreement may be terminated by written agreement made between the Debtors and the Secured Parties at any time when all of the Obligations have been fully paid or satisfied and all commitments or other obligations under the Loan Documents have been terminated or cancelled and the Debtors are entitled to obtain the release of the Collateral or any part thereof from the security interests granted hereunder in accordance with the terms of the Credit Agreement or other document, as applicable.

10. This Agreement is enforceable upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement). Upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement), the Administrative Agent may declare any or all of the Obligations to be immediately due and payable and may proceed to realize the security hereby constituted and to enforce its rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Administrative Agent or not, and the Administrative Agent may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtors. Any such receiver or receivers so appointed shall have power to take possession of the Collateral or any part thereof and to carry on the business of the Debtors, and to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtors, and to further charge the Collateral in priority to the security constituted by this Security Agreement as security for money so borrowed, and to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as such receiver shall determine. In exercising any powers any such receiver or receivers shall act as agent or agents for the Debtor and the Administrative Agent shall not be responsible for his or their actions.

In addition, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may enter upon the applicable premises and lease or sell the whole or any part or parts of the Collateral. Each Debtor agrees that considering the nature of that part of the Collateral that is not perishable it will be commercially reasonable to sell such part of the Collateral:

(a) as a whole or in various lots;

(b) by a public sale or call for tenders by advertising such sale once in a local daily newspaper at least seven (7) days before such sale; and

(c) by private sale after the receipt by the Administrative Agent of at least two offers from prospective purchasers who may include persons related to or affiliated with the Debtors or other customers of the Administrative Agent.

Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Administrative Agent in its sole discretion may seem advantageous and such sale may take place whether or not the Administrative Agent has taken possession of such property and assets.

No remedy for the realization of the security hereof or for the enforcement of the rights of the Administrative Agent shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this Security Agreement includes a receiver and manager.

11. Any and all payments made in respect of the Obligations from time to time and moneys realized from any securities held therefor (including moneys realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Administrative Agent may see fit, and the Administrative Agent shall at all times and from time to time have the right to change any appropriation as the Administrative Agent may see fit.

12. Each Debtor agrees to pay all reasonable and documented out-of-pocket expenses, including solicitor's fees and disbursements and the remuneration of any receiver appointed hereunder, incurred by the Administrative Agent in the preparation, perfection and enforcement of this Security Agreement, including all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its agents to put into place and confirm the priority of any security interest in this Security Agreement and the payment of such expenses shall be secured hereby.

13. The Administrative Agent may waive any default herein referred to; provided always that no act or omission by the Administrative Agent in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or the rights resulting therefrom.

14. Each Debtor acknowledges that value has been given, that it has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Security Agreement.

15. The security hereof is in addition to and not in substitution for any other security now or hereafter held by the Administrative Agent and shall be general and continuing security notwithstanding that the Obligations of the Debtors shall at any time or from time to time be fully satisfied or paid.

16. Nothing herein shall obligate the Secured Parties to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness or liability of the Debtors to the Secured Parties.

17. This Security Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the Debtors and the Administrative Agent.

18. This Security Agreement is a security agreement within the meaning of the *Personal Property Security Act* (Ontario) and does not constitute an acknowledgement of any particular indebtedness or liability of the Debtors to the Secured Parties.

19. This Security Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

20. Each Debtor Acknowledges receipt of a copy of this agreement.

21. In construing this Security Agreement, terms herein shall have the same meaning as defined in the *Personal Property Security Act* (Ontario), unless the context otherwise requires. The word "Debtor", the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more individuals, corporations or partnerships and, if more than one, shall apply and be binding upon each of them severally. The term

"successors" shall include, without limiting its meaning, any corporation resulting from the amalgamation of a corporation with another corporation and, where the Debtor is a partnership, any new partnership resulting from the admission of new partners or any other change in the Debtor, including, without limiting the generality of the foregoing, the death of any or all of the partners.

22. This Security Agreement may be executed by original, facsimile or pdf signature, which when so executed shall be deemed to be an original.

23. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Credit Agreement, the terms of the Credit Agreement shall govern to the extent necessary to remove the conflict or inconsistency.

[Signature pages follow]

BMO Bank of Montreal

Ontario Personal Property Security Act Security Agreement

IN WITNESS WHEREOF this Security Agreement has been executed by the Debtor on the 8 day of May, 2023.

To be signed by Debtor; if Debtor is a corporation ensure signatures are authorized and if Debtor is a corporation with a corporate seal, affix Corporate Seal;

14284585 CANADA INC.

By: _____
Name: Andy Williams
Title: President

10006215 MANITOBA LTD.

By: _____
Name: Andy Williams
Title: President

EAST COAST TWEED INC.

By: _____
Name: Andy Williams
Title: President

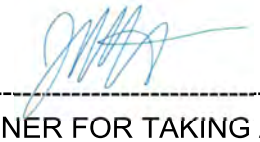
1000451353 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

1000451354 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

THIS IS **EXHIBIT "K"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

BMO Bank of Montreal

Guarantee for Indebtedness of an Incorporated Company

To: BANK OF MONTREAL, in its capacity as administrative agent for itself and on behalf of the Lenders (as defined in the Credit Agreement) (the "**Administrative Agent**")

Reference is made to the second amended and restated credit agreement dated October 7, 2022 (as amended, supplemented or restated, collectively the "**Credit Agreement**") made among 2675970 Ontario Inc., as borrower, the guarantors party thereto from time to time, as guarantors, and the Bank of Montreal, as administrative agent (the "**Administrative Agent**") for itself and on behalf of the lenders named therein (whom, collectively with the Administrative Agent are the "**Secured Parties**")

IN CONSIDERATION of the Secured Parties agreeing to establish credit facilities in favour of 2675970 Ontario Inc. (the "**Customer**"), and in order to induce the Lenders to make Advances from time to time, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby jointly and severally (solidarily in the Province of Québec) guarantees payment to the Secured Parties of all Obligations (as defined in the Credit Agreement). The liability of the undersigned (or each undersigned, if more than one) under this Guarantee is unlimited, together with reasonable legal or other costs, charges and expenses. The liability of the undersigned to make payment under this Guarantee shall arise immediately after demand for payment under this Guarantee has been made in writing by the Administrative Agent on the undersigned or any one of them, if more than one.

IT IS AGREED that no change in the name, objects, capital stock, ownership, control or constitution of the Customer shall in any way affect the liability of the undersigned with respect to transactions occurring either before or after any such change. If the Customer amalgamates with one or more other corporations this Guarantee shall continue and apply to all debts and liabilities owing to the Secured Parties by the corporation continuing from the amalgamation. The Secured Parties shall not be required to inquire into or confirm the powers of the Customer or any of its directors or other agents acting or purporting to act on its behalf, and all amounts, liabilities, advances, renewals and credits in fact incurred, borrowed or obtained from the Secured Parties shall be deemed to form part of the debts and liabilities hereby guaranteed, notwithstanding whether incurring such debts or liabilities exceeded the powers of the Customer or of its directors or agents, or was in any way irregular, defective or improper.

IT IS FURTHER AGREED that the undersigned shall be liable to the Secured Parties in respect of all debts and liabilities, subject to the limitation, if any, set forth in the first paragraph of this Guarantee, stated to be owing to the Secured Parties by the Customer under the Credit Agreement and other Loan Documents (as defined in the Credit Agreement), notwithstanding whether any such agreement or any provision thereof is invalid, void, illegal, or unenforceable and notwithstanding whether such agreement was properly completed, entered into or authorized. Subject to the limitation, if any, set forth in the first paragraph of this Guarantee, the undersigned shall indemnify and save the Secured Parties harmless from any losses which may arise by virtue of any debts and liabilities stated to be owing to the Secured Parties by the Customer under the Credit Agreement and other Loan Documents (as defined in the Credit Agreement), being or becoming for any reason whatsoever in whole or in part (a) void, voidable, null, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable in accordance with its terms, or (b) released or discharged by operation of law (all of the foregoing being an "**Indemnifiable Circumstance**"). For greater certainty, the losses shall include the amount of all debts and liabilities owing to the Secured Parties by the Customer which would have been payable by the Customer but for the Indemnifiable Circumstance. Nothing set out herein shall be interpreted as requiring any debts or liabilities which are hereby guaranteed to be documented by written agreement between the Secured Parties and the Customer.

IT IS FURTHER AGREED that the Secured Parties, without the consent of the undersigned and without exonerating in whole or in part the undersigned, may grant time, renewals, extensions, indulgences, releases and discharges to, may abstain from taking, perfecting or realizing upon security from, may release security to, may accept compositions from, and may otherwise change the terms of any of the debts and liabilities hereby guaranteed and otherwise deal with, the Customer and all other persons (including any other undersigned and any other guarantor) and security as the Secured Parties may see fit. No loss or diminution of any security received by the Secured Parties from the Customer or others, whether the loss or diminution is due to the fault of any Secured Party or otherwise, shall

in any way limit or lessen the liability of the undersigned under this Guarantee. All dividends, compositions, and amounts received by the Secured Parties from the Customer or from any other person or estate capable of being applied by the Secured Parties in reduction of the debts and liabilities hereby guaranteed, shall be regarded for all purposes as payments in gross, and the Secured Parties shall be entitled to prove against the estate of the Customer upon any insolvency or winding-up in respect of the whole of said debts and liabilities, and the undersigned shall have no right to be subrogated to the Secured Parties in respect of any such proof until each Secured Party has received from such estate payment in full of its claim with interest.

AND IT IS FURTHER AGREED that this shall be a continuing guarantee, and shall guarantee any ultimate balance owing to the Secured Parties, including all reasonable costs, charges and expenses which the Secured Parties may incur in enforcing or obtaining payment of amounts due to the Secured Parties from the Customer either alone or in conjunction with any other person or otherwise howsoever, or attempting to do so. The Secured Parties shall not be obliged to seek recourse against the Customer or any other person or realize upon any security it may hold before being entitled to payment from the undersigned of all debts and liabilities hereby guaranteed. The undersigned hereby renounces the benefits of discussion and division. The undersigned renounces claiming or setting up against the Secured Parties any right which such undersigned may have to be subrogated in any of the rights, hypothecs, privileges and other security held from time to time by the Secured Parties. A written statement from any manager or acting manager of any Secured Party purporting to show the amount at any particular time due and payable to such Secured Party, and guaranteed by this Guarantee shall be, in the absence of any manifest error, conclusive evidence as against the undersigned that such amount is at such time so due and payable to such Secured Party and is guaranteed hereby.

THIS CONTRACT shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and for the purpose of legal proceedings this contract shall be deemed to have been made in the said province and to be performed there, and the courts of that province shall have non-exclusive jurisdiction over all disputes which may arise under this contract, provided always that nothing herein contained shall prevent a Secured Party from proceeding at its election against the undersigned in the courts of any other province or country.

IF ANY PROVISION of this Guarantee is determined to be unenforceable, prohibited, invalid or illegal, it shall be severed from this Guarantee solely to the extent of such unenforceability, prohibition, invalidity or illegality and the remainder of such provision and the remainder of this Guarantee shall be unaffected thereby.

ALL DEBTS AND LIABILITIES present and future of the Customer to the undersigned are hereby assigned (to the extent permitted by applicable law) to the Administrative Agent and postponed to the debts and liabilities of the Customer to the Secured Parties under the Credit Agreement and other Loan Documents (as defined in the Credit Agreement) and, except for such amounts that constitute a distribution, interest or principal payment permitted under the Credit Agreement, all such amounts paid to the undersigned or its assigns shall be received on behalf of and in trust for the Secured Parties and shall immediately be paid over to the Administrative Agent. Any request by the undersigned to the Administrative Agent for useful information respecting the content and the terms and conditions of the debts and liabilities of any the Customer hereby guaranteed or the progress made in their performance, shall be made in writing by such undersigned to the Administrative Agent.

THE UNDERSIGNED acknowledges that this Guarantee has been delivered free of any conditions and that no representations have been made to the undersigned affecting the liability of the undersigned under this Guarantee save as may be specifically embodied herein and agrees that this Guarantee is in addition to and not in substitution for any other guarantees now or subsequently held by the Secured Parties.

THE UNDERSIGNED represents and warrants that (i) it fully understands the provisions of this Guarantee and its obligations hereunder; (ii) it has been afforded the opportunity to engage independent legal counsel, at its own expense, to explain the provisions of this Guarantee and its obligations hereunder; and (iii) it has either engaged legal counsel in connection with its execution of this Guarantee or has decided, at its sole discretion, not to do so.

THE UNDERSIGNED agrees, without limitation of the rights of the Secured Parties under applicable law, that the Secured Parties may apply any amounts owing to, or sum standing to the credit of, the undersigned with any office, branch, subsidiary or affiliate of the Secured Parties to the payment when due of any amount owing by the undersigned hereunder. For this purpose, the Secured Parties may convert any such amount or sum into the currency

of the amount owing hereunder at a rate of exchange at which the applicable Secured Party could purchase the relevant currency on the relevant date acting in good faith.

THIS GUARANTEE shall remain in effect notwithstanding any change in the circumstances having led the undersigned to execute this Guarantee and notwithstanding the termination of or a change in the office or duties of such undersigned or in any relationship between such undersigned and the Customer.

THE UNDERSIGNED acknowledges and agrees that the Secured Parties may make a claim or demand payment hereunder notwithstanding any limitation period regarding such claim or demand set forth in the *Limitations Act, 2002* (Ontario) or under any other applicable law with similar effect and, to the maximum extent permitted by applicable law, any limitations periods set forth in such act or applicable law are hereby explicitly excluded or, if excluding such limitations periods is not permitted by such actor applicable law, are hereby extended to the maximum limitation period permitted by such act or applicable law. For greater certainty, the undersigned acknowledges and agrees that this Guarantee is a "business agreement" as defined under Section 22 of the *Limitations Act, 2002* (Ontario).

IN THIS GUARANTEE, unless the context otherwise requires, references to the undersigned shall be interpreted as referring to each of the undersigned if there is more than one undersigned.

THIS GUARANTEE may be executed by original, facsimile or pdf signature, which when so executed shall be deemed to be an original.

THIS GUARANTEE shall be binding upon the undersigned and its successors and assigns and shall inure to the benefit of the Secured Parties and their respective successors, transferees and assigns. The undersigned may not assign its rights and/or obligations under this Guarantee or any interest herein without the prior written consent of the Secured Parties, and the Secured Parties may assign their rights and obligations under this Guarantee in accordance with the Credit Agreement. The liquidation, dissolution or termination of the undersigned shall not terminate this Guarantee.

It is the express wish of the parties hereto that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

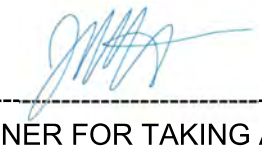
[*Signature Page Follows*]

IN WITNESS WHEREOF the undersigned have executed and delivered this Guarantee on the 15th day of May, 2024.

2385816 ALBERTA LTD.

By: _____
Name: Andy Williams
Title: President

THIS IS **EXHIBIT "L"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

Bank of Montreal

Ontario Personal Property
Security Act Security Agreement

SECURITY AGREEMENT

Reference is made to the second amended and restated credit agreement dated October 7, 2022 (as amended, supplemented or restated, collectively the "**Credit Agreement**") made among 2675970 Ontario Inc., as borrower, the guarantors party thereto from time to time, as guarantors, and the Bank of Montreal, as administrative agent (the "**Administrative Agent**") for itself and on behalf of the lenders named therein (whom, collectively with the Administrative Agent are the "**Secured Parties**").

The undersigned (the "**Debtor**") hereby enters into this Security Agreement with the Administrative Agent for valuable consideration and as security for the payment and performance of its Obligations (as defined in the Credit Agreement). This Security Agreement is entered into pursuant to and is governed by the *Personal Property Security Act* (Ontario) insofar as it affects personal property located in Ontario.

1. The Debtor hereby represents and warrants to the Administrative Agent that it does not have any assets.

As set forth in the Information Certificate delivered by the Debtor to the Administrative Agent on the date hereof.

2. The Debtor hereby:

(a) mortgages and charges to the Administrative Agent as and by way of a fixed and specific mortgage and charge, and grants to the Administrative Agent a security interest in, all its present and future equipment and any proceeds therefrom, including, without limiting the generality of the foregoing, all fixtures, plant, machinery, tools and furniture now or hereafter owned or acquired or in respect of which the Debtor has rights now or in the future and any equipment specifically listed or otherwise described in any schedule hereto;

(b) mortgages and charges to the Administrative Agent, and grants to the Administrative Agent a security interest in, all its present and future inventory and any proceeds therefrom, including, without limiting the generality of the foregoing, all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service;

(c) assigns to the Administrative Agent and grants to the Administrative Agent a security interest in, all its present and future intangibles and any proceeds therefrom, including, without limiting the generality of the foregoing, all its present and future accounts, accounts receivable, client lists, client records, client files, contract rights and other choses in action of every kind or nature now due or hereafter to become due, including insurance rights arising from or out of the assets referred to in sub-clauses (a) and (b) above;

(d) grants, mortgages, charges, transfers and assigns to the Administrative Agent a security interest in, all its present and future chattel papers, documents of title, instruments, money and securities, and any proceeds therefrom; and

(e) charges in favour of the Administrative Agent as and by way of a floating charge its undertaking and all its property and assets, real and personal, moveable or immoveable, of whatsoever nature and kind, both present and future (other than property and assets hereby validly assigned or subjected to a specific mortgage and charge and to the exceptions hereinafter contained). For the purposes of this Security Agreement, the equipment, inventory, intangibles, undertaking and all other property and assets of the Debtor referred to in this clause 2 are hereinafter sometimes collectively called the "**Collateral**". Without limiting the generality of the description of Collateral

as set out in this clause 2, and for greater certainty, the Collateral shall include all present and future personal property of the Debtor of the type described in any schedule attached hereto but shall exclude any lease, license, permit or agreement (the "**Contractual Rights**") to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of a mortgage, charge, transfer, assignment or security interest in such Contractual Rights (i) would constitute a breach of the terms of or, permit any person to terminate, such Contractual Rights, (ii) is permitted only with the consent of the other party thereto, which consent has not been obtained, or (iii) would constitute a breach of or violation under any law, rule, statute or regulation to which the Debtor is subject. The Debtor agrees that it, upon request in writing by the Administrative Agent, shall use all commercially reasonable efforts to obtain any consent required to permit any Contractual Rights to be subjected to the security interest granted hereby under this Security Agreement and until such consent is obtained, the Debtor shall hold its interest therein in trust for the Administrative Agent and shall assign as security such Contractual Rights to the Administrative Agent forthwith upon obtaining the consent of the other party thereto. The Debtor agrees that it shall promptly advise the Administrative Agent in writing of any acquisition of personal property which is not of the type herein described. The Debtor agrees to execute and deliver from time to time, at its own expense, amendments to this Security Agreement or additional security agreements, which may be reasonably required by the Administrative Agent to ensure attachment of security interests in such personal property.

3. The Collateral is on the date hereof primarily situate or located at the location(s) set out in clause **Error! Reference source not found.** hereof but may from time to time be located at other premises of the Debtor. The Collateral may also be located at other places while in transit to and from such locations and premises; and the Collateral may from time to time be situate or located at any other place when on lease or consignment to any lessee or consignee from the Debtor.

4. It is hereby declared that the last day of any term of years reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor, is hereby or shall be excepted out of the mortgages, charges and security interests hereby created; however, upon enforcement of Administrative Agent's rights hereunder, Administrative Agent shall stand possessed of such last day in trust to assign the same to any person acquiring such term. There shall also be excluded from the security created by this Security Agreement any property of the Debtor that constitutes consumer goods for the personal use of the Debtor.

5. The Debtor shall not without the prior written consent of the Administrative Agent sell or dispose of any of the Collateral except as permitted under the Credit Agreement and other than that described in sub-clause (b) of clause 2 above which may be sold only in the ordinary course of business and for the purpose of carrying on the same; and if the amounts of any of the intangibles referred to in sub-clause (c) of clause 2 above or any proceeds arising from the Collateral described in sub-clauses (a) and (b) of clause 2 above shall be paid to the Debtor, the Debtor shall receive the same as agent of the Administrative Agent and forthwith pay over the same to the Administrative Agent to the extent required by the Credit Agreement. The Debtor shall not without the prior written consent of the Administrative Agent create any liens other than Permitted Liens (as defined in the Credit Agreement) upon or assign or transfer as security or pledge or hypothecate as security or create a security interest in the Collateral except to the Administrative Agent. The Debtor agrees that the Administrative Agent may, during the continuance of an Event of Default, require any account debtor of the Debtor to make payment to the Administrative Agent and the Administrative Agent may take control of any proceeds referred to in sub-clauses (a), (b) and (c) of clause 2 hereof and may hold all amounts received from any account debtors and any proceeds as cash collateral as part of the Collateral and as security for the Obligations of the Debtor to the Administrative Agent.

6. The Debtor shall notify the Administrative Agent promptly (and in any event, at least 30 days prior to the taking effect of any of the following changes), in reasonable detail, of any of the following: (a) any change in the location of the jurisdiction of incorporation or amalgamation, registered office, head office, chief executive office or domicile of the Debtor; (b) any change in the name of the Debtor; (c) any merger, consolidation or amalgamation of the Debtor with any other person; (d) any additional jurisdiction in which the Debtor carries on business or has tangible personal property; or (e) any acquisition of any intellectual property rights which are the subject of a registration or application with any governmental intellectual property authority or other governing body or registry. Provided the Debtor (i) provides notice to the Administrative Agent to the extent required under this clause 6, (ii) has obtained

Administrative Agent's prior written consent to the extent required under the Credit Agreement, and (iii) is otherwise in compliance with its covenants set out in the Credit Agreement, the Debtor shall not be responsible for completing any filings or other actions that are required in order for the Administrative Agent to continue at all times following such change to have a valid and perfected first priority security interest with respect to all of the Collateral of the Debtor.

7. The Debtor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all and singular every such further acts, deeds, assignments, security agreements and assurances as the Administrative Agent may reasonably require for the better granting, assigning, charging, setting over, assuring and confirming unto the Administrative Agent the property and assets hereby mortgaged and charged or subjected to security interests or intended so to be or which the Debtor may hereafter become bound to mortgage, charge, assign or subject to a security interest in favour of the Administrative Agent and for the better accomplishing and effectuating of this Security Agreement.

8. The Debtor shall at all times upon request by the Administrative Agent furnish the Administrative Agent with such information concerning the Collateral and the Debtor's affairs and business as the Administrative Agent may reasonably request, including lists of inventory and equipment and lists of accounts and accounts receivable showing the amounts owing upon each account and securities therefor and copies of all financial statements, books and accounts, invoices, letters, papers and other documents in any way evidencing the account.

9. This Agreement may be terminated by written agreement made between the Debtor and the Secured Parties at any time when all of the Obligations have been fully paid or satisfied and all commitments or other obligations under the Loan Documents have been terminated or cancelled and the Debtor is entitled to obtain the release of the Collateral or any part thereof from the security interests granted hereunder in accordance with the terms of the Credit Agreement or other document, as applicable.

10. This Agreement is enforceable upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement). Upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement), the Administrative Agent may declare any or all of the Obligations to be immediately due and payable and may proceed to realize the security hereby constituted and to enforce its rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Administrative Agent or not, and the Administrative Agent may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtor. Any such receiver or receivers so appointed shall have power to take possession of the Collateral or any part thereof and to carry on the business of the Debtor, and to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor, and to further charge the Collateral in priority to the security constituted by this Security Agreement as security for money so borrowed, and to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as such receiver shall determine. In exercising any powers any such receiver or receivers shall act as agent or agents for the Debtor and the Administrative Agent shall not be responsible for his or their actions.

In addition, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may enter upon the applicable premises and lease or sell the whole or any part or parts of the Collateral. The Debtor agrees that considering the nature of that part of the Collateral that is not perishable it will be commercially reasonable to sell such part of the Collateral:

(a) as a whole or in various lots;

(b) by a public sale or call for tenders by advertising such sale once in a local daily newspaper at least seven (7) days before such sale; and

(c) by private sale after the receipt by the Administrative Agent of at least two offers from prospective purchasers who may include persons related to or affiliated with the Debtor or other customers of the Administrative Agent.

Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Administrative Agent in its sole discretion may seem advantageous and such sale may take place whether or not the Administrative Agent has taken possession of such property and assets.

No remedy for the realization of the security hereof or for the enforcement of the rights of the Administrative Agent shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this Security Agreement includes a receiver and manager.

11. Any and all payments made in respect of the Obligations from time to time and moneys realized from any securities held therefor (including moneys realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Administrative Agent may see fit, and the Administrative Agent shall at all times and from time to time have the right to change any appropriation as the Administrative Agent may see fit.

12. The Debtor agrees to pay all reasonable and documented out-of-pocket expenses, including solicitor's fees and disbursements and the remuneration of any receiver appointed hereunder, incurred by the Administrative Agent in the preparation, perfection and enforcement of this Security Agreement, including all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its agents to put into place and confirm the priority of any security interest in this Security Agreement and the payment of such expenses shall be secured hereby.

13. The Administrative Agent may waive any default herein referred to; provided always that no act or omission by the Administrative Agent in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or the rights resulting therefrom.

14. The Debtor acknowledges that value has been given, that the Debtor has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Security Agreement.

15. The security hereof is in addition to and not in substitution for any other security now or hereafter held by the Administrative Agent and shall be general and continuing security notwithstanding that the Obligations of the Debtor shall at any time or from time to time be fully satisfied or paid.

16. Nothing herein shall obligate the Secured Parties to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Secured Parties.

17. This Security Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the Debtor and the Administrative Agent.

18. This Security Agreement is a security agreement within the meaning of the *Personal Property Security Act* (Ontario) and does not constitute an acknowledgement of any particular indebtedness or liability of the Debtor to the Secured Parties.

19. This Security Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

20. The Debtor Acknowledges receipt of a copy of this agreement.

21. In construing this Security Agreement, terms herein shall have the same meaning as defined in the *Personal Property Security Act* (Ontario), unless the context otherwise requires. The word "Debtor", the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more individuals, corporations or partnerships and, if more than one, shall apply and be binding upon each of them severally. The term

"successors" shall include, without limiting its meaning, any corporation resulting from the amalgamation of a corporation with another corporation and, where the Debtor is a partnership, any new partnership resulting from the admission of new partners or any other change in the Debtor, including, without limiting the generality of the foregoing, the death of any or all of the partners.

22. This Security Agreement may be executed by original, facsimile or pdf signature, which when so executed shall be deemed to be an original.

23. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Credit Agreement, the terms of the Credit Agreement shall govern to the extent necessary to remove the conflict or inconsistency.

[Signature page follows]

BMO Bank of Montreal

Ontario Personal Property
Security Act Security Agreement

IN WITNESS WHEREOF this Security Agreement has been executed by the Debtor on the 15th day of May 2024.

2385816 ALBERTA LTD.

By: _____
Name: Andy Williams
Title: President

THIS IS **EXHIBIT "M"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

Execution Version

BMO Bank of Montreal

September 26, 2023

2675970 Ontario Inc.,
1000451353 Ontario Inc.,
1000451354 Ontario Inc.,
10006215 Manitoba Ltd.,
14284585 Canada Inc.,
2161907 Alberta Ltd.,
2733182 Ontario Inc.,
2197130 Alberta Ltd.,
2699078 Ontario Inc.,
2708540 Ontario Corporation,
2733181 Ontario Inc.,
2734082 Ontario Inc.,
2737503 Ontario Inc.,
2742591 Ontario Inc.
2796279 Ontario Inc.,
2826475 Ontario Inc.,
DAK Capital Inc.,
East Coast Tweed Inc.,
OEG Retail Cannabis HR Services Ltd.,
TS Programs Ltd.,
TS Wellington Inc., and
TS-IP Holdings Ltd. (collectively, the "**Loan Parties**")

Dear Sirs/Mesdames:

Re: Second amended and restated credit agreement dated October 7, 2022 (as may be amended, restated, supplemented, replaced or otherwise modified from time to time, the "Credit Agreement") between the Loan Parties and Bank of Montreal, as Agent and Lender. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Credit Agreement unless stated otherwise.

You have requested the amendments to the Credit Agreement set forth in Section 1 of this Agreement and the limited waivers set forth in Section 2 of this Agreement.

1. Amendments to the Credit Agreement

The parties hereto agree that, effective upon satisfaction of the conditions precedent set forth in Section 4 below and subject to the terms of this Agreement, the Credit Agreement is amended as follows:

(a) In Section 1.01, the definition of "**Applicable Margin**" is amended by deleting the paragraph prior to the table (but not deleting the table) and replacing such paragraph with the following:

""**Applicable Margin**" means, in respect of any Availment Option, the percentage in the column relating to such Availment Option found in pricing level V in the following table:"

(b) The following definitions are added to Section 1.01 [Definitions] in alphabetical order:

""**Cash Equivalents**" means:

(a) treasury bills or other marketable direct obligations issued by, or unconditionally guaranteed by, the government of Canada or any province thereof or the government of the United States or any agency or instrumentality of any of them, and backed by the full faith and credit of Canada or any province thereof or the United States, as the case may be, in each case maturing within one year from the date of acquisition;

(b) term deposits, guaranteed investment certificates, certificates of deposit, overnight bank deposits having maturities of one year or less from the date of acquisition or other debt obligations issued by any Schedule I Canadian chartered bank or any of its Affiliates; and

(c) commercial paper of an issuer rated at least A-1+ or the equivalent thereof by Standard & Poor's Ratings Group, Inc. or at least P-1 or the equivalent thereof by Moody's Investors Service, Inc. or at least R-1 (Low) or the equivalent thereof by DBRS Limited, and in each case maturing within six months from the date of acquisition."

""**DAK Capital BMO Security**" means the security agreements and control agreements granted by DAK Capital in favour of the Agent creating a First-Ranking Security Interest in respect of a portfolio of investments held by DAK Capital acceptable to the Agent in its sole discretion."

""**Liquidity**" means the aggregate of (i) cash and Cash Equivalents of the Borrower and the other Secured Companies held in bank accounts with the Agent, plus (ii) unused availability under Facility A."

(c) Clause (a) of Section 7.03 [Financial Covenants] is deleted in the entirety and replaced with the following:

"(a) The Borrower shall maintain, at all times, on a consolidated basis, Liquidity greater than $1,000,000. Such Liquidity shall be tested at least once each Fiscal Quarter and at such other times as requested by the Agent."

(d) Clause (b) of Section 7.03 [Financial Covenants] is deleted in the entirety and replaced with the following:

"(b) The Borrower agrees to achieve, on a consolidated basis, EBITDAR in the amounts identified below for the periods identified below, with EBITDAR for the immediately preceding three (3) month period to be reported each Fiscal Quarter:

(A) for the Fiscal Quarter ending September 30, 2023: $2,232,000 or greater;

(B) for the Fiscal Quarter ending December 31, 2023: $2,795,000 or greater;

(C) for the Fiscal Quarter ending March 31, 2024:	$2,885,000 or greater;
(D) for the Fiscal Quarter ending June 30, 2024:	$3,323,000 or greater; and
(E) for the Fiscal Quarter ending September 30, 2024:	$3,323,000 or greater."

(e) Clause (c) of Section 7.03 [Financial Covenants] is deleted in the entirety and replaced with the following:

"(c) in the event of any Default or Event of Default of the financial covenants set forth in Section 7.03(b) (the "**Designated Financial Covenants**"), any equity contribution from Parent Holdco into Borrower or any issue of Subordinated Debt by the Borrower to an Affiliate of Parent Holdco (other than a Company) or Parent Holdco within ten (10) days after the Borrower being required to deliver the financial statements as provided for in Section 7.04(a) or 7.04(b) will, at the written request of the Borrower, be included in the calculation of EBITDAR solely for the purposes of determining compliance with such financial covenants at the end of the applicable Fiscal Quarter (any such contribution, a "**Specified Equity Contribution**"); provided that:

(i) the amount of any Specified Equity Contribution and the use of proceeds therefrom will be no greater than the amount required to cause the Borrower to be in compliance with the applicable financial covenants;

(ii) all Specified Equity Contributions and the use of proceeds therefrom will be disregarded for all other purposes under the Loan Documents (including, to the extent applicable, calculating EBITDAR for purposes of determining basket levels and other items governed by reference to EBITDAR or that include EBITDAR in the determination thereof in any respect);

(iii) there will be no more than two (2) Specified Equity Contributions made during each Fiscal Year;

(iv) a Specified Equity Contribution may not be made in consecutive Fiscal Quarters;

(v) the proceeds of all Specified Equity Contributions received by the Borrower shall immediately upon receipt be delivered to the Agent for application to Facility A to repay the Outstanding Principal Amount thereunder (an "**Equity Contribution Repayment**"), and the amount the Borrower is entitled to borrow under Facility A will be reduced by the amount of such Equity Contribution Repayment for each of the three consecutive Fiscal Quarters immediately following the Fiscal Quarter in respect of which the Specified Equity Contribution was made;

(vi) the Equity Contribution Repayment shall be ignored for all other purposes including determining the amount of indebtedness of the Borrower and calculating the Designated Financial Covenants, but excluding the calculation of interest

payments owing hereunder in respect of Facility A, for each of the three consecutive Fiscal Quarters immediately following the Fiscal Quarter in respect of which the Specified Equity Contribution was made; and

(vii) the Borrower shall provide notice to the Agent of its intention to cause to be made a Specified Equity Contribution no later than the date on which Year-end Financial Statements or Interim Financial Statements, as applicable, are required to be delivered. If, after giving effect to the recalculations set forth in this Section 7.03(c), the Borrower is in compliance with the Designated Financial Covenants, then the Borrower shall be deemed to have satisfied the requirements of the Designated Financial Covenants and the applicable breach, Default or Event of Default of the Designated Financial Covenants that had occurred shall be deemed cured for the purposes of this Agreement."

(f) Clause (b) of Section 8.02 [Security to be Provided by Others] is deleted in the entirety and replaced with the following:

"(b) a Guarantee in the amount of $40,000,000 from DAK Capital (the "**DAK Capital BMO Guarantee**") supported by the DAK Capital BMO Security."

(g) Clause (g) of Section 9.02 [Conditions Precedent to Advances under Facility A] is deleted in the entirety and replaced with the following:

"(g) the Agent and the Lenders shall have received and be satisfied with evidence that Parent Holdco has provided a cash equity contribution to the Borrower in an amount equal on a dollar for dollar basis to the amount of each Advance under Facility A, with each such cash equity contribution having being made substantially concurrently with (and in any event, prior to) the applicable Advance which it matches; it being agreed that the cash equity contributions provided by Parent Holdco to the Borrower of $1,000,000 in July, 2023 and additional cash equity contributions, if any, provided by Parent Holdco to the Borrower in September, 2023 (collectively, the "**July and September Contributions**"), in each case as verified by the Agent, shall be deemed to satisfy this condition precedent in respect of the first and any successive Advance(s) made after September 26, 2023 in an aggregate principal amount not in excess of the aggregate amount of the July and September Contributions."

(h) Exhibit "F" [Compliance Certificate] is deleted in the entirety and replaced with Exhibit "F" hereto.

This Agreement is an amendment to the Credit Agreement. Unless the context of this Agreement otherwise requires, the Credit Agreement and this Agreement shall be read together and shall have effect as if the provisions of the Credit Agreement and this Agreement were contained in one agreement. The term "Agreement" when used in the Credit Agreement means the Credit Agreement as amended by this Agreement, together with all amendments, modifications, supplements, extensions, renewals, restatements and replacements thereof from time to time.

2. Limited Waiver

You have advised us that the following Events of Default (collectively, the "**Existing Events of Default**") have occurred under:

(a) Sections 7.02 (e) and (l) of the Credit Agreement as a result of the failure of the Borrower to comply with certain obligations after creating and acquiring new Subsidiaries as described in the next sentence. More specifically, the Borrower (i) incorporated 1000451353 Ontario Inc. and 1000451354 Ontario Inc. on February 21, 2023 (collectively, the "**Incorporated Entities**") and (ii) pursuant to a share purchase agreement dated September 23, 2022, acquired all of the issued and outstanding shares in the capital stock of 10006215 Manitoba Ltd., 14284585 Canada Inc., and East Coast Tweed Inc. (collectively, "**the Acquired Entities**"), and upon creating the Incorporated Entities and acquiring the Acquired Entities, the Borrower failed to provide the required Guarantees and all other Security required under the Credit Agreement and failed to comply with the criterion in clause (h) of the definition of "Permitted Acquisition";

(b) Section 7.01(l) of the Credit Agreement as a result of the failure of the Borrower to transition a bank account of East Coast Tweed Inc. from Alterna (the "**Alterna Account**") to BMO within 60 days after the closing of the Canopy Acquisition;

(c) Section 7.03(b)(C) of the Credit Agreement (as in effect prior to this Agreement) as a result of the failure of the Borrower to achieve, on a consolidated basis, EBIDTAR in the amount of $2,6000,000 or greater, for the Fiscal Quarter ending March 31, 2023; and

(d) Section 7.03(b)(D) of the Credit Agreement (as in effect prior to this Agreement) as a result of the failure of the Borrower to achieve, on a consolidated basis, EBIDTAR in the amount of $2,6000,000 or greater, for the Fiscal Quarter ending June 30, 2023.

The Lender hereby waives the Existing Events of Default.

Notwithstanding the foregoing, the limited waiver above:

(a) does not extend to any other Default or Event of Default by any Loan Party under the Loan Documents;

(b) will not be construed as a waiver of any other provisions of the Loan Documents or consent to any further or future action on the part of any Loan Party;

(c) is intended to be limited to the specific purpose and intent for which same has been provided, and does not prejudice any rights or remedies that Lender may have now or may have in the future under or in connection with the Loan Documents; and

(d) shall cease to be effective on November 11, 2023 unless the Alterna Account is closed, and evidence thereof is provided to Agent, by such date.

Furthermore, Agent and Lender reserves its rights and remedies at any time and from time to time arising in connection with any Default or Event of Default now existing or hereafter arising (other than with respect to the Existing Events of Default specifically waived above).

3. Representations and Warranties

In order to induce the Agent and Lender to enter into this Agreement, each Loan Party represents and warrants to the Agent and Lender as follows, which representations and warranties shall survive the execution and delivery of this Agreement:

(a) attached hereto as Schedule A is a true and complete copy of an organizational chart of the Loan Parties;

(b) all of the representations and warranties in the Loan Documents are true and correct in all material respects as of the date hereof, except for any such representations and warranties which are expressly stated therein to have been made only as at the date of the Credit Agreement;

(c) each Loan Party is in compliance with all the covenants contained in the Loan Documents;

(d) other than the Existing Events of Default, no Default or Event of Default has occurred and is continuing, and after giving effect to this Agreement there will be no Default or Event of Default;

(e) the execution, delivery and performance of this Agreement and the transactions contemplated hereunder are all within and each Loan Party's powers, have been duly authorized and are not in contravention of applicable law or the terms of each Loan Party's organizational documentation, or any indenture, agreement or undertaking to which any Loan Party is a party or by which any Loan Party's property is bound;

(f) each Loan Party has duly executed and delivered this Agreement; and

(g) this Agreement constitutes a legal, valid and binding obligation of each Loan Party, enforceable against it by the Agent and Lender in accordance with the terms of this Agreement.

4. Conditions Precedent to Agreement

This Agreement will become effective upon the satisfaction of each of the following conditions precedent:

(a) receipt by the Agent's counsel, Bennett Jones LLP, of payment in full from the Borrower of: (i) the legal fees, disbursements and taxes invoiced by Bennett Jones LLP pursuant to Invoice no. 1519836 dated June 26, 2023, and (ii) the legal fees, disbursements and taxes invoiced by Bennett Jones LLP for the preparation, negotiation and execution of this Agreement and the other agreements in connection therewith;

(b) receipt by the Agent of this Agreement executed by the Agent, the Lender and the Loan Parties;

(c) receipt by the Agent of the Amendment Fee (as defined below);

(d) receipt by the Agent of the Waiver Fee (as defined below); and

(e) receipt by the Agent of an amended and restated DAK Capital BMO Guarantee executed by DAK Capital, in form and substance satisfactory to the Agent.

5. General

(a) **Continuation of Credit Agreement.** The Credit Agreement and the other Loan Documents shall continue in full force and effect and the rights and obligations of all parties thereunder shall not be affected or prejudiced in any manner except as specifically provided

for herein. For certainty, the Agent and Lender reserves its rights and remedies at any time and from time to time arising in connection with any Default or Event of Default now existing or hereafter arising (other than the Existing Events of Default).

(b) **Acknowledgement of Existing Security and Guarantees.** It is agreed and confirmed that after giving effect to this Agreement, all security and guarantees delivered by each Loan Party to the Agent and Lender secures the payment and performance of all of the Obligations including, without limitation, the obligations, liabilities and indebtedness arising under the Credit Agreement.

(c) **Further Assurances.** Each Loan Party shall execute and deliver such documents and take such actions as may be reasonably necessary or desirable by the Agent to give effect to the provisions and purposes of this Agreement, all at the expense of each Loan Party.

(d) **Expenses.** Each Loan Party shall pay all fees, expenses and disbursements including, without limitation, reasonable legal fees, incurred by or payable to the Agent in connection with the preparation, negotiation, execution, delivery, review and enforcement of this Agreement and all other documents and instruments arising therefrom and/or executed in connection therewith.

(e) **Amendment Fee.** The Borrower shall pay to the Agent and Lenders a non-refundable amendment fee in the amount of CDN$60,000 ("**Amendment Fee**"), which shall be due and payable on the date hereof.

(f) **Waiver Fee.** The Borrower shall pay to the Agent and Lenders a non-refundable waiver fee in the amount of CDN$20,000 ("**Waiver Fee**"), which shall be due and payable on the date hereof.

(g) **Execution/Counterparts.** This Agreement may be executed and delivered by facsimile or pdf and in any number of counterparts, each of which when so executed and delivered is an original and all of which taken together constitute one and the same instrument.

(h) **Governing Law.** This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(i) **Successors and Assigns.** This Agreement is binding on the successors and permitted assigns of the parties hereto and may be relied upon by the parties hereto and their respective successors and permitted assigns.

(j) **Loan Document.** This Agreement is a Loan Document.

If the foregoing correctly sets out our agreement, please indicate your acceptance of the terms and conditions of this Agreement by signing below and returning an executed copy to us by no later than 5:00 p.m. (EST) on September 26, 2023 after which time, if not accepted by all of you, this Agreement shall be null and void.

[Signature Page Follows.]

Yours truly,

BANK OF MONTREAL, as Administrative Agent and Lender

By: _____
Name: Allen Benjamin
Title: Managing Director & Team Lead

By: _____
Name: Andrew Stefankiewicz
Title: Associate

Address:
Bank of Montreal
Corporate Finance
18th Floor, First Canadian Place
Toronto, Ontario
M5X 1A1

Attention: Managing Director, Allan Benjamin
Email: allen.benjamin@bmo.com

Acknowledged and agreed as of the date first written above.

2161907 ALBERTA LTD.

By: _____
Name: Andy Williams
Title: Director

2733181 ONTARIO INC.

By: _____
Name: Andy Williams
Title: Director

2733182 ONTARIO INC.

By: _____
Name: Andy Williams
Title: Director

2675970 ONTARIO INC.

By: _____
Name: Andy Williams
Title: Director

2737503 ONTARIO INC.

By: _____
Name: Andy Williams
Title: Director

2699078 ONTARIO INC.

By: _____
Name: Andy Williams
Title: Director

2197130 ALBERTA LTD.

By: _____
Name: Andy Williams
Title: Director

2708540 ONTARIO CORPORATION

By: _____
Name: Andy Williams
Title: Director

TS-IP HOLDINGS LTD.

By: _____
Name: Andy Williams
Title: Director

TS PROGRAMS LTD.

By: _____
Name: Andy Williams
Title: Director

2826475 ONTARIO INC.

By: _____
Name: Andy Williams
Title: Director

TS WELLINGTON INC.

By: _____
Name: Andy Williams
Title: Director

2734082 ONTARIO INC.

By: _____
Name: Andy Williams
Title: Director

DAK CAPITAL INC.

By: _____
Name:
Title:

OEG RETAIL CANNABIS HR SERVICES LTD.

By: _____
Name: Andy Williams
Title: Director

2796279 ONTARIO INC.

By: _____
Name: Andy Williams
Title: Director

2742591 ONTARIO INC.

By: _____
Name: Andy Williams
Title: Director

1000451353 ONTARIO INC.

By: _____
Name: Andy Williams
Title: Director

1000451354 ONTARIO INC.

By: _____
Name: Andy Williams
Title: Director

10006215 MANITOBA LTD.

By: _____
Name: Andy Williams
Title: Director

14284585 CANADA INC.

By: _____
Name: Andy Williams
Title: Director

EAST COAST TWEED INC.

By: _____
Name: Andy Williams
Title: Director

2734082 ONTARIO INC.

By: _____
Name:
Title:

DAK CAPITAL INC.

By: _____
Name: Brad Gilewich
Title: Director

OEG RETAIL CANNABIS HR SERVICES LTD.

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2796279 ONTARIO INC.

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Name:
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By: _____
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1000451354 ONTARIO INC.

By: _____
Name:
Title:

10006215 MANITOBA LTD.

By: _____
Name:
Title:

14284585 CANADA INC.

By: _____
Name:
Title:

EAST COAST TWEED INC.

By: _____
Name:
Title:

THIS IS **EXHIBIT "N"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

BMO Bank of Montreal

July 29, 2024

2675970 Ontario Inc.,
1000451353 Ontario Inc.,
1000451354 Ontario Inc.,
10006215 Manitoba Ltd.,
14284585 Canada Inc.,
2161907 Alberta Ltd.,
2733182 Ontario Inc.,
2197130 Alberta Ltd.,
2699078 Ontario Inc.,
2708540 Ontario Corporation,
2733181 Ontario Inc.,
2734082 Ontario Inc.,
2737503 Ontario Inc.,
2742591 Ontario Inc.
2796279 Ontario Inc.,
2826475 Ontario Inc.,
DAK Capital Inc.,
80694 Newfoundland & Labrador Inc.(formerly known as East Coast Tweed Inc.),
OEG Retail Cannabis HR Services Ltd.,
TS Programs Ltd.,
TS Wellington Inc.,
TS-IP Holdings Ltd., and
2385816 Alberta Ltd.(collectively, the "**Loan Parties**")

Dear Sirs/Mesdames:

Re: Second amended and restated credit agreement dated October 7, 2022 (as amended by a first amendment dated September 26, 2023, and as may be further amended, restated, supplemented, replaced or otherwise modified from time to time, the "Credit Agreement") between the Loan Parties and Bank of Montreal, as Agent and Lender. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Credit Agreement unless stated otherwise.

You have requested the amendments to the Credit Agreement set forth in Section 1 of this Agreement and the limited waivers set forth in Section 2 of this Agreement.

1. Amendments to the Credit Agreement

Effective upon satisfaction of the conditions precedent set forth in Section 4 below and subject to the terms of this Agreement, the parties hereto agree that the Credit Agreement (excluding Schedules) is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in Exhibit "A".

This Agreement is an amendment to the Credit Agreement. Unless the context of this Agreement otherwise requires, the Credit Agreement and this Agreement shall be read together and shall have effect as if the provisions of the Credit Agreement and this Agreement were contained in one agreement. The term "Agreement" when used in the Credit Agreement means the Credit Agreement as amended by this Agreement, together with all amendments, modifications, supplements, extensions, renewals, restatements and replacements thereof from time to time.

2. Limited Waiver

You have advised us that the following Events of Default (collectively, the "**Existing Events of Default**") have occurred under:

(a) Section 7.03(b)(B) of the Credit Agreement (as in effect prior to this Agreement) as a result of the failure of the Borrower to achieve, on a consolidated basis, EBIDTAR in the amount of $2,795,000 or greater, for the Fiscal Quarter ending December 31, 2023; and

(b) Section 7.03(b)(C) of the Credit Agreement (as in effect prior to this Agreement) as a result of the failure of the Borrower to achieve, on a consolidated basis, EBIDTAR in the amount of $2,885,000 or greater, for the Fiscal Quarter ending March 31, 2024.

Effective upon the satisfaction of the conditions precedent set forth in Section 4 below and subject to the terms of this Agreement, the Agent and the Lender hereby waive the Existing Events of Default.

Notwithstanding the foregoing, the limited waiver above:

(a) does not extend to any other Default or Event of Default by any Loan Party under the Loan Documents;

(b) will not be construed as a waiver of any other provisions of the Loan Documents or consent to any further or future action on the part of any Loan Party; and

(c) is intended to be limited to the specific purpose and intent for which same has been provided, and does not prejudice any rights or remedies that Lender may have now or may have in the future under or in connection with the Loan Documents.

Furthermore, Agent and Lender reserves its rights and remedies at any time and from time to time arising in connection with any Default or Event of Default now existing or hereafter arising (other than with respect to the Existing Events of Default specifically waived above).

3. Representations and Warranties

In order to induce the Agent and Lender to enter into this Agreement, each Loan Party represents and warrants to the Agent and Lender as follows, which representations and warranties shall survive the execution and delivery of this Agreement:

(a) attached hereto as Schedule A is a true and complete copy of an organizational chart of the Loan Parties;

(b) all of the representations and warranties in the Loan Documents are true and correct in all material respects as of the date hereof, except for any such representations and warranties which are expressly stated therein to have been made only as at the date of the Credit

Agreement, and except as disclosed in the revised disclosure Schedules set forth in Schedule B herewith;

(c) each Loan Party is in compliance with all of the covenants applicable to such Loan Party contained in the Loan Documents to which such Loan Party is a party to or bound by;

(d) other than the Existing Events of Default, no Default or Event of Default has occurred and is continuing, and after giving effect to this Agreement there will be no Default or Event of Default;

(e) the execution, delivery and performance of this Agreement and the transactions contemplated hereunder are all within each Loan Party's powers, have been duly authorized and are not in contravention of applicable law or the terms of each Loan Party's organizational documentation, or any indenture, agreement or undertaking to which any Loan Party is a party or by which any Loan Party's property is bound;

(f) each Loan Party has duly executed and delivered this Agreement; and

(g) this Agreement constitutes a legal, valid and binding obligation of each Loan Party, enforceable against it by the Agent and Lender in accordance with the terms of this Agreement.

4. Conditions Precedent to Agreement

This Agreement will become effective upon the satisfaction of each of the following conditions precedent:

(a) receipt by the Agent's counsel, Bennett Jones LLP, of payment in full from the Borrower of all legal fees, disbursements and taxes invoiced by Bennett Jones LLP for the preparation, negotiation and execution of this Agreement and the other agreements in connection therewith, including, without limitation, all services provided in relation to the administration of the Facilities;

(b) receipt by the Agent of this Agreement executed by the Agent, the Lender and the Loan Parties; and

(c) receipt by the Agent of the Amendment and Waiver Fee (as defined below).

5. General

(a) **Continuation of Credit Agreement.** The Credit Agreement and the other Loan Documents shall continue in full force and effect and the rights and obligations of all parties thereunder shall not be affected or prejudiced in any manner except as specifically provided for herein. For certainty, the Agent and Lender reserves its rights and remedies at any time and from time to time arising in connection with any Default or Event of Default now existing or hereafter arising (other than the Existing Events of Default).

(b) **Acknowledgement of Existing Security and Guarantees.** It is agreed and confirmed that after giving effect to this Agreement, all Security delivered by each Loan Party to the Agent and Lender secures the payment and performance of all of the Obligations including, without limitation, the obligations, liabilities and indebtedness arising under the Credit Agreement.

(c) **Further Assurances.** Each Loan Party shall execute and deliver such documents and take such actions as may be reasonably necessary or desirable by the Agent to give effect to the provisions and purposes of this Agreement, all at the expense of each Loan Party.

(d) **Expenses.** The Borrower shall pay all fees, expenses and disbursements including, without limitation, reasonable legal fees, incurred by or payable to the Agent in connection with the preparation, negotiation, execution, delivery, review and enforcement of this Agreement and all other documents and instruments arising therefrom and/or executed in connection therewith.

(e) **Amendment and Waiver Fee.** The Borrower shall pay to the Agent and Lenders a non-refundable amendment and waiver fee in the amount of CDN$100,000 (the "**Amendment and Waiver Fee**"), which shall be due and payable on the date hereof.

(f) **Execution/Counterparts.** This Agreement may be executed and delivered by facsimile or pdf and in any number of counterparts, each of which when so executed and delivered is an original and all of which taken together constitute one and the same instrument.

(g) **Governing Law.** This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(h) **Successors and Assigns.** This Agreement is binding on the successors and permitted assigns of the parties hereto and may be relied upon by the parties hereto and their respective successors and permitted assigns.

(i) **Loan Document.** This Agreement is a Loan Document.

(j) **Existing CDOR Loans and Bankers' Acceptances.** Each party hereto acknowledges and agrees that as of the date hereof, the Advances outstanding may include CDOR Loans or Bankers' Acceptances. On the last day of the Interest Period of each such CDOR Loan or Bankers' Acceptance that occurs after the date hereof, such CDOR Loan or Bankers' Acceptance shall be repaid or converted, as applicable, to a Prime Based Loan, Term CORRA Loan, or Daily Compounded CORRA Loan as selected by the Borrower and, if no such selection is made, such CDOR Loan or Bankers' Acceptance shall be converted to a Prime Based Loan. All relevant defined terms (or any applicable portions thereof) and all relevant provisions (or any applicable portions thereof) of the Credit Agreement continue to apply to and govern any CDOR Loans and Bankers' Acceptances outstanding on the date hereof until each such CDOR Loan or Bankers' Acceptance is converted on last day of the then current Interest Period.

If the foregoing correctly sets out our agreement, please indicate your acceptance of the terms and conditions of this Agreement by signing below and returning an executed copy to us by no later than 5:00 p.m. (EST) on July 29, 2024 after which time, if not accepted by all of you, this Agreement shall be null and void.

[Signature Page Follows.]

Yours truly,

BANK OF MONTREAL, as Administrative Agent and Lender

By: 

Name: Seun Kolarinwa
Title: Director, Emerging Industries

By: A Narendran

Name: Angela Narendran
Title: Associate, Emerging Industries

Address:
Bank of Montreal
Corporate Finance
18th Floor, First Canadian Place
Toronto, Ontario
M5X 1A1

Attention: Managing Director, Allan Benjamin
Email: allen.benjamin@bmo.com

Acknowledged and agreed as of the date first written above.

2161907 ALBERTA LTD.

By: _____
Name: Andy Williams
Title: President

2733181 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

2733182 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

2675970 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

2737503 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

2699078 ONTARIO INC.

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Name: Andy Williams
Title: President

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Name: Andy Williams
Title: President

2708540 ONTARIO CORPORATION

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Name: Andy Williams
Title: President

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Title: President

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2742591 ONTARIO INC.

By: _____
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By: _____
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Title: President

1000451354 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

10006215 MANITOBA LTD.

By: _____
Name: Andy Williams
Title: President

14284585 CANADA INC.

By: _____
Name: Andy Williams
Title: President

80694 NEWFOUNDLAND & LABRADOR INC.

By: _____
Name: Andy Williams
Title: President

2385816 ALBERTA LTD.

By: _____
Name: Andy Williams
Title: President

EXHIBIT "A"

See attached.

2675970 ONTARIO INC.
as Borrower

- and -

CERTAIN GUARANTORS FROM TIME TO TIME PARTY HERETO,
as Guarantors

- and -

THE LENDERS FROM TIME TO TIME PARTY TO THIS AGREEMENT
as Lenders

- and -

BANK OF MONTREAL
as Administrative Agent

CONFORMED SECOND AMENDED AND RESTATED CREDIT AGREEMENT (CONFORMED THROUGH A FIRST AMENDMENT TO CREDIT AGREEMENT DATED SEPTEMBER 26, 2023 AND A SECOND AMENDMENT TO CREDIT AGREEMENT DATED JULY 29, 2024)

October 7, 2022

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SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS AGREEMENT dated as of October 7, 2022

BETWEEN:

2675970 ONTARIO INC.

as Borrower

- and -

CERTAIN GUARANTORS FROM TIME TO TIME PARTY HERETO,

as Guarantors

- and -

THE LENDERS FROM TIME TO TIME PARTY TO THIS AGREEMENT

as Lenders

- and -

BANK OF MONTREAL

as Administrative Agent

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged by each party, the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.01 Definitions

In this Agreement, the words and phrases set out in the CBA Model Provisions (as hereinafter defined) shall have the respective meanings set forth therein (subject to Section 12.01 hereof). In addition, the following words and phrases have the respective meanings assigned to them below:

"**Acceleration Date**" means the earlier of (i) the date of the occurrence of an Insolvency Event in respect of any Obligor; and (ii) the date on which the Borrower fails to repay the Obligations in full pursuant to an Acceleration Notice issued by the Agent.

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"**Acceleration Notice**" is defined in Section 10.02.

"Adjusted Daily Compounded CORRA" means, for purposes of any calculation, the rate per annum equal to (a) Daily Compounded CORRA for such calculation plus (b) the Daily Compounded CORRA Adjustment; provided that if Adjusted Daily Compounded CORRA as so determined shall be less than the Floor, then Adjusted Daily Compounded CORRA shall be deemed to be the Floor.

"Adjusted Term CORRA" means, for purposes of any calculation, the rate per annum equal to (a) Term CORRA for such calculation plus (b) the Term CORRA Adjustment; provided that if Adjusted Term CORRA as so determined shall ever be less than the Floor, then Adjusted Term CORRA shall be deemed to be the Floor.

"**Advance**" means an extension of credit by one or more of the Lenders to the Borrower pursuant to this Agreement, including for greater certainty an extension of credit in the form of a ~~CDOR~~**Term CORRA Loan, a Daily Compounded CORRA** Loan, a Prime Based Loan, ~~a Bankers' Acceptance, a BA Equivalent Loan,~~ or the issuance of a Letter of Credit, but for greater certainty does not include a Substitution or Rollover.

"**Agent**" means BMO in its capacity as the administrative agent for itself and the other Lenders hereunder, and its successors in such capacity.

"**Aggregate Net Hedge Liability**" means, on any date of determination, the net aggregate amount of the Borrower's liability under all Hedge Transactions outstanding on such date in the event of a default or termination thereunder, calculated in accordance with the terms thereof (and for greater certainty, determined after netting any amounts payable to the Borrower thereunder against amounts payable by the Borrower thereunder).

"**Agreement**" means this second amended and restated credit agreement (including the Exhibits and Schedules hereto) as it may be amended, supplemented, replaced or restated from time to time.

"**AML Legislation**" means all anti-money laundering, anti-terrorist financing, government sanction and "know your client" Laws in effect in any jurisdiction in which any Company carries on business or owns assets, including any guidelines or orders thereunder, specifically including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada).

"**Applicable Law**" is defined in the CBA Model Provisions.

"**Applicable Margin**" means, in respect of any Availment Option, the percentage in the column relating to such Availment Option found in pricing level V in the following table:"

Pricing Level	**Senior Funded Debt to EBITDAR Ratio**	**~~CDOR Loans / Bankers' Acceptances / BA Equivalent Loans~~ Term CORRA Loan/ Daily Compounded CORRA Loan/ Letters of Credit**	**Prime Based Loans (incl. Swingline)**	**Standby Fee**
I	< 2.25x	3.50%	2.25%	0.70%
II	≥ 2.25x and < 3.00x	3.75%	2.50%	0.75%

III	≥ 3.00x and < 3.75x	4.00%	2.75%	0.80%
IV	≥ 3.75x and < 4.50x	4.25%	3.00%	0.85%
V	≥ 4.50x	4.50%	3.25%	0.90%

"**Approved Jurisdiction**" means a country in which it is legal in all political subdivisions therein (including for greater certainty on a federal, state and municipal basis) to undertake any Cannabis- Related Activities provided that in each case (i) such country has been approved in writing by the Required Lenders in their discretion and (ii) if required by the Agent, the ability to undertake Cannabis Related Activities to the extent permitted by Applicable Law therein is confirmed by a legal opinion provided by the Borrower's counsel in such jurisdiction, in form and substance satisfactory to the Agent. The Required Lenders may in their discretion, from time to time (i) upon receipt of a written request by the Borrower, designate any jurisdiction an Approved Jurisdiction provided that the above criteria are satisfied and (ii) revoke the designation of any jurisdiction as an Approved Jurisdiction by written notice to the Borrower if such criteria are not satisfied. Each of Canada, Austria, Greece, Germany and Uruguay is an Approved Jurisdiction as at the date of this Agreement.

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

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (a) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 2.07(d).

"**Availment Option**" means a method of borrowing which is available to the Borrower as provided herein.

~~"**BA Equivalent Loan**" means an Advance in Canadian Dollars made by a Non-BA Lender to the Borrower in respect of which the Borrower has issued a BA Equivalent Note.~~

~~"**BA Equivalent Note**" means a promissory note payable by the Borrower to a Non-BA Lender in the form of Exhibit "G" attached hereto.~~

~~"**BA Lender**" means a Lender identified in Exhibit "A" attached hereto as a Lender which will accept Bankers' Acceptances hereunder.~~

~~"**Bankers' Acceptance**" means a bill of exchange or a blank non-interest bearing depository bill as defined in the *Depository Bills and Notes Act* (Canada) drawn by the Borrower and accepted by a BA Lender in respect of which the Borrower becomes obligated to pay the face amount thereof to the holder (which may be a third party or such BA Lender) upon maturity~~

"Benchmark" means, initially, the Term CORRA Reference Rate or Daily Compounded CORRA, as the case may be, provided that if a Benchmark Transition Event has occurred

with respect to the Term CORRA Reference Rate, Daily Compounded CORRA, or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.07(a).

"Benchmark Replacement" means, with respect to any Benchmark Transition Event,

(a) where a Benchmark Transition Event has occurred with respect to Term CORRA Reference Rate, Daily Compounded CORRA; and;

(b) where a Benchmark Transition Event has occurred with respect to a Benchmark other than the Term CORRA Reference Rate, the sum of: (i) the alternate benchmark rate that has been selected by the Agent and the Borrower giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities and (ii) the related Benchmark Replacement Adjustment.

If the Benchmark Replacement as determined pursuant to clause (a) or (b) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities at such time.

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event,” the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the

regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Bank of Canada, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means, the period (if any) (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.07 and (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.07.

"**BMO**" means Bank of Montreal and its successors and permitted assigns.

"**Borrower**" means 2675970 Ontario Inc.

"**Business Day**" means any day on which the Agent is open for over-the-counter business in Toronto, Ontario, excluding Saturday, Sunday and any other day that is a statutory holiday in Toronto, Ontario.

"**Canadian Dollars**" or "**$**" means the lawful money of Canada.

"**Cannabis**" means:

(a) any plant or seed, whether live or dead, from any species or subspecies of genus Cannabis, including Cannabis sativa, Cannabis indica and Cannabis ruderalis, Marijuana and Industrial Hemp and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;

(b) any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by clause (a) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;

(c) any organism engineered to biosynthetically produce the material contemplated by clause (b) of this definition, including any micro-organism engineered for such purpose;

(d) any biologically or chemically synthesized version of the material contemplated by clause (b) of this definition or any analog thereof, including any product made by any organism contemplated by clause (c) of this definition;

(e) any other meaning ascribed to the term "**cannabis**" under Applicable Law in any Approved Jurisdiction, including the *Cannabis Act* and the *Controlled Drugs and Substances Act* (Canada); and

(f) any other meaning ascribed to the term "**cannabis**" under the *Controlled Substances Act* (United States).

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

"**Cannabis Authorizations**" means, at any time, all authorizations necessary for the conduct of Cannabis Related Activities by any Company. For the avoidance of doubt, Health Canada licenses shall constitute a Cannabis Authorization.

"**Cannabis Laws**" means Applicable Law with respect to Cannabis Related Activities (other than Applicable Law of general application), including without limitation the Cannabis Act, the *Cannabis Control Act, 2017* (Ontario), *Cannabis Licence Act, 2018* (Ontario) and the Ontario Regulation 468/18, the Cannabis Regulations and the *Controlled Drugs and Substances Act* (Canada).

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

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

"**Canopy**" means Tweed Franchise Inc.

"**Canopy Acquisition**" means the acquisition by 2675970 Ontario Inc. of the assets described in the Canopy Term Sheet from Canopy Growth Corporation on the terms set forth in the Canopy Term Sheet.

"**Canopy Debt**" means the Funded Debt of 2161907 Alberta Ltd. owing to Canopy pursuant to the Promissory Note dated January 17, 2022 by 2161907 Alberta Ltd. in favour of Canopy, in a principal amount not in excess of $5,000,000.

"**Canopy Subordination Agreement**" means the subordination agreement dated the date hereof between the Agent, as senior lender, Canopy, as subordinated lender, and 2161907 Alberta Ltd.

"**Canopy Support Agreement**" means the Support Agreement dated February 28, 2019 made between 2161907 Alberta Ltd., Canopy and Tweed Leasing Corp., in respect of flow-through indebtedness owed by Mr. Colin Campbell to Canopy and Tweed Leasing Corp. through 2161907 Alberta Ltd. in principal amount not in excess of $2,500,000.

"**Canopy Term Sheet**" means the term sheet dated May 4, 2022 between 2675970 Ontario Inc., as purchaser, and Canopy Growth Corporation, as vendor, for the acquisition by 2675970 Ontario Inc. of the assets described therein from Canopy Growth Corporation.

"**Capital Expenditures**" means expenditures made directly or indirectly which are considered to be in respect of the acquisition or leasing of capital assets in accordance with IFRS, including the acquisition or improvement of Real Property, plant, machinery or equipment, whether fixed or removable.

"**Capital Lease**" means any lease of assets which in accordance with IFRS would be required to be capitalized on the balance sheet of the lessee.

"**Cash Equivalents**" means:

(a) treasury bills or other marketable direct obligations issued by, or unconditionally guaranteed by, the government of Canada or any province thereof or the government of the United States or any agency or instrumentality of any of them, and backed by the full faith and credit of Canada or any province thereof or the

United States, as the case may be, in each case maturing within one year from the date of acquisition;

(b) term deposits, guaranteed investment certificates, certificates of deposit, overnight bank deposits having maturities of one year or less from the date of acquisition or other debt obligations issued by any Schedule I Canadian chartered bank or any of its Affiliates; and

(c) commercial paper of an issuer rated at least A-1+ or the equivalent thereof by Standard & Poor's Ratings Group, Inc. or at least P-1 or the equivalent thereof by Moody's Investors Service, Inc. or at least R-1 (Low) or the equivalent thereof by DBRS Limited, and in each case maturing within six months from the date of acquisition.

"**Cash Taxes**" in respect of any fiscal period means amounts actually paid by the Companies in such fiscal period in respect of income and capital Taxes (whether relating to such fiscal period or any other fiscal period).

"**CBA Model Provisions**" means the model credit agreement provisions attached hereto as Exhibit "~~H~~G", which have been revised under the direction of the Canadian Bankers' Association Secondary Loan Market Specialist Group from provisions prepared by The Loan Syndications and Trading Association, Inc.

~~"**CDOR Discontinuation Date**" is defined in Section 5.18(a)(iii).~~

~~"**CDOR Loan**" means a loan made by a Lender to the Borrower in Canadian Dollars in respect of which interest is determined by reference to the CDOR Rate.~~

~~"**CDOR Period**" means, with respect to any CDOR Loan, the period commencing on the Business Day on which such CDOR Loan is advanced or continued or another Advance is converted into such CDOR Loan, as applicable, and ending on a Business Day that is one (1), two (2), or three (3) months thereafter (subject to availability) or such other period as may be agreed to by a Lender in its absolute discretion as selected by the Borrower in a Draw Request.~~

~~"**CDOR Rate**" means on any day:~~

~~(a) the annual rate of interest which is the rate determined as being the arithmetic average of the quotations of all institutions listed in respect of the rate for Canadian Dollar denominated bankers' acceptances for the relevant period displayed and identified as such on the "Refinitiv Screen Canadian Dollar Offered Rate (CDOR) Page" (or any display substituted therefor) of Reuters Monitor Money Rates Service (or any successor thereto or Affiliate thereof) (such display being, the "**Reuters Screen Page**") as of 10:00 a.m. Toronto, Ontario local time on such day and, if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Agent after 10:00 a.m. Toronto, Ontario local time to reflect any error in a posted rate of interest or in the posted average annual rate of interest with notice of such adjustment in reasonable detail evidencing the basis for such determination being concurrently provided to the Borrower); and~~

in the ordinary course of business or (ii) customary warranties and indemnities provided in the ordinary course of business.

"**Control**" is defined in the CBA Model Provisions.

"**Copyrights**" means all rights, title and interests (and all related IP Ancillary Rights) arising under any requirement of Law in copyrights and all mask work, database and design rights, whether or not registered or published, all registrations and recordations thereof and all applications in connection therewith.

"**CORRA**" means the Canadian Overnight Repo Rate Average administered and published by the Bank of Canada (or any successor administrator).

"**Currency Hedge Transaction**" mean an agreement made between the Borrower and a Lender for the purpose of hedging currency risk, including a currency exchange agreement or a foreign exchange forward contract.

"**Daily Compounded CORRA**" means, for any ~~day~~**Business Day** in an Interest Period, CORRA with interest accruing on a compounded daily basis, with the methodology and conventions for this rate (which will include compounding in arrears with a **5 Business Day** lookback) being established by the Agent in accordance with the methodology and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded CORRA for business loans; provided that if the Agent decides that any such convention is not administratively feasible for the Agent, then the Agent may establish another convention in its reasonable discretion; and provided that if the CORRA Administrator has not provided or published CORRA and a Benchmark Replacement Date with respect to CORRA has not occurred, then, in respect of any day for which CORRA is required, references to CORRA will be deemed to be references to the last provided or published CORRA.

"Daily Compounded CORRA Adjustment" means (a) for an Interest Period of 1 month, 0.29547% per annum, and (b) for an Interest Period of 3 months, 0.32138% per annum.

"**Daily Compounded CORRA Loan**" means an Advance made in Canadian Dollars pursuant to Section 2.01 that bears interest at a rate based on Adjusted Daily Compounded CORRA.

"**DAK Capital**" means DAK Capital Inc., an Alberta corporation.

"**DAK Capital BMO Guarantee**" is defined in Section 8.02(b).

"**DAK Capital BMO Security**" means the security agreements and control agreements granted by DAK Capital in favour of the Agent creating a First-Ranking Security Interest in respect of a portfolio of investments held by DAK Capital acceptable to the Agent in its sole discretion.

"**DAK Capital Security**" means the Liens granted by 2161907 Alberta Ltd. and the Borrower in favour of DAK Capital to secure management or guarantee fees owing from 2161907 Alberta Ltd. and the Borrower to DAK Capital.

"**DAK Subordination Agreement**" means the amended and restated subordination agreement dated October 7, 2022 between the Agent, DAK Capital and the Companies party thereto.

"**Default**" is defined in the CBA Model Provisions.

exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"**Contingent Obligation**" means, as to any Person, any obligation, whether secured or unsecured, of such Person guaranteeing or indemnifying, or in effect guaranteeing or indemnifying, any indebtedness, leases, dividends, letters of credit or other monetary obligations (the "**primary obligations**") of any other Person (the "**primary obligor**") in any manner, whether directly or indirectly, including any obligation of such Person as an account party in respect of a letter of credit or letter of guarantee issued to assure payment by the primary obligor of any such primary obligation and any obligations of such Person, whether or not contingent, (a) to purchase any such primary obligation or any Collateral constituting direct or indirect security therefor, (b) to advance or supply funds for the purchase or payment of any such primary obligation or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase Collateral, securities or services primarily for the purpose of assuring the obligee under any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the obligee under such primary obligation against loss in respect of such primary obligation; provided, however, that the term Contingent Obligation shall not include (i) endorsements of instruments for deposit or collection in the ordinary course of business or (ii) customary warranties and indemnities provided in the ordinary course of business.

"**Control**" is defined in the CBA Model Provisions.

"**Copyrights**" means all rights, title and interests (and all related IP Ancillary Rights) arising under any requirement of Law in copyrights and all mask work, database and design rights, whether or not registered or published, all registrations and recordations thereof and all applications in connection therewith.

"CORRA" means the Canadian Overnight Repo Rate Average administered and published by the Bank of Canada (or any successor administrator).

"**Currency Hedge Transaction**" mean an agreement made between the Borrower and a Lender for the purpose of hedging currency risk, including a currency exchange agreement or a foreign exchange forward contract.

"Daily Compounded CORRA" means, for any day in an Interest Period, CORRA with interest accruing on a compounded daily basis, with the methodology and conventions for this rate (which will include compounding in arrears with a lookback) being established by the Agent in accordance with the methodology and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded CORRA for business loans; provided that if the Agent decides that any such convention is not administratively feasible for the Agent, then the Agent may establish another convention in its reasonable discretion; and provided that if the CORRA Administrator has not provided or published CORRA and a Benchmark Replacement Date with respect to CORRA has not occurred, then, in respect of any day for which CORRA is required, references to CORRA will be deemed to be references to the last provided or published CORRA.

"Daily Compounded CORRA Loan" means an Advance made in Canadian Dollars pursuant to Section 2.01 that bears interest at a rate based on Adjusted Daily Compounded CORRA.

"**DAK Capital**" means DAK Capital Inc., an Alberta corporation.

"**DAK Capital BMO Guarantee**" is defined in Section 8.02(b).

"**DAK Capital BMO Security**" means the security agreements and control agreements granted by DAK Capital in favour of the Agent creating a First-Ranking Security Interest in respect of a portfolio of investments held by DAK Capital acceptable to the Agent in its sole discretion.

"**DAK Capital Security**" means the Liens granted by 2161907 Alberta Ltd. and the Borrower in favour of DAK Capital to secure management or guarantee fees owing from 2161907 Alberta Ltd. and the Borrower to DAK Capital.

"**DAK Subordination Agreement**" means the amended and restated subordination agreement dated October 7, 2022 between the Agent, DAK Capital and the Companies party thereto.

"**Default**" is defined in the CBA Model Provisions.

"**Defined Benefit Pension Plan**" means any Pension Plan which contains a "**defined benefit provision**" as defined in subsection 147.1(1) of the *Income Tax Act* (Canada).

"**Designated Financial Covenants**" is defined in Section 7.03(c).

"**Distribution**" in respect of any Person means any amount paid, directly or indirectly, to a shareholder, partner, director, officer or employee of such Person or a Related Person thereto, including any amount paid by way of dividends, distribution of partnership profits, withdrawal of capital, redemption of shares or partnership units, payments of principal, interest or other amounts on account of indebtedness, salary, bonus, commission, management fees, directors' fees or otherwise, or any other direct or indirect payment in respect of earnings or capital of such Person; provided that the payment of commercially reasonable salaries, bonuses, commissions and directors' fees from time to time to the officers, employees and directors of such Person in the ordinary course of business will not be considered Distributions.

"**Downstream Franchise Agreement**" means the franchise agreements between a Company and a Downstream Franchisee, which relate to the development and operation of Tokyo Smoke Retail Locations, including as at the date of this Agreement the franchise agreements described in Schedule "A" attached hereto.

"**Downstream Franchisee**" means a Company's counterparty with respect to a Downstream Franchise Agreement or a Downstream Sublicense Agreement.

"**Downstream Sublicense Agreement**" means the sub-license agreements between a Company and a Downstream Franchisee, which relate to the development and operation of Tokyo Smoke Retail Locations, including as at the date of this Agreement the sub-license agreements described in Schedule "A" attached hereto.

"**Draw Request**" means a notice in the form of Exhibit "B" given by the Borrower to the Agent for the purpose of requesting an Advance.

"**EBITDAR**" means, in respect of any fiscal period, the consolidated net income of the Borrower in such fiscal period determined in accordance with IFRS (excluding extraordinary or non-recurring income and gains, non-cash gains (such as unrealized foreign exchange gains)),

plus the following amounts (to the extent such amounts were deducted in determining such consolidated net income, and without duplication):

(a) Interest, fees and expenses paid or payable in connection with Permitted Funded Debt;

(b) income and capital taxes;

(c) depreciation and amortization;

(d) Rent;

(e) extraordinary/unusual non-recurring expenses or losses to the extent approved by the Required Lenders in writing; and

(f) any other expenses approved in writing by the Required Lenders in their discretion, and provided further that:

(i) in respect of each Company which becomes a Subsidiary of the Borrower in any fiscal period, EBITDAR for such fiscal period shall be determined based on the annualized EBITDAR of such Company from its last Fiscal Quarter until a full trailing twelve month period is achieved, as if such Company had been a Subsidiary of the Borrower throughout the entire said fiscal period; and

(ii) in respect of each Company which ceases to be a Subsidiary of the Borrower in any fiscal period, EBITDAR for such fiscal period shall be determined as if such Company had not been a Subsidiary of the Borrower throughout the entire said fiscal period.

"**Equity Contribution Repayment**" is defined in Section 7.03(c)(v).

"**Equity Interest**" means (i) in the case of any corporation, any and all capital stock and any securities exchangeable for or convertible into capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participation rights or other equivalents of corporate stock (however designated) in or to such association or entity, (iii) in the case of a partnership, limited liability company or unlimited liability company, partnership or membership interests (whether general or limited), as applicable, (iv) in the case of a trust, any and all units, and (v) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing Person, and including, in all of the foregoing cases described in clauses (i), (ii), (iii), (iv) or (v), any warrants, rights or other options to purchase or otherwise acquire any of the interests described in any of the foregoing cases.

"**Equity Issuance**" means an issuance or sale by any Company of shares, partnership interests or other equity interests, except any such issuance or sale (i) to any other Company, or (ii) to management or employees of any Company under any employee stock option or stock purchase plan stock appreciation rights plan, phantom stock plan or other employee benefit plan or arrangement in existence from time to time.

"**Equivalent Amount**" means, in relation to an amount in one currency, the amount in another currency that could be purchased by the amount in the first currency, determined by reference to the applicable Exchange Rate at the time of such determination.

"**Event of Default**" is defined in Section 10.01.

"**Exchange Rate**" means, on the date of determination of any amount of Canadian Dollars to be converted into another currency pursuant to this Agreement for any reason, or vice-versa, the spot rate of exchange for converting Canadian Dollars into such other currency or vice-versa, as the case may be, established by the Bank of Canada at approximately 4:30 p.m. (Toronto time) on the date of such determination (or such other date as may be specified herein).

"**Facility A**" is defined in Section 2.01.

"**Facility A Maximum Amount**" means **an amount equal to: (i)** Forty Million Dollars ($40,000,000)**, *minus* (ii) the maximum amount of credit made available under the MasterCard Line**.

"**Financial Assistance**" means, without duplication and with respect to any Person, all loans granted by that Person or Contingent Obligations incurred by that Person for the purpose of or having the effect of providing financial assistance to another Person or Persons, including, without limitation, letters of guarantee, letters of credit, legally binding comfort letters or indemnities issued in connection therewith, endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business), obligations to purchase assets regardless of the delivery or non-delivery thereof and obligations to make advances or otherwise provide financial assistance to any other entity and for greater certainty "**Financial Assistance**" shall include any guarantee of any third party lease obligations.

"**First-Ranking Security Interest**" in respect of any Collateral means a Lien in such Collateral which is registered as required under this Agreement to record and perfect the charges contained therein and which ranks in priority to all other Liens in such Collateral, except for any Permitted Liens which may have priority in accordance with Applicable Law.

"**Fiscal Quarter**" means a fiscal quarter of the Companies ending on the last days of September, December, March and June in each year.

"**Fiscal Year**" means a fiscal year of the Companies, ending on the last day of June in each year.

"**Fixed Charge Coverage Ratio**" means, in respect of any twelve (12) month fiscal period, the ratio of: (i) EBITDAR in such fiscal period less the aggregate of the following amounts in respect of such fiscal period (without duplication): (A) Cash Taxes, (B) Distributions paid in cash; and (C) Unfunded Capital Expenditures; to (ii) without duplication, (A) Funded Debt Service in respect of the immediately preceding twelve (12) month fiscal period (including without duplication, Capital Lease payments paid or payable in such period) less (B) payments received under subleases during such preceding twelve (12) month fiscal period.

"Floor" means a rate of interest equal to 0.00%.

"**Funded Debt**" in respect of any Person means obligations of such Person which are considered to constitute debt in accordance with IFRS, including indebtedness for borrowed money (in the case of the Companies, specifically including the Outstanding Principal Amount, Subordinated

Debt, obligations secured by Purchase Money Security Interests and net obligations under Capital Leases (calculated by excluding the portion of Capital Leases that are subleased to third parties)), capitalized interest, earnout obligations in respect of a Permitted Acquisition and the redemption price of any securities issued by such Person having attributes substantially similar to debt (such as securities which are redeemable at the option of the holder), plus the Aggregate Net Hedge Liability at the time of determination, but excluding the following: accounts payable, payroll accruals, accruals in respect of normal business expenses and future income Taxes (both current and long-term).

"**Funded Debt Service**" means, in respect of any fiscal period, without duplication: (i) the aggregate amount of Interest paid or payable in respect of the Funded Debt of the Companies (other than Funded Debt owed by a Secured Company to another Secured Company) on a combined basis in respect of such fiscal period (but for greater certainty, excluding any Interest which is capitalized and not paid or payable during such fiscal period); plus (ii) the aggregate amount of scheduled principal payments and scheduled Capital Lease payments and payments in respect of earnout obligations in respect of a Permitted Acquisition (other than obligations or payments made in respect of the Canopy Acquisition in such fiscal period) paid or payable in respect of the Funded Debt of the Companies (other than Funded Debt owed by a Secured Company to another Secured Company) on a consolidated basis in respect of such fiscal period.

"**Governmental Authority**" is defined in the CBA Model Provisions, and for greater certainty includes Health Canada.

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

"**Guarantor**" means each Person required to provide a Guarantee of the Obligations pursuant to Section 8.01.

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

"**Hedge Transaction**" means an Interest Rate Hedge Transaction or a Currency Hedge Transaction.

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board as in effect from time to time applied in a consistent manner period to period.

"**Indemnitees**" means the Lenders, the Agent and their respective successors and permitted assigns, any agent of any of them (specifically including a receiver or receiver-manager) and the respective officers, directors and employees of the foregoing.

"**Industrial Hemp**" has the meaning ascribed to such term or the term "**hemp**" (i) under the Applicable Law of any Approved Jurisdiction, including the Industrial Hemp Regulations (Canada) issued under the Cannabis Act; or (ii) under the *Agricultural Marketing Act of 1946* (United States).

"**Insolvency Event**" means, in respect of any Person, the occurrence of any one or more of the following events:

(a) such Person ceases or threatens to cease to carry on its business, commences any proceeding under Insolvency Legislation including a proposal or an assignment in bankruptcy, petitions or applies to any tribunal for, or consents to, the appointment of any receiver, trustee or similar liquidator in respect of all or a substantial part of its property, admits the material allegations of a petition or application filed with respect to it in any proceeding commenced in respect of it under Insolvency Legislation, or takes any corporate action for the purpose of effecting any of the foregoing; or

(b) any proceeding or filing is commenced against such Person seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any Insolvency Legislation, or seeking the appointment of a receiver, trustee, custodian or other similar official for it or any of its property or assets and such proceeding or filing continues undismissed, or unstayed and in effect, for a period of 45 days after the institution thereof; provided that such 45 day cure period shall be not be available if (i) such Person is not diligently defending such proceeding in good faith and on reasonable grounds, (ii) such Person fails to contest such petition, application or proceeding, (iii) an order, decree or judgment is issued (whether or not entered or subject to appeal) against such Person thereunder within the 45 day period, or (iv) such Person files an answer or other responding materials admitting the material allegations of a petition, application or other proceeding filed against it.

"**Insolvency Legislation**" means legislation in any applicable jurisdiction relating to reorganization, arrangement, compromise or re-adjustment of debt, dissolution or winding-up, or any similar legislation, and specifically includes for greater certainty the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and the *Winding-Up and Restructuring Act* (Canada).

"**Intellectual Property**" means all rights, title and interests in intellectual property and all IP Ancillary Rights relating thereto, including all Copyrights, Patents, Trademarks, Internet Domain Names, Trade Secrets, industrial designs, integrated circuit topographies, plant breeders' rights and rights under IP Licenses.

"**Interest**" means interest on loans, ~~stamping fees in respect of bankers' acceptances, the difference between the proceeds received by the issuers of bankers' acceptances and the amounts payable upon the maturity thereof,~~ issuance fees in respect of letters of credit, and any other

charges or fees in connection with the extension of credit which are determined by reference to the amount of credit extended, plus standby fees in respect of the unutilized portion of any credit facility, but excluding capitalized interest (for greater certainty, being interest which is accrued but not paid), agency fees, arrangement fees, structuring fees, fees relating to the granting of consents, waivers, amendments, extensions or restructurings, the reimbursement of costs and expenses, and any similar amounts which may be charged from time to time in connection with the establishment, administration or enforcement of the Facilities.

"Interest Period" means, (a) with respect to each Term CORRA Loan, the initial period (subject to availability) of one (1) or three (3) months commencing on and including the date specified in the Draw Request, the Substitution Notice or the Rollover Notice, as the case may be, applicable to such Term CORRA Loan and ending on and excluding the last day of such initial period, and thereafter, each successive period (subject to availability) of approximately one (1) or three (3) months as selected by the Borrower and notified to the Agent in writing commencing on and including the last day of the prior Interest Period; and (b) with respect to each Daily Compounded CORRA Loan, the initial period (subject to availability) of approximately one (1) month or three (3) months commencing on and including the date specified in the Draw Request, Substitution Notice or Rollover Notice, as the case may be, applicable to such Daily Compounded CORRA Loan and ending on and excluding the last day of such initial period, and thereafter, each successive period (subject to availability) of approximately one (1) month or three (3) months commencing on and including the last day of the prior Interest Period; provided however that:

(a) in the case of a Rollover, the last day of each Interest Period shall also be the first day of the next Interest Period;

(b) the last day of each Interest Period shall be a Business Day and if not, the Borrower shall be deemed to have selected an Interest Period the last day of which is the first Business Day following the last day of the Interest Period selected by the Borrower, unless such first Business Day is in a succeeding calendar month, in which case, the last day of such Interest Period shall be the immediately preceding Business Day; and

(c) notwithstanding any of the foregoing, the last day of each Interest Period shall be on or before the Maturity Date.

"**Interest Rate Hedge Transaction**" means an agreement made between the Borrower and a Lender for the purpose of hedging interest rate risk, including an interest rate exchange agreement (commonly known as an "**interest rate swap**") or a forward rate agreement.

"**Interim Financial Statements**" means, in respect of the Borrower at any time, the unaudited consolidated financial statements of the Borrower (including, for clarity, the Companies) in respect of its most recently completed Fiscal Quarter (and also on a year-to-date basis in respect of such Fiscal Quarter and all previous Fiscal Quarters in the same Fiscal Year) prepared in accordance with IFRS except that such financial statements shall not include any notes thereto and shall be subject to normal year-end adjustments.

"**Internet Domain Names**" means all right, title and interest (and all related IP Ancillary Rights) in internet domain names.

"**Investment**" means an investment made or held by a Person, directly or indirectly, in another Person (whether such investment was made by the first-mentioned Person in such other Person or was acquired from a third party), including a contribution of capital, the making of a loan or advance to any Person (including advances of property (including inventory) to such other Person and acquisitions of property on behalf of such other Person) and including the acquisition or holding of the following: all or substantially all of the assets used in connection with a business; common or preferred shares; bonds, notes, debentures or other debt securities; partnership interests; and investments in joint ventures; provided however that if a transaction would satisfy the definition of "**Capital Expenditure**" herein and also the definition of "**Investment**" herein, it shall be deemed to constitute an Investment and not a Capital Expenditure.

"**IP Ancillary Rights**" means, with respect to an item of Intellectual Property all foreign counterparts to, and all divisionals, reversions, continuations, continuations-in-part, reissues, re-examinations, renewals and extensions of, such Intellectual Property and all income, royalties, proceeds and liabilities at any time due or payable or asserted under or with respect to any of the foregoing or otherwise with respect to such Intellectual Property, including all rights to sue or recover at Law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof, and, includes in each case, all rights to obtain any other IP Ancillary Right.

"**IP License**" means all contractual obligations (and all related IP Ancillary Rights), whether written or oral, granting any right, title and interest in any Intellectual Property.

"**Issuing Bank**" means BMO.

"**Landlord Agreement**" means an agreement in form and substance satisfactory to the Agent, acting reasonably, given in favour of the Agent by the landlord of a Material Leased Property, including an agreement in favour of the Agent by the landlord of a Material Leased Property, in form and substance satisfactory to the Agent, which is contained in the lease of such Material Leased Property.

"**Laws**" means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of such laws, including general principles of common and civil law and equity or policies or guidelines, to the extent such policies or guidelines have the force of law, binding on the Person referred to in the context in which such word is used; and "**Law**" means any of the foregoing.

"**Lenders**" means the lenders identified in Exhibit "A" attached hereto and any other Persons which may from time to time become lenders pursuant to this Agreement, and their respective successors and permitted assigns.

"**Lender-Related Distress Event**" means, with respect to any Lender or any Person that directly or indirectly Controls such Lender (such Lender and each such Person being individually referred to in this definition as a "distressed person"), (i) the commencement of a voluntary or involuntary proceeding with respect to such distressed person under any Insolvency Legislation, (ii) the appointment of a custodian, conservator, receiver or similar official in respect of such distressed person or any substantial part of its assets, (iii) a forced liquidation, merger, sale or other change of Control of such distressed person supported in whole or in part by Guarantees or other support (including, without limitation, the nationalization or assumption of ownership or

operating control of such distressed person by any Governmental Authority), or (iv) such distressed person makes a general assignment for the benefit of its creditors or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such distressed person or its assets to be, insolvent, bankrupt, or deficient in meeting any capital adequacy or liquidity standard of any such Governmental Authority.

"**Letter of Credit**" means a stand-by letter of guarantee or documentary letter of credit.

"**Lien**" means: (i) a lien, charge, mortgage, hypothec, pledge, security interest or conditional sale agreement; (ii) an assignment, lease, consignment, trust or deemed trust that secures payment or performance of an obligation; (iii) a garnishment; (iv) any other encumbrance of any kind; and (v) any commitment or agreement to enter into or grant any of the foregoing.

"**Liquidity**" means the aggregate of (i) cash and Cash Equivalents of the Borrower and the other Secured Companies held in bank accounts with the Agent, plus (ii) unused availability under Facility A.

"**Loan Documents**" means collectively, this Agreement, the Security, any promissory notes issued by the Borrower to the Agent or the Lenders hereunder, all agreements relating to Hedge Transactions, all Service Agreements, any certificate completed and executed by or on behalf of any Obligor and all other certificates, instruments, agreements and other documents delivered, or to be delivered, by or on behalf of any Obligor to the Agent or the Lenders or any of them, as applicable, under or in connection with this Agreement, under or in connection with the Original Credit Agreement, and specifically including any agreements or letters entered into between the Borrower and the Agent in respect of fees payable to the Agent or the Lenders.

"**Marijuana**" has the meaning ascribed to such term (i) under the Applicable Law in any Approved Jurisdiction or (ii) under the *Controlled Substances Act* (United States).

"**MasterCard Line**" is defined in Section 4.02.

"**Material Adverse Change**" means any change or event which: (a) constitutes a material adverse change in the business, operations, financial condition or properties of the Companies taken as a whole; (b) materially impairs the Secured Companies' ability, taken as a whole, to timely and fully perform any of their material obligations under the Loan Documents, or (c) materially impairs the ability of the Agent and the Lenders to enforce their rights and remedies under this Agreement or the Security.

"**Material Agreements**" means each Downstream Franchise Agreement, each Downstream Sublicense Agreement, each TS Trademark License Agreement, the TS Master Franchise Agreement, each other agreement listed in Schedule 6.01(n) hereto and each other agreement made between any Company and another Person from time to time which if terminated would result, or would have a reasonable likelihood of resulting, in a Default, Event of Default or Material Adverse Change.

"**Material Leased Properties**" means all Real Property leased by the Secured Companies as tenants from time to time, unless the Required Lenders have agreed in writing that any such Real Property is not material, specifically including as at the date of this Agreement the leased Real Property described in Schedule 6.01(k) attached hereto, but excluding Real Property leased solely for office purposes.

"**Material Permit**" means each licence or permit listed in Schedule 6.01(h) hereto and each other licence, permit, approval, registration or qualification granted to or held by any Secured Company which if terminated would result, or would have a reasonable likelihood of resulting, in a Default or Event of Default.

"**Maturity Date**" means the earliest of (i) October 7, 2024, and (ii) the date that is six (6) months prior to the maturity date of the Canopy Debt.

~~"**Non-BA Lender**" means a Lender identified in Exhibit "A" attached hereto as a Lender which will make BA Equivalent Loans instead of accepting Bankers' Acceptances hereunder.~~

"**Non Funding Lender**" means any Lender (i) that has failed to fund any payment or Advance required to be made by it hereunder or to purchase all participations required to be purchased by it hereunder and under the Loan Documents, or (ii) that has given verbal or written notice to the Borrower, the Agent or any other Lender, or has otherwise publicly announced, that it believes that it may be unable to fund advances under one or more credit agreements to which it is a party, or (iii) with respect to which one or more Lender-Related Distress Events has occurred, or (iv) with respect to which the Agent believes, acting reasonably, that such Lender has defaulted or may default in fulfilling its obligations (whether as an agent, lender or letter of credit issuer) under one or more other credit agreements to which it is a party, or (v) with respect to which the Agent believes, acting reasonably, that there is a reasonable chance that such Lender will fail to fund any payment or Advance required to be made hereunder.

"**Non Swingline Tranche**" means the portion of Facility A other than the Swingline.

"**Obligations**" means, at any time, without duplication, all direct and indirect, contingent and absolute indebtedness, obligations and liabilities of the Obligors to the Agent and the Lenders under or in connection with this Agreement and the other Loan Documents at such time, specifically including the Outstanding Principal Amount and all accrued and unpaid interest thereon, and all obligations owing under or in connection with Service Agreements and Hedge Transactions, together with all fees, expenses and other amounts payable pursuant to this Agreement and the Security, except that if otherwise specified or required by the context, "**Obligations**" shall mean any portion of the foregoing.

"**Obligors**" means the Borrower, the other Companies, Parent Holdco and DAK Capital.

"**Original Credit Agreement**" means the credit agreement between 2161907 Alberta Ltd., 2733181 Ontario Inc., 2733182 Ontario Inc., and 2737503 Ontario Inc. as borrowers, DAK Capital, as guarantor, Bank of Montreal and certain other lenders as lenders, and Bank of Montreal as administrative agent for the lenders from time to time thereunder, dated as of February 27, 2020, as amended and restated pursuant to an amended and restated credit agreement dated October 1, 2020 between 2161907 Alberta Ltd., 2733181 Ontario Inc., 2733182 Ontario Inc., and 2737503 Ontario Inc. as borrowers, DAK Capital and the other guarantors party thereto, as guarantors, Bank of Montreal and certain other lenders as lenders, and Bank of Montreal as administrative agent, and as further amended, restated, supplemented and otherwise modified from time to time prior to the Closing Date.

"**Outstanding Principal Amount**" means, at any time, the aggregate of the Advances under the Facility A which have not been repaid or satisfied at such time, determined as follows: (i) in the case of ~~CDOR~~**Term CORRA** Loans**, Daily Compounded CORRA Loans,** and Prime Based Loans, the principal amount thereof; ~~(ii) in the case of Bankers' Acceptances and BA Equivalent~~

~~Notes, the face amount thereof;~~ and ~~(iii)~~**(ii)** in the case of Hedge Transactions, the Aggregate Net Hedge Liability.

"**Owned Properties**" means all Real Property owned by the Secured Companies from time to time.

"**Parent Holdco**" means OEG Retail Cannabis Inc., an Ontario corporation.

"**Parent Holdco Debt**" means the Funded Debt of the Borrower owing to Parent Holdco pursuant to a promissory note dated as of October 7, 2022.

"**Parent Holdco Security**" means the Liens granted by the Borrower in favour of Parent Holdco to secure the Parent Holdco Debt.

"**Parent Holdco Subordination Agreement**" means the subordination agreement dated October 7, 2022 between the Agent, Parent Holdco and the Companies party thereto.

"**Patents**" means all rights, title and interests (and all related IP Ancillary Rights) arising under any requirement of Law in or relating to patents and applications therefor.

"**Payrollco**" means OEG Retail Cannabis HR Services Ltd., an Ontario corporation.

"**Payroll Account**" means account no. 00141962713 maintained by Payrollco at BMO as Payrollco's payroll account.

"**Payroll Funds**" is defined in Section 7.02(s)(i)

"**Payroll Services Agreements**" means the payroll services agreements entered into between Payrollco, as service provider, and certain Obligors and certain Downstream Franchisees, as clients, and each such agreement is a "**Payroll Services Agreement**".

"**Pension Plan**" means (i) a "**pension plan**" or "**plan**" which is subject to the funding requirements of applicable pension benefits legislation in any jurisdiction, or (ii) any pension benefit plan or similar arrangement applicable to employees of any Company.

"Periodic Term CORRA Determination Day" has the meaning assigned to it in the definition of Term CORRA.

"**Permitted Acquisition**" means an Investment that is either an acquisition of shares or other equity interests in a Person (referred to herein as a "**share purchase**"), or an acquisition of assets of a Person not in the ordinary course of business (referred to herein as an "**asset purchase**"), in either case if all of the following criteria are satisfied (except to the extent otherwise agreed in writing by the Lenders acting reasonably):

(a) the Lenders shall have provided their prior written consent to such acquisition (such consent not to be unreasonably withheld or delayed) and prior to providing such consent the Lenders may in their discretion, acting reasonably, conduct such due diligence as they may consider appropriate in the circumstances (for greater certainty, specifically including in respect of financial matters, the corporate and capital structure of such Person, key management, and business, environmental, regulatory, tax and legal matters) and the Borrower shall provide all information requested by the Lenders in connection with such due diligence,

provided that the Lenders' due diligence in respect of such acquisition will not result in unreasonable additional costs and expenses to be incurred by the Borrower, and provided further that such prior written consent or related diligence prior to closing such acquisition will not be required in respect of any such acquisition so long as the aggregate purchase price (including all contingent and delayed consideration) for all acquisitions completed on and after the Closing Date is less than $5,000,000 in aggregate;

(b) such Person is engaged in a business which is the same as or substantially similar, related, ancillary or incidental to the business conducted by the Borrower;

(c) such Person is located in a Province or Territory of Canada;

(d) [reserved]

(e) such acquisition does not involve a hostile or unsolicited take-over;

(f) prior to the acquisition the Lender shall have received satisfactory evidence that there are no liens affecting the Target or its assets, except liens which will constitute Permitted Liens;

(g) in the case of a share purchase, immediately thereafter such Person will be a wholly-owned Subsidiary of the Borrower;

(h) in the case of a share purchase, upon the completion of such acquisition (i) all Funded Debt (except Funded Debt which will constitute Permitted Funded Debt hereunder) of such Person shall be repaid and all Liens (except Liens which will constitute Permitted Liens hereunder) affecting the assets of such Person shall be released and discharged; and (ii) such Person shall provide a Guarantee and all other Security required herein to be provided by a Secured Subsidiary of the Borrower hereunder (including registrations, searches, legal opinions and ancillary documentation);

(i) in the case of an asset purchase, (i) upon the completion of such transaction, all Funded Debt (except Funded Debt which will constitute Permitted Funded Debt hereunder) secured by the acquired assets shall be repaid; and (ii) within thirty (30) days following the completion of such transaction, (A) all Liens (except Liens which will constitute Permitted Liens hereunder) affecting such assets shall be released and discharged; and (B) all Security required herein to be provided to the Agent in respect of such assets (including registrations, searches, legal opinions and ancillary documentation) shall be provided;

(j) the business being acquired in connection with such acquisition will have positive EBITDAR, or, in the case of a group of related businesses being so acquired in a single transaction, such group of related businesses being acquired in connection with such acquisition will have a positive EBITDAR on a combined basis;

(k) after giving effect to such acquisition (including any indebtedness incurred in connection therewith) the Borrower will be in compliance with the financial covenants contained in Section 7.03, as applicable;

(l) the acquisition does not involve the assumption of any material environmental liabilities, and all representations and warranties contained herein with respect to environmental matters shall be true and correct both immediately before and immediately after such acquisition in all material respects, and if as a result of the acquisition any Company will acquire ownership of any Real Property, the Borrower shall have provided an environmental questionnaire in form and substance satisfactory to the Agent in respect of such Real Property which evidences such material compliance with all such representations and warranties;

(m) if the acquired business includes any Cannabis Related Activities, the Company which will carry on the acquired business will own assets and carry on business only in one or more Approved Jurisdictions; and

(n) the Borrower shall deliver a Compliance Certificate evidencing that, on a consolidated basis, it is in compliance in all material respects with all covenants, including financial covenants, and representations and warranties under this Agreement and will remain in compliance in all material respects after giving effect to such acquisition, and no Default or Event of Default shall have occurred and be continuing or would result from the completion of such acquisition;

The Canopy Acquisition will be deemed to constitute a "Permitted Acquisition" provided that:

(i) each of the criterion in the definition of "Permitted Acquisition" have been satisfied with respect to such acquisition prior to or upon completion of such acquisition, it being understood that this Agreement shall constitute the prior written consent of the Lenders under clause (a) of the definition of "Permitted Acquisition" subject to satisfaction of each other criterion in the definition of "Permitted Acquisition";

(ii) at least three (3) Business Days prior to completing such acquisition, the Borrower has delivered to the Agent, or has caused to be delivered to the Agent, copies of the substantially finalized definitive documentation for such acquisition, and promptly following the completion of such acquisition, the Borrower shall deliver to the Agent, or cause to be delivered to the Agent, the executed definitive documentation for such acquisition;;

(iii) such acquisition shall be completed on or about October 31, 2022 or such reasonably extended completion date agreed between the parties to such acquisition; and

(iv) no Advance under Facility A was used, directly or indirectly, to finance the Canopy Acquisition.

"**Permitted Funded Debt**" means, without duplication: (i) the Obligations; (ii) indebtedness of any Company to another Company; (iii) Subordinated Debt which the Required Lenders have consented to in writing, in their sole discretion; (iv) the Parent Holdco Debt, provided that it is subject to the Parent Holdco Subordination Agreement (v) the Canopy Debt, provided that it is

subject to the Canopy Subordination Agreement, (vi) indebtedness secured by Permitted Purchase-Money Security Interests; (vii) obligations of a Company in respect of Capital Leases; (viii) any guarantee by a Company of indebtedness of any other Company permitted under this Agreement; and (ix) the Permitted VTB Debt**.**

"**Permitted Investments**" means advances of loans to Downstream Franchisees under loan agreements with Downstream Franchisees, advances of property (including for clarity, inventory) to Downstream Franchisees on commercially reasonable payment terms and acquisitions of property on behalf of Downstream Franchisees on commercially reasonable payment terms, in each case, for the purpose of funding leasehold improvements, equipment capital expenditures and inventory purchases, in each case, for the Tokyo Smoke Retail Locations, provided that the aggregate principal amount outstanding (including all receivables owed to the Companies arising therefrom) of such loans, advances and acquisitions may not exceed $2,000,000 at any time.

"**Permitted Liens**" means:

(a) Statutory Liens in respect of any amount which is not at the time overdue;

(b) Statutory Liens in respect of any amount which may be overdue but the validity of which is being contested in good faith and in respect of which reserves have been established in accordance with IFRS;

(c) Liens or rights of distress reserved in or exercisable under any lease for rent not at the time overdue or for compliance with the terms of such lease not at the time in default, and security deposits given under leases not in excess of six (6) months' rent;

(d) any obligations or duties affecting Real Property due to any public utility or to any municipality or government, or to any statutory or public authority, with respect to any franchise, grant, licence or permit in good standing and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on Real Property under government permits, leases or other grants in good standing; which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held;

(e) Liens in respect of cash, including cash deposits, granted in the ordinary course of business as security for obligations in connection with contracts, bids, tenders or expropriation proceedings, surety or appeal bonds, costs of litigation when required by law and public and statutory obligations;

(f) warehousemen's, storers', repairers', carriers' and other similar Liens granted in the ordinary course of business;

(g) security given to a public utility or any municipality or government or to any statutory or public authority to secure obligations incurred to such utility, municipality, government or other authority in the ordinary course of business and not at the time overdue;

(h) Liens and privileges arising out of judgments or awards in respect of which: an appeal or proceeding for review has been commenced; a stay of execution

pending such appeal or proceedings for review has been obtained, and reserves have been established in accordance with IFRS;

(i) any Lien affecting any Real Property arising in connection with the construction or improvement of such Real Property or arising out of the furnishing of materials or supplies therefor, provided that such Lien secures moneys not at the time overdue (or if overdue, the validity of which is being contested in good faith and in respect of which reserves have been established in accordance with IFRS), notice of such Lien has not been given to the Agent or any Lender and such Lien has not been registered against title to such Real Property;

(j) Liens affecting any Real Property arising in connection with registered restrictions, covenants, land use contracts, building schemes, declarations of covenants, conditions and restrictions, servicing agreements in favour of any Governmental Authority, easements, rights-of-way, servitudes or other similar rights in or with respect to such Real Property (including open space and conservation easements, restrictions or similar agreements and rights of way and servitudes for railways, water, sewer, drainage, gas and oil pipelines, electricity, light, power, telephone, telegraph, internet or cable television services and utilities) granted to or reserved by other Persons or properties, which, in the aggregate, do not materially impair the use of such Real Property for its intended purposes or the operation of the business thereon, and provided that same have been complied with;

(k) Construction Liens arising by operation of applicable Law, arising in the ordinary course of business and securing amounts (i) which are not overdue for a period of more than 30 days from the date of such Construction Lien, or the date of settlement of such Construction Lien, as applicable, or (ii) which are being contested in good faith and by appropriate proceedings and, during such period during which amounts are being so contested, such Liens shall not be executed on or enforced against any of the assets of any Company, provided that such Company shall have set aside on its books reserves in accordance with IFRS;

(l) Liens affecting any Real Property arising in connection with site plan agreements, subdivision agreements, development agreements and similar instruments registered or recorded in the ordinary course of business which do not, in the aggregate, materially impair the use of such Real Property for its intended purposes or the operation of the business thereon, and provided that same have been complied with;

(m) Liens affecting any Real Property arising in connection with any right reserved to or vested in any Governmental Authority, by the terms of any permit, licence, certificate, order, grant, classification (including any zoning Laws and ordinances and similar legal requirements), registration or other consent, approval or authorization acquired by such Person from any Governmental Authority or by any Law, to terminate any such permit, licence, certificate, order, grant, classification, registration or other consent, approval or authorization or to require annual or other payments as a condition to the continuance thereof and which, in the aggregate, do not materially impair the use

of such Real Property for its intended purposes or the operation of the business thereon, and provided that same have been complied with;

(n) Liens affecting any Real Property arising in connection with the reservations, limitations, provisos and conditions, if any, expressed in any grants of such Real Property from any Governmental Authority, which, in the aggregate, do not materially impair the use of such Real Property for its intended purposes or the operation of the business thereon, and provided that same have been complied with;

(o) the exceptions and qualifications contained in Section 44(1) of the *Land Titles Act* (Ontario), save and except paragraph 11 thereof;

(p) reservations, conditions and restrictions in respect of any Real Property contained in the original grant of land from the Crown, as varied by statute;

(q) Permitted Purchase Money Security Interests;

(r) Liens securing Subordinated Debt , including for clarity, liens granted by a Secured Company in favour of another Secured Company subject to an intercompany Subordination Agreement;

(s) the Specific Permitted Liens;

(t) the DAK Capital Security, provided that it is subject to the DAK Subordination Agreement;

(u) the Parent Holdco Security, provided that it is subject to the Parent Holdco Subordination Agreement;

(v) the Security; and

(w) any other Lien in respect of which the Agent in its discretion has provided its prior written consent,

provided that the use of the term "**Permitted Liens**" to describe the foregoing Liens shall mean that such Liens are permitted to exist (whether in priority to or subsequent in priority to the Security, as determined by Applicable Law), and for greater certainty such Liens shall not be entitled to priority over the Security by virtue of being described in this Agreement as "**Permitted Liens**".

"**Permitted Purchase Money Security Interests**" means Purchase Money Security Interests incurred or assumed in connection with the purchase, leasing or acquisition of capital equipment in the ordinary course of business, provided that the aggregate amount of the Companies' liability under Purchase Money Security Interest incurred or assumed thereunder does not at any time exceed $100,000, and provided further that such capital equipment does not become affixed to any Real Property.

"**Permitted VTB Debt**" means (a) (i) unsecured Funded Debt owing by a Company to a vendor in respect of a Permitted Acquisition to finance such Permitted Acquisition; and (ii) unsecured earnout obligations owing by a Company to a vendor in respect of a Permitted Acquisition; provided that, the aggregate principal amount of such Funded Debt incurred on or after the

Closing Date plus the aggregate amount of such earnout obligations incurred on or after the Closing Date (other than any earnout obligations incurred in respect of the Canopy Acquisition) does not exceed $2,500,000; and (b) (i) other unsecured Funded Debt owing by a Company to a vendor in respect of a Permitted Acquisition to finance such Permitted Acquisition; and (ii) other unsecured earnout obligations owing by a Company to a vendor in respect of a Permitted Acquisition, in each case with the prior written consent of the Required Lenders.

"**Person**" means a natural person, corporation, limited liability company, unlimited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"**Prime Based Loan**" means a loan made by a Lender to the Borrower in Canadian Dollars in respect of which interest is determined by reference to the Prime Rate~~, but excluding Advances in the form of BA Equivalent Loans~~.

"**Prime Rate**" means the greater of the following: (i) the rate of interest announced from time to time by BMO as its reference rate then in effect for determining rates of interest on Canadian dollar loans to its customers in Canada and designated as its prime rate; and (ii) the thirty (30) day ~~CDOR Rate~~**Adjusted Term CORRA** plus one ~~-~~half ~~percent~~ (0.5%) per annum.

"**Proceeds of Realization**" means all amounts received by the Agent or any Lender in connection with: (i) any realization in respect of the Security or any portion thereof, whether occurring as a result of enforcement or otherwise, (ii) any sale, expropriation, loss or damage or other disposition of collateral or any portion thereof (except any such disposition permitted pursuant to Section 7.02(d), and also excluding any insurance proceeds which are released to the Companies in accordance with Section 8.08), and (iii) any other amount paid by or recovered from any Secured Company, including as a result of its dissolution, liquidation, bankruptcy or winding-up or any other distribution of its assets to creditors, together with all other amounts which are expressly deemed to constitute "**Proceeds of Realization**" in this Agreement.

"**Proportionate Share**" in respect of any Lender means:

(a) in the context of such Lender's obligation to make Advances under the Non-Swingline Tranche, such Lender's Commitment to make Advances under the Non-Swingline Tranche divided by the aggregate amount of all Lenders' Commitments to make Advances under the Non-Swingline Tranche;

(b) in the context of such Lender's obligation to make Advances under Facility A, such Lender's Commitment to make Advances under Facility A divided by the aggregate amount of all Lenders' Commitments to make Advances under Facility A;

(c) in the context of such Lender's entitlement to receive a portion of the standby fee in respect of the Non-Swingline Tranche, such Lender's Commitment to make Advances under the Non-Swingline Tranche divided by the aggregate amount of all Lenders' Commitments to make Advances under the Non-Swingline Tranche;

(d) subject to Section 11.03, in the context of any Lender's entitlement to receive payments of principal, interest or fees (other than standby fees) under the Non-Swingline Tranche, the Outstanding Principal Amount due to such Lender under the Non-Swingline Tranche divided by the aggregate amount of the

Outstanding Principal Amount due to all Lenders under the Non-Swingline Tranche;

(e) subject to Section 11.03, in the context of any Lender's entitlement to receive payments of principal, interest or fees under Facility A, the Outstanding Principal Amount due to such Lender under Facility A divided by the aggregate amount of the Outstanding Principal Amount due to all Lenders under Facility A; and

(f) in any other context, such Lender's Commitment divided by the aggregate of all Lenders' Commitments.

"**Purchase Money Security Interest**" means (i) a Capital Lease; or (ii) a Lien on any property or asset which is created, issued or assumed to secure the unpaid purchase price thereof, provided that such Lien is restricted to such property or asset (and all additions thereto and replacements and proceeds thereof) and secures an amount not in excess of the purchase price thereof and any interest and fees payable in respect thereof.

"**Qualified Currency**" means the legal tender of Canada or of any other Approved Jurisdiction consented to in writing by the Agent.

"**Real Property**" means a freehold or leasehold interest in real property, and includes all buildings and other improvements situated thereon and all fixtures attached thereto.

"**Related Person**" in relation to any Person means a Subsidiary, Affiliate, Associate, or executive level employee of such Person, and for the avoidance of doubt, DAK Capital Inc. is a Related Person to the Borrower and the Guarantors.

"Relevant Governmental Body" means the Bank of Canada, or a committee officially endorsed or convened by the Bank of Canada, or any successor thereto.

"**Rent**" means during any fiscal period (a) all rental expense of the Companies paid or payable in cash during such period, determined on a consolidated basis in accordance with IFRS, incurred under any rental agreement or lease with respect to real property (other than any insurance costs that would otherwise be included in cash rental expense) minus (b) any rental income received during the same period under any rental agreement (including in respect of subleases) or license agreements with respect to real property.

"**Repayment**" means a repayment by the Borrower on account of the Outstanding Principal Amount.

"**Repayment Notice**" means a notice delivered by the Borrower to the Agent committing it to make a Repayment, in the form of Exhibit "E".

"**Required Lenders**" means (i) at any time prior to the occurrence of an Event of Default which is continuing, any two or more Lenders which have issued Commitments hereunder representing two-thirds (2/3) or more of the total amount of credit available under Facility A; and (ii) at any time after the occurrence of an Event of Default which is continuing, any two or more Lenders holding two-thirds (2/3) or more of the Outstanding Principal Amount under Facility A; except that if at any time there are only two (2) Lenders under this Agreement, "**Required Lenders**"

shall mean both Lenders, and if at any time there is only one (1) Lender under this Agreement, "**Required Lenders**" shall mean such Lender.

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

"**Rollover**" means the renewal of an Availment Option upon its maturity in the same form.

"**Rollover Notice**" means a notice substantially in the form of Exhibit "C" given by the Borrower to the Agent for the purpose of requesting a Rollover.

"**Sanctioned Entity**" means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, (d) a Person resident in or determined to be resident in a country, in each case, that is subject to a sanctions program administered and enforced by a Sanctions Authority.

"**Sanctions**" means the sanctions, laws, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctions Authority.

"**Sanctions Authority**" means Canada or any other country having jurisdiction over any of the Companies or the respective Governmental Authorities of any of the foregoing.

"**Sanctioned Person**" means a Person that is, or is owned or Controlled by Persons that are, the subject of any Sanctions.

"**Secured Companies**" means the Borrower and the Secured Subsidiaries.

"**Secured Subsidiaries**" means all present and future Subsidiaries of the Borrower, other than Unsecured Subsidiaries.

"**Security**" means the Guarantees, security agreements, mortgages, debentures and other documents provided to the Agent under or in connection with this Agreement and required to be provided pursuant to Article 8 and all other documents and agreements delivered by the Secured Companies or any other Persons to the Agent or the Lenders from time to time as security for the payment and performance of the Obligations, and the Liens constituted by the foregoing.

"**Senior Funded Debt**" means Total Funded Debt of the Borrower and its subsidiaries, excluding Subordinated Debt other than the Canopy Debt.

"**Senior Funded Debt to EBITDAR Ratio**" means, at any time, the ratio of (i) Senior Funded Debt at such time to (ii) EBITDAR in the immediately preceding twelve (12) month period.

"**Service Agreements**" is defined in Section ~~4.03~~**4.04**.

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

"**Specific Permitted Liens**" means the Liens described in Schedule 6.01(i), as such Liens may be amended, replaced or assigned from time to time on substantially similar terms and conditions provided that the principal amount of the indebtedness secured thereby is not increased.

"**Statutory Lien**" means a Lien in respect of any property or assets of a Company created by or arising pursuant to any Applicable Law in favour of any Governmental Authority to secure any obligation, including a Lien for the purpose of securing such Company's obligation to deduct and remit employee source deductions, goods and services tax and harmonized sales tax pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada), the *Canada Pension Plan* (Canada), the *Employment Insurance Act* (Canada) and any legislation in any jurisdiction similar to or enacted in replacement of the foregoing from time to time.

"**Subordinated Debt**" means any indebtedness of any Company to any Person in respect of which the holder thereof has entered into a Subordination Agreement.

"**Subordination Agreement**" means a subordination, postponement and standstill agreement in favour of the Agent in form and substance satisfactory to the Agent, registered in all places where necessary or desirable to protect the priority of the Security, and providing (among other things) that: (A) the holder of such indebtedness may not receive any payments on account of principal or interest thereon (except to the extent, if any, expressly permitted therein); (B) any security held in respect of such indebtedness is subordinated to the Security; (C) the holder of such indebtedness may not take any enforcement action in respect of any such security (except to the extent, if any, otherwise expressly provided therein) without the prior written consent of the Agent; and (D) any enforcement action taken by the holder of such indebtedness will not interfere with the enforcement action (if any) being taken by the Agent in respect of the Security.

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

"**Substitution**" means the substitution of one Availment Option for another, and does not constitute a fresh or new Advance.

"**Substitution Notice**" means a notice substantially in the form of Exhibit "D" given by the Borrower to the Agent for the purposes of requesting a Substitution.

"**Swingline**" is defined in Section ~~2.08~~**2.10**.

"**Swingline Lender**" means BMO and its successors and permitted assigns in such capacity, or any other Lender appointed in writing from time to time by the Required Lenders.

"**Swingline Limit**" means One Million Dollars ($1,000,000).

"**Swingline Reduction Amount**" is defined in Section ~~2.08~~**2.10**(h).

"**Taxes**" is defined in the CBA Model Provisions.

"Term CORRA" means, for any calculation with respect to a Term CORRA Loan, the Term CORRA Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "Periodic Term CORRA Determination Day") that is two (2) Business Days prior to the first day of such Interest Period, as such rate is published by the Term CORRA Administrator; provided, however, that if as of 1:00 p.m. (Toronto time) on any Periodic Term CORRA Determination Day the Term CORRA Reference Rate for the applicable tenor has not been published by the Term CORRA Administrator and a Benchmark Replacement Date with respect to the Term CORRA Reference Rate has not occurred, then Term CORRA will be the Term CORRA Reference Rate for such tenor as published by the Term CORRA Administrator on the first preceding Business Day for which such Term CORRA Reference Rate for such tenor was published by the Term CORRA Administrator so long as such first preceding Business Day is not more than three (3) Business Days prior to such Periodic Term CORRA Determination Day.

"Term CORRA Adjustment" means, with respect to Term CORRA, for an Interest Period of a duration of (a) one month, a percentage equal to 0.29547% per annum, and (b) three months, a percentage equal to 0.32138% per annum.

"Term CORRA Administrator" means Candeal Benchmark Administration Services Inc., TSX Inc., or any successor administrator.

"Term CORRA Loan" means an Advance in Canadian Dollars made pursuant to Section 2.01 that bears interest at a rate based on Adjusted Term CORRA.

"Term CORRA Reference Rate" means the forward-looking term rate based on CORRA.

"**Tokyo Smoke Corporate Stores**" means each retail location in a province or territory of Canada owned by a Company in respect of which such Company has entered into a franchise agreement or license agreement.

"**Tokyo Smoke Retail Locations**" means the retail locations, including Tokyo Smoke Corporate Stores, in respect of which a Company has entered into a franchise agreement or license agreement.

"**Total Funded Debt**" means, at any time, the Funded Debt of the Borrower on a consolidated basis at such time, specifically including for greater certainty the Outstanding Principal Amount and all Subordinated Debt of the Companies.

"**Trade Secrets**" means all right, title and interest (and all related IP Ancillary Rights) arising under any requirement of Law in or relating to trade secrets.

"**Trademarks**" means all right, title and interest (and all related IP Ancillary Rights) in trademarks, trade names, corporate names, company names, business names, fictitious business

names, trade styles, service marks, logos and other source or business identifiers and, in each case, all goodwill associated therewith, all registrations and recordations thereof and all applications in connection therewith.

"**TS Master Franchise Agreement**" means the master franchise agreement dated March 27, 2020 between Tweed Franchise Inc., as franchisor, 2733181 Ontario Inc. as franchisee, and DAK Capital Inc., as guarantor.

"**TS Trademark License Agreements**" means each trademark license agreement between TS Brandco Inc. and 2161907 Alberta Ltd. specifically including as at the date of this Agreement the trademark license agreements described in Schedule "A" attached hereto.

"Type" when used in reference to any Advance, refers to whether the rate of interest on such Advance is determined by reference to Adjusted Term CORRA, Adjusted Daily Compounded CORRA, or the Prime Rate.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"**Unfunded Capital Expenditures**" means capital expenditures of the Companies which are not funded by any one or more of the following: (i) an Advance under Facility A, (ii) Permitted Purchase-Money Security Interests, (iii) the proceeds of new equity or Subordinated Debt, (iv) insurance proceeds, or proceeds from an asset disposition (except to the extent such proceeds are required to be applied to reduce the Obligations).

"**Unsecured Subsidiaries**" means Payrollco and each other Subsidiary of the Borrower, which the Agent in its discretion agrees in writing may be deemed an Unsecured Subsidiary.

"**Year-end Financial Statements**" means audited consolidated financial statements of the Borrower (including, for clarity, the Companies) in respect of its most recently completed Fiscal Year prepared in accordance with IFRS, including the notes thereto and an unqualified opinion of its auditor with respect thereto.

1.02 Interest Rates

The Agent does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Prime Rate, Term CORRA, Daily Compounded CORRA, Adjusted Term CORRA, Adjusted Daily Compounded CORRA or any component definition thereof or rates referred to in the definition thereof, or any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Prime Rate, Term CORRA, Daily Compounded CORRA, Adjusted Term CORRA, Adjusted Daily Compounded CORRA or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Agent and its affiliates or other related entities may engage in transactions that affect the calculation of the Prime Rate, Term CORRA, Daily Compounded CORRA, Adjusted Term CORRA, Adjusted Daily Compounded CORRA, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Agent may select

information sources or services in its reasonable discretion to ascertain the Prime Rate, Term CORRA, Daily Compounded CORRA, Adjusted Term CORRA, Adjusted Daily Compounded CORRA or any other Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

1.03 ~~1.02~~ Accounting Principles

Except as otherwise provided herein, (i) each financial term in this Agreement shall be interpreted in accordance with IFRS in effect on the date of such interpretation; and (ii) where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other computation is required to be made for the purpose of this Agreement, such determination or calculation shall be made in accordance with IFRS in effect on the date of such determination. If any accounting changes occur and such changes result in a material change in the calculation of the financial covenants, standards or terms used in this Agreement, then the Borrower, the Agent and the Lenders agree to discuss whether they wish to amend such provisions with the desired result that the criteria for evaluating the financial condition of the applicable Companies shall be substantially similar after such accounting changes as if such accounting changes had not been made. Any such amendments shall become effective upon the execution and delivery of an amendment to this Agreement executed by the Borrower and the Required Lenders, and for greater certainty any such amendment executed by the Borrower and the Required Lenders shall be sufficient to bind all Lenders. If the Borrower and the Required Lenders do not execute and deliver such amendment within thirty (30) days following the date of implementation of any such accounting changes, then all calculations of financial covenants and other standards and terms in this Agreement and the other Loan Documents shall continue to be prepared, delivered and made without regard to such accounting changes and the Borrower shall, in connection with the delivery of any financial statements under this Agreement, provide a management-prepared reconciliation of the financial covenants to such financial statements to such accounting changes.

1.04 ~~1.03~~ Currency References

All amounts referred to in this Agreement are in Canadian Dollars unless otherwise noted.

1.05 ~~1.04~~ Extended Meanings

Except to the extent otherwise expressly provided herein:

(a) terms defined in the singular have the same meaning when used in the plural, and vice-versa; and words importing gender include all genders;

(b) when used in the context of a general statement followed by a reference to one or more specific items or matters, the term "**including**" shall mean "**including, without limitation**", and the term "**includes**" shall mean "**includes, without limitation**";

(c) each reference herein to a statute or regulations made pursuant to a statute shall be deemed to include all amendments to such statute or regulations from time to time and all statutes or regulations which may come into effect from time to time substantially in replacement for the said statutes or regulations;

(d) any reference herein to the exercise of discretion by the Agent and the Lenders including phrases such as "**in the discretion of**", "**in the opinion of**", "**to the satisfaction of**" and similar phrases shall mean that such discretion is absolute and unfettered; and

(e) references to a time of day or date mean the local time or date in the City of Toronto, Ontario.

1.06 ~~1.05~~ Exhibits and Schedules

The following Exhibits and Schedules are attached to this Agreement and incorporated herein by reference (but with respect to Exhibit "~~H~~G", subject to Section 12.01 hereof):

Exhibit		**Description**
Exhibit "A"	–	Lenders and Lenders' Amounts
Exhibit "B"	–	Draw Request
Exhibit "C"	–	Rollover Notice
Exhibit "D"	–	Substitution Notice
Exhibit "E"	–	Repayment Notice
Exhibit "F"	–	Compliance Certificate
~~Exhibit "G"~~	~~–~~	~~Form of BA Equivalent Note~~
Exhibit "~~H~~G"	–	CBA Model Provisions

Schedules		
Schedule "A"		Tokyo Smoke Retail & Corporate Store Locations
Schedule 6.01(b)	–	Companies Information
Schedule 6.01(h)	–	Material Permits
Schedule 6.01(i)	–	Specific Permitted Liens
Schedule 6.01(k)	–	Material Leased Properties
Schedule 6.01(l)	–	Intellectual Property
Schedule 6.01(n)	–	Material Agreements
Schedule 6.01(o)	–	Labour Agreements
Schedule 6.01(p)	–	Environmental Matters
Schedule 6.01(q)	–	Litigation
Schedule 6.01(r)	–	Pension Plans

ARTICLE 2
CREDIT FACILITY

2.01 Establishment of Facility A

Subject to the terms and conditions in this Agreement, each Lender hereby establishes a revolving credit facility for the Borrower in the maximum principal amount indicated opposite such Lender's name in Exhibit "A" under the heading "**Facility A Amounts**". The said credit facilities are established by the Lenders severally and not jointly, and are hereinafter collectively referred to as "**Facility A**". Each Advance by a Lender under Facility A shall be made in its Proportionate Share of Facility A.

2.02 Purpose

Advances under Facility A must be used by the Borrower: (i) to repay the Outstanding Principal Amount under the Original Credit Agreement; (ii) for working capital purposes and other general corporate

purposes including Capital Expenditures and purchasing inventory; (iii) to finance Permitted Acquisitions (other than the Canopy Acquisition); (iv) to make Permitted Investments; and (v) to pay fees and expenses due to the Agent in connection with this Agreement on the Closing Date.

2.03 Revolving Nature

Facility A is a revolving facility. For greater certainty, the Borrower shall be entitled to obtain Advances under Facility A from time to time and repay all or any portion of the Outstanding Principal Amount under Facility A from time to time, provided that the Outstanding Principal Amount under Facility A shall not exceed the Facility A Maximum Amount.

2.04 Repayment

(a) The Obligations under Facility A shall become due and payable on the earlier of: (i) the Acceleration Date; and (ii) the Maturity Date.

(b) The following Repayments shall be required in addition to all other Repayments required under this Agreement:

(i) If any Company receives net proceeds from a policy of insurance (other than from a liability insurance policy as a result of a legal claim or settlement of a lawsuit that one used to pay for settlement costs and legal expenses), the Borrower shall make a Repayment in an amount equal to such net proceeds within three (3) Business Days after such net proceeds are received, except to the extent that such proceeds are permitted to be retained as provided in Section 8.08.

(ii) If any Company receives net proceeds from an Equity Issuance or a transaction involving the creation of indebtedness (other than Permitted Funded Debt), within five (5) days after receipt of such net proceeds the Borrower shall make a Repayment in an amount equal to such net proceeds. If any portion of such Repayment cannot be applied against the Outstanding Principal Amount until the maturity of one or more outstanding ~~CDOR~~**Term CORRA** Loans~~, Bankers' Acceptances or BA Equivalent~~ **or Daily Compounded CORRA** Loans, the Agent shall deposit such portion of the Repayment in an interest-bearing account in the name of the Borrower and apply such portion (including accrued interest thereon) against the Outstanding Principal Amount upon the maturity of such ~~CDOR~~**Term CORRA** Loan~~, Bankers' Acceptances or BA Equivalent Loans~~ **or such Daily Compounded CORRA Loan, as the case may be**.

(iii) If any Company receives net proceeds equal to or greater than $50,000 from a transaction involving the sale, leasing or other disposition of any individual asset or a group of related assets in one or a series of related transactions (other than sales in the ordinary course of business or sales permitted by Section 7.02(d)(ii)), within one hundred eighty (180) days after receipt of such net proceeds the Borrower shall make a Repayment in an amount equal to the portion of such net proceeds which have not been applied to purchase similar assets (other than current assets).

As used herein, "**net proceeds**" in respect of any above transaction means the gross amount payable in respect of such transaction less any Taxes, sales commissions and

other reasonable expenses incurred in connection with the transaction, usual and reasonable adjustments in connection with the transaction and any other amount specifically approved in writing by the Required Lenders acting reasonably.

(c) Each Repayment under paragraph (b) above shall be applied against the Outstanding Principal Amount under Facility A, but for greater certainty such Repayment shall not reduce the Facility A Maximum Amount and the Borrower shall thereafter be entitled to receive further Advances under Facility A upon the satisfaction of all applicable conditions precedent.

2.05 Availment Options

Subject to the restrictions contained in this Agreement (and in particular, Sections 5.02 and 5.03), the Borrower may receive Advances under Facility A from each Lender by any one or more of the following Availment Options (or any combination thereof):

(a) ~~CDOR~~ **Term CORRA** Loans with ~~a CDOR~~**an Interest** Period of one (1)~~, two~~ **or three (3) months, subject to availability;**

(b) Daily Compounded CORRA Loans with an Interest Period of one (~~2~~1) or three (3) months, subject to availability;

(c) ~~(b)~~ Prime Based Loans;

~~(c) Bankers' Acceptances from BA Lenders with a term to maturity of one (1), two (2) or three (3) months, subject to availability;~~

~~(d) BA Equivalent Loans from Non-BA Lenders with a term to maturity of one (1), two (2) or three (3) months, subject to availability; or~~

(d) ~~(c)~~ Letters of Credit, subject to Section ~~2.09~~**2.11**.

The Borrower may convert all or any portion of the Outstanding Principal Amount under Facility A in the form of any above Availment Option into another form of Availment Option denominated in the same currency, subject to and in accordance with the terms and conditions of this Agreement (but for greater certainty, ~~CDOR~~**Term CORRA** Loans~~, Bankers' Acceptances~~ and ~~BA Equivalent~~**Daily Compounded CORRA** Loans may not be converted into another Availment Option prior to the maturity thereof and will not be issued with a maturity later than the earlier of (i) three (3) months after its date of issuance or advance, and (ii) the fifth Business Day prior to the Maturity Date.).

2.06 Interest and Fees

In respect of Advances under Facility A, the Borrower agrees to pay the following to the Agent on behalf of the Lenders (or if specified below, to the Issuing Bank for its own account):

(a) interest on ~~CDOR~~**Term CORRA** Loans at the ~~CDOR Rate~~**Adjusted Term CORRA applicable to the relevant Interest Period plus the Applicable Margin per annum, payable in arrears on the last day of each and every Interest Period;**

(b) interest on Daily Compounded CORRA Loans at the Adjusted Daily Compounded CORRA applicable to the relevant ~~CDOR~~**Interest** Period plus the Applicable Margin

per annum, payable ~~monthly~~ in arrears on the last day of each and every ~~month.~~**Interest Period;**

(c) ~~(b)~~ interest on Prime Based Loans at the Prime Rate plus the Applicable Margin per annum, payable monthly in arrears on the last day of each and every month;

~~(c) in respect of each Bankers' Acceptance, a stamping fee equal to the Applicable Margin, multiplied by the face amount of the Bankers' Acceptance with the product thereof further multiplied by the number of days to maturity of the Bankers' Acceptance and divided by 365, payable at the time of acceptance;~~

~~(d) in respect of each BA Equivalent Note, a stamping fee equal to the Applicable Margin multiplied by the face amount of the BA Equivalent Note with the product thereof further multiplied by the number of days to maturity of the BA Equivalent Note and divided by 365, payable at the time of acceptance;~~

(d) ~~(e)~~ the following fees in respect of each Letter of Credit: (i) in respect of the period from the date of issuance of such Letter of Credit to the last day of the then current Fiscal Quarter, a fee equal to the Applicable Margin in effect on the date of issuance multiplied by the face amount of such Letter of Credit multiplied by the number of days in such period and divided by three hundred and sixty-five (365), payable on the last Business Day of such Fiscal Quarter; (ii) in respect of each subsequent Fiscal Quarter (other than the Fiscal Quarter in which the Letter of Credit shall expire), a fee equal to the Applicable Margin in effect on the first day of such Fiscal Quarter multiplied by the face amount of such Letter of Credit multiplied by the number of days in such Fiscal Quarter and divided by three hundred and sixty-five (365), payable on the last Business Day of such Fiscal Quarter; (iii) in respect of the Fiscal Quarter in which such Letter of Credit shall expire, a fee equal to the Applicable Margin in effect on the first day of such Fiscal Quarter multiplied by the face amount of such Letter of Credit multiplied by the number of days in the period prior to and excluding the date on which such Letters of Credit expires and divided by three hundred and sixty-five (365), payable on the last Business Day of such Fiscal Quarter;

(e) ~~(f)~~ administrative fees payable to the Issuing Bank for its own account in accordance with its usual practice in respect of the issuance, amendment and renewal of Letters of Credit; and

(f) ~~(g)~~ a standby fee payable in Canadian Dollars with respect to the unused portion of the Non Swingline Tranche, calculated on a daily basis as being the difference between (i) the Facility A Maximum Amount (less the Commitments of any Non Funding Lenders under Facility A), less the Swingline Limit and (ii) the Outstanding Principal Amount under the Non Swingline Tranche, multiplied by the Applicable Margin and divided by three hundred and sixty-five (365), which standby fee shall be payable quarterly in arrears on the last Business Day of each Fiscal Quarter based on the number of days in such Fiscal Quarter and on the Maturity Date.

Except as otherwise provided in this Agreement, such payments shall be made to the Agent on behalf of the Lenders, and the Agent shall promptly remit to each Lender its Proportionate Share of each such payment.

2.07 Benchmark Replacement Setting

(a) Benchmark Replacement

(i) Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (a) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (b) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (Toronto time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Agent has not received, by such time, written notice of objection to such ~~amendment~~Benchmark Replacement from Lenders comprising the Required Lenders. If the Benchmark Replacement is Adjusted Daily Compounded CORRA, all interest payments will be payable on the last day of each Interest Period.

(ii) No agreements relating to Hedge Transactions shall be deemed to be a "Loan Document" for the purposes of this Section 2.07.

(b) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(c) Notices; Standards for Decisions and Determinations. The Agent will promptly notify the Borrower and the Lenders of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Agent will notify the Borrower of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 2.07(d)and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.07 including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and

may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.07.

(d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term CORRA) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any pending request for an Advance of, conversion to or continuation of Advances, which are of the Type that have a rate of interest determined by reference to the then-current Benchmark, to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for an Advance of or conversion to, (i) for a Benchmark Unavailability Period in respect of Term CORRA, Daily Compounded CORRA Loans, and (ii) for a Benchmark Unavailability Period in respect of a Benchmark other than Term CORRA, Prime Based Loans.

2.08 Inability to Determine Rates

(a) Subject to Section 2.07, if, on or prior to the first day of any Interest Period for any Term CORRA Loan or Daily Compounded CORRA Loan, as applicable:

i. the Agent determines (which determination shall be conclusive and binding absent manifest error) that "Adjusted Term CORRA" or "Adjusted Daily Compounded CORRA", as applicable, cannot be determined pursuant to the definition thereof, for reasons other than a Benchmark Transition Event, or

ii. the Required Lenders determine that for any reason in connection with any request for a Term CORRA Loan or Daily Compounded CORRA Loan, as applicable, or a conversion thereto or a continuation thereof that Term CORRA or Daily Compounded CORRA, as applicable, for any requested Interest Period with respect to a proposed Term CORRA Loan or Daily Compounded CORRA Loan, as applicable, does not adequately and fairly reflect the cost to such

Lenders of making and maintaining such Advance, and the Required Lenders have provided notice of such determination to the Agent,

the Agent will promptly so notify the Borrower and each Lender.

(b) **Upon delivery of such notice by the Agent to the Borrower under Section 2.07(a), any obligation of the Lenders to make Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, and any right of the Borrower to continue Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, or to convert Prime Based Loans to Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, shall be suspended (to the extent of the affected Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, or affected Interest Periods) until the Agent (with respect to clause ii, at the instruction of the Required Lenders) revokes such notice.**

(c) **Upon receipt of such notice by the Agent to the Borrower under Section 2.07(a), (i)(x) the Borrower may revoke any pending request for an Advance of, conversion to or continuation of Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, (to the extent of the affected Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, or affected Interest Periods); (y) in respect of Term CORRA Loans, the Borrower may elect to convert any such request into a request for an Advance of or conversion to Daily Compounded CORRA Loans; or, failing such revocation or election, (z) the Borrower will be deemed to have converted any such request into a request for an Advance of or conversion to Prime Based Loans, in the amount specified therein and (ii) (x) in respect of Term CORRA Loans, the Borrower may elect to convert any outstanding affected Term CORRA Loans at the end of the applicable Interest Period, into Daily Compounded CORRA Loans, and (y) otherwise, or failing such election, any outstanding affected Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, will be deemed to have been converted, at the end of the applicable Interest Period, into Prime Based Loans. Upon any such conversion, the Borrower shall also pay accrued interest on the amount so converted, together with any additional amounts required pursuant to Section 5.09.**

2.09 ~~2.07~~ **Facility A Maximum Amount**

(a) The Facility A Lenders shall have no obligation to make any Advance under Facility A if after making such Advance the Outstanding Principal Amount under Facility A would exceed the Facility A Maximum Amount then in effect.

(b) If at any time the aggregate amount of the Outstanding Principal Amount under Facility A is in excess of the Facility A Maximum Amount for any reason, the Borrower agrees that immediately after receipt of a written request from the Agent it will make Repayments under Facility A in such amount as will result in the aggregate amount of the Outstanding Principal Amount under Facility A not exceeding the Facility A Maximum Amount. The Agent shall firstly apply such Repayment against Advances under Facility A, and any remaining portion of such Repayment shall be held by the Agent and applied against ~~CDOR~~**Term CORRA** Loans, ~~Bankers' Acceptances, BA Equivalent~~**Daily Compounded CORRA** Loans**,** and Letters of Credit under Facility A upon the maturity thereof.

2.10 ~~2.08~~ Swingline

A portion of Facility A in the maximum amount of the Swingline Limit (the "**Swingline**") shall be subject to the following terms and conditions, in addition to any other applicable terms and conditions contained in this Agreement:

(a) The Swingline shall be established and maintained by the Swingline Lender only, and the Swingline Lender is not entitled to assign or grant a participation in the Swingline in whole or in part to any other Person.

(b) The Outstanding Principal Amount under the Swingline shall not at any time exceed the Swingline Limit.

(c) The Swingline shall form a part of Facility A and, except to the extent provided in this Section, shall be subject to all terms and conditions of this Article 2, specifically including the Facility A Maximum Amount.

(d) Subject to subsection ~~2.08~~**2.10**(f) below, Advances to and Repayments by the Borrower under the Swingline shall be made in the following manner: the Swingline Lender will make Advances to the Borrower into one or more Canadian Dollar bank accounts designated by the Borrower as required in order to honour cheques drawn by the Borrower on such accounts presented to the Swingline Lender for payment. As deposits are made into such accounts by the Borrower, the Swingline Lender shall withdraw funds from such accounts from time to time and apply such funds as repayments under the Swingline. Advances to the Borrower and Repayments by the Borrower under the Swingline shall be made without notice and shall be on a dollar for dollar basis (i.e. not subject to minimum amounts or multiples).

(e) The obligation of the Swingline Lender to make each Advance under the Swingline shall be subject to the satisfaction of all conditions precedent in Section 9.02, except for the requirement to provide a Draw Request.

(f) Interest on the Outstanding Principal Amount under the Swingline shall be payable by the Borrower to the Swingline Lender (for its own account) at the Prime Rate plus the Applicable Margin per annum, payable monthly in arrears on the last day of each and every month.

(g) The Borrower hereby agrees to pay a standby fee with respect to the unused portion of the Swingline, payable to the Swingline Lender (for its own account), calculated on a daily basis as being the difference between (i) the Swingline Limit and (ii) the Outstanding Principal Amount under the Swingline, multiplied by the Applicable Margin and divided by three hundred and sixty-five (365), which standby fee shall be payable quarterly in arrears on the last Business Day of each Fiscal Quarter based on the number of days in such Fiscal Quarter and on the Maturity Date.

(h) The Swingline Lender may in its discretion at any time, by written notice to the Borrower, require the Borrower to request an Advance under Facility A from the Facility A Lenders in an amount (in this paragraph called the "**Swingline Reduction Amount**") for the purpose of reducing the Outstanding Principal Amount under the Swingline, and the Borrower agrees to promptly comply with any such request. The proceeds of such Advance shall be applied to reduce the Outstanding Principal Amount under the

Swingline accordingly. If the Borrower fails to comply with any such request from the Swingline Lender within two (2) Business Days after receipt thereof, each Facility A Lender agrees that upon request by the Swingline Lender it will make an Advance under Facility A in an amount equal to its Proportionate Share of the Swingline Reduction Amount, the proceeds of which shall be applied to reduce the Outstanding Principal Amount under the Swingline. In addition, each Facility A Lender hereby accepts from the Swingline Lender a participation (which participation shall be non-recourse to the Swingline Lender) in the Outstanding Principal Amount under the Swingline from time to time, in such Lender's Proportionate Share of Facility A. Each Facility A Lender hereby absolutely and unconditionally agrees to indemnify and hold the Swingline Lender harmless from liability in respect of, such Lender's said Proportionate Share of such Outstanding Principal Amount under the Swingline. Each said Facility A Lender acknowledges and agrees that its obligation to acquire a participation in such Outstanding Principal Amount under the Swingline and its said indemnity obligation are absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or Event of Default hereunder. For greater certainty however, nothing herein shall require a Facility A Lender to make Advances under Facility A in excess of its Commitment under Facility A.

2.11 ~~2.09~~ Letters of Credit

Letters of Credit shall be issued only under Facility A and shall be subject to the following additional terms and conditions:

(a) Letters of Credit may be issued in all Qualified Currencies. Letters of Credit will not be issued for the purpose of guaranteeing obligations of any Person (except obligations incurred by any Company in the ordinary course of business). Each Letter of Credit shall have a term not in excess of one (1) year and shall include an automatic renewal clause with a minimum of thirty (30) days' notice. The Equivalent Amount expressed in Canadian Dollars of the aggregate face amount of all Letters of Credit outstanding at any time may not exceed Five Million Dollars ($5,000,000).

(b) If a Letter of Credit is issued in a Qualified Currency other than Canadian Dollars, each fee in respect of such Letter of Credit payable pursuant to Section 2.06 herein shall be payable in Canadian Dollars in accordance with Section 5.06.

(c) Each request for the issuance of a Letter of Credit shall be delivered by the Borrower to the Issuing Bank in accordance with the notice requirements in Section 5.02(a) herein, together with the Issuing Bank's customary form of application and indemnity agreement completed to its satisfaction and the proposed form of the Letter of Credit (which shall be satisfactory to the Issuing Bank) and such other certificates, documents and other information as the Issuing Bank may reasonably request.

(d) The obligation of the Borrower to reimburse the Issuing Bank for all drawings under Letters of Credit shall, in the absence of gross negligence or wilful misconduct by the Issuing Bank, be absolute, unconditional and irrevocable and shall be satisfied strictly in accordance with their terms, irrespective of:

(i) any lack of validity or enforceability of any Letter of Credit;

(ii) the existence of any claim, setoff, defence or other right which the Borrower or any other Person may at any time have against the beneficiary under any Letter of Credit, the Issuing Bank or any Lender (other than the defence of payment in accordance with the terms of this Agreement or a defence based on the negligence or wilful misconduct of the Issuing Bank or any Lender) or any other Person in accordance with this Agreement or other transaction;

(iii) any draft or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; and

(iv) any other circumstance or event whatsoever, whether or not similar to any of the foregoing.

(e) In making any payment under any Letter of Credit (i) the Issuing Bank's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever and (ii) any non-compliance in any immaterial respect of the documents presented under such Letter of Credit with the terms thereof shall, in each case, not be deemed wilful misconduct or negligence of the Issuing Bank.

(f) The Issuing Bank and its correspondents may accept and act upon the name, signature, or act of any party purporting to be the executor, administrator, receiver, trustee in bankruptcy or other legal representative of any party designated in any Letter of Credit in the place of the name, signature, or act of such party.

(g) Concurrently with each request for the issuance of a Letter of Credit the Agent shall notify each Lender of the principal amount, the reference number and the expiration date thereof and the amount of such Lender's participation therein. By the issuance of a Letter of Credit hereunder and without further action on the part of the Issuing Bank or the Lenders, each said Lender hereby accepts from the Issuing Bank a participation (which participation shall be without recourse to the Issuing Bank) in such Letter of Credit in such Lender's Proportionate Share of Facility A, effective upon the issuance of such Letter of Credit. Each Lender hereby absolutely and unconditionally assumes, as primary obligor and not as a surety, and agrees to pay and discharge and to indemnify and hold the Issuing Bank harmless from liability in respect of, such Lender's said Proportionate Share of the amount of any drawing under a Letter of Credit. Each said Lender acknowledges and agrees that its obligation to acquire participations in each Letter of Credit issued by the Issuing Bank and its obligation to make the payments specified herein, and the right of the Issuing Bank to receive the same, in the manner specified herein, are absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or Event of Default hereunder, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. The Issuing Bank shall review each draft and any accompanying documents presented under a Letter of Credit and shall notify each said

Lender of any such presentment. Promptly after it shall have ascertained that any draft and any accompanying documents presented under such Letter of Credit appear on their face to be in substantial conformity with the terms and conditions of the Letter of Credit, the Issuing Bank shall give notice to each said Lender and the Borrower of the receipt and amount of such draft and the date on which payment thereon will be made, and each said Lender shall, by 11:00 a.m. Toronto time on the date such payment is to be made, pay its said Proportionate Share of the amount so drawn under the Letter of Credit in immediately available funds, and the Issuing Bank shall make the appropriate payment to the beneficiary of such Letter of Credit. The Borrower agrees to immediately reimburse each said Lender in an amount equal to the said payment by such Lender with interest thereon payable at the same rate and in the same manner as Prime Based Loans under Facility A.

(h) On or before the Maturity Date, the Borrower shall (i) arrange for the cancellation and return of all outstanding Letters of Credit to the Issuing Bank or (ii) provide cash collateral in favour of the Agent in respect of all outstanding Letters of Credit in an amount equal to the aggregate of the face amounts of all such Letters of Credit, plus an additional amount estimated by the Issuing Bank in respect of its anticipated fees and expenses associated with the settlement of such Letters of Credit. For greater certainty, the Agent shall have no obligation to release all or any portion of the Security unless and until all Letters of Credit are cancelled or such cash collateral is provided in respect thereof to the satisfaction of the Issuing Bank.

2.12 ~~2.10~~ Cancellation

The Borrower may from time to time upon two (2) Business Days' prior written notice to the Agent, permanently cancel any unadvanced portion of Facility A in a minimum amount of One Hundred Thousand Dollars ($100,000) without payment of any penalty or fee (provided that such required minimum amount shall not apply in the case of a cancellation of Facility A in its entirety). The Facility A Maximum Amount shall be automatically and permanently reduced by the amount so cancelled and each Lender's Commitment under Facility A shall be reduced by its Proportionate Share of the amount so cancelled.

2.13 ~~2.11~~ Voluntary Repayments

Upon not less than one (1) Business Days' prior written notice to the Agent, the Borrower may make a Repayment on account of the Outstanding Principal Amount under Facility A (except ~~CDOR~~**Term CORRA** Loans~~, Bankers' Acceptances~~ and ~~BA Equivalent Loans prior to the maturity thereof~~**Daily Compounded CORRA Loans**) in a minimum amount of One Hundred Thousand Dollars ($100,000) without payment of any penalty or fee, provided that the Borrower shall also concurrently unwind Hedge Transactions to the extent necessary such that the aggregate notional amount of all outstanding Hedge Transactions does not exceed the Outstanding Principal Amount at such time. The Agent shall promptly remit to each Lender its Proportionate Share of any such voluntary Repayment. For greater certainty however, ~~CDOR~~**Term CORRA** Loans~~, Bankers' Acceptances~~ and ~~BA Equivalent~~**Daily Compounded CORRA** Loans may not be repaid prior to the maturity thereof but the obligations thereunder may be secured by cash collateral as more particularly provided in Section ~~5.11~~**5.08**).

ARTICLE 3
[RESERVED]

ARTICLE 4
ANCILLARY CREDIT PRODUCTS

4.01 Hedge Transactions

(a) BMO (for greater certainty, in its capacity as a Lender hereunder and not in its capacity as the Agent) shall act as lead arranger for all Hedge Transactions to be entered into between the Borrower and the Lenders hereunder, and shall offer each Lender an opportunity to participate in a pro-rata portion of such Hedge Transactions pursuant to such arrangements as may be agreed between BMO and the respective Lenders. Each Hedge Transaction entered into between the Borrower and a Lender shall be upon such terms as may be offered by such Lender in its discretion, subject to the terms of this Agreement.

(b) Hedge Transactions may not be entered into for speculative purposes. Without limiting the generality of the foregoing, Hedge Transactions will not be entered into which could result in the aggregate notional amount of all Hedge Transactions outstanding at any time being in excess of the Outstanding Principal Amount under Facility A at such time. The Borrower shall promptly take all actions which may be necessary or desirable from time to time to unwind one or more Interest Rate Hedging Agreements in whole or in part to the extent necessary in order that the aggregate notional amount of all Hedge Transactions outstanding at such time does not exceed the Outstanding Principal Amount under Facility A at such time.

(c) Currency Hedge Transactions may only be entered into in respect of Qualified Currencies. The term of each Currency Hedge Transaction shall expire not later than twelve (12) months from the date of such Currency Hedge Transaction.

(d) In respect of each Hedge Transaction entered into between the Borrower and a Lender, the Borrower agrees to execute and deliver to such Lender all agreements as it may reasonably require (for greater certainty, specifically including an ISDA master agreement).

(e) The Security shall secure all obligations owing under or in respect of each Hedge Transaction; and the priority of such obligations shall rank on a *pari passu* basis with all other Obligations.

(f) The Borrower will not enter into or be a party to any Hedge Transactions with any Persons other than the Lenders.

(g) Each Hedge Transaction between the Borrower and a Lender shall include such Lender's standard early termination events. Without limiting the generality of the foregoing, each Hedge Transaction shall also stipulate that the termination of all or any part of Facility A will constitute an Early Termination Event (as defined in the applicable ISDA Master Agreement) and the Affected Party (as defined in such ISDA Agreement) shall be the counter-party to the Lender in such contract. The Lender shall have the right to choose

the payment measure and the payment method (as such terms are understood in the ISDA Master Agreement) in respect of such Early Termination Event.

4.02 MasterCard Line

Subject to the terms and conditions of this Agreement, BMO may in its discretion establish a line of credit for the Borrower **or another Secured Company** in such principal amount as may be agreed between BMO and the Borrower **or another Secured Company** from time to time, in respect of corporate MasterCards in Qualified Currencies issued by BMO to the Borrower's **or another Secured Company's** employees to be used for corporate purposes only in Approved Jurisdictions, including purchasing supplies and funding miscellaneous business expenses (the "**MasterCard Line**"). BMO may issue MasterCards upon request by the Borrower from time to time upon the completion of, and in accordance with, the credit card agreements and other documents customarily required by BMO in connection with the issuance of corporate MasterCards. The Borrower **or other Secured Company, as applicable,** shall pay interest and fees in connection with loans and advances made under the MasterCard Line at the rates and at the times set out in such credit card agreements and other documents, and the Borrower's **and other Secured Companies'** indebtedness thereunder, including accrued and unpaid interest thereon, shall mature and become due and payable in full by the Borrower on the earlier of (i) the date specified in the such agreements, and (ii) the Acceleration Date.

4.03 MasterCard Termination Events

Without limiting the terms of any applicable credit card agreement, the Secured Companies acknowledge that the MasterCard Line, at the discretion of BMO, can be terminated upon the occurrence of any one of the following events:

(a) the termination of this Agreement;

(b) BMO ceases to be a Lender under this Agreement; or

(c) BMO as a provider of treasury and cash management facilities to the Secured Companies is no longer entitled to be secured on a *pari passu* basis with all debts, liabilities and obligations of the Secured Companies from the security provided under this Agreement.

4.04 ~~4.03~~ Service Agreements

BMO may in its discretion from time to time enter into agreements with the Borrower or any other Company in respect of cash management, payroll or other banking services**, including in respect of MasterCards** (collectively, "**Service Agreements**"). The Borrower hereby agrees to indemnify and save harmless BMO in respect of all losses which it may suffer in respect of the failure of any Company to observe and perform its obligations under any Service Agreement except to the extent that such failure is due to BMO's gross negligence or wilful misconduct, and for all purposes of this Agreement such Service Agreement shall be deemed to have been entered into between BMO and the Borrower. ~~The Borrower~~**Each Secured Company** agrees to pay to BMO (for its own account) fees in respect of Service Agreements as they may agree in writing from time to time.

ARTICLE 5
GENERAL CONDITIONS

5.01 Matters relating to Interest

(a) Unless otherwise indicated, interest on any outstanding principal amount and all other amounts payable hereunder (including unpaid interest) shall be calculated daily and shall be payable monthly in arrears on the last day of each and every month; and if the date of demand by the Lender for a Repayment is not the end of a month, all accrued and unpaid interest in respect of such Repayment shall be paid on such demand date. If any day on which interest is payable is not a Business Day, the interest payment due on such day shall be made on the next Business Day, and interest shall continue to accrue on the said principal amount and shall also be paid on such next Business Day. Interest shall accrue from and including the day upon which an Advance is made or is deemed to have been made, and ending on but excluding the day on which such Advance is repaid or satisfied. Any change in the Prime Rate shall cause an immediate adjustment of the interest rate applicable to Prime Based Loans without the necessity of any notice to the Borrower.

(b) Unless otherwise stated, in this Agreement if reference is made to a rate of interest, fee or other amount "**per annum**" or a similar expression is used, such interest, fee or other amount shall be calculated on the basis of a year of three hundred and sixty-five (365) or three hundred and sixty- six (366) days, as the case may be. If the amount of any interest, fee or other amount is determined or expressed on the basis of a period of less than one (1) year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be, the equivalent yearly rate is equal to the rate so determined or expressed, divided by the number of days in the said period, and multiplied by the actual number of days in that calendar year. The Agent agrees that promptly upon request by the Borrower from time to time it will advise the Borrower of the Prime Rate and ~~CDOR Rate~~**Adjusted Term CORRA** in effect at such time (or during any other period prior to such time), and will assist the Borrower in calculating the effective annual rate of interest required to be disclosed pursuant to section 4 of the *Interest Act* (Canada). The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Agreement or any other Loan Documents, that the interest payable thereunder and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to section 4 of the *Interest Act* (Canada) or any other Law.

(c) Notwithstanding any other provisions of this Agreement, if the amount of any interest, premium, fees or other monies or any rate of interest stipulated for, taken, reserved or extracted under the Loan Documents would otherwise contravene the provisions of section 347 of the *Criminal Code* (Canada), section 4 or section 8 of the *Interest Act* (Canada) or any successor or similar legislation, or would exceed the amounts which any Lender is legally entitled to charge and receive under any Law to which such compensation is subject, then such amount or rate of interest shall be reduced to such maximum amount as would not contravene such provision, and to the extent that any excess has been charged or received such Lender shall apply any such excess amount against the Outstanding Principal Amount under Facility A and refund such further excess amount to the Borrower.

(d) Any change in the Applicable Margin in respect of any Availment Option shall be determined quarterly by the Agent based upon the information contained in the

Compliance Certificate received by the Agent in respect of the most recently completed Fiscal Quarter, and shall take effect commencing on the fifth (5th) Business Day following receipt of such Compliance Certificate by the Agent (in this paragraph called the "**effective date**"). For greater certainty:

(i) the interest rates and fees applicable to all Advances made on or after the effective date shall be based upon the said revised Applicable Margin;

(ii) from and after the effective date, the interest rates and fees applicable to all Prime Based Loans outstanding on the effective date shall be based upon the said revised Applicable Margin; and

(iii) no readjustment shall be made in respect of any ~~CDOR~~ **Term CORRA** Loan, ~~Bankers' Acceptance, BA Equivalent~~**Daily Compounded CORRA** Loan**,** or Letter of Credit which is outstanding on the effective date, and the said revised Applicable Margin **sh**all apply to all ~~CDOR~~**Term CORRA** Loans, ~~Bankers' Acceptances, BA Equivalent~~**Daily Compounded CORRA** Loans**,** and Letters of Credit issued or made on or after the effective date.

The determination of such adjustments by the Agent shall be deemed to be correct absent manifest error. If the Agent does not receive a Compliance Certificate on a date required pursuant to Section 7.04, then from and after the date such Compliance Certificate was required to have been delivered, the Applicable Margin in respect of each Availment Option shall be the highest Applicable Margin relating thereto, until the fifth (5th) Business Day following receipt by the Agent of the required Compliance Certificate.

5.02 Notice Periods

(a) The Borrower shall provide written notice to the Agent in respect of Advances, Rollovers, Substitutions and Repayments as set out below:

(i) one (1) Business Days' notice is required before 10:00 a.m. Toronto time in respect of an Advance, Rollover or Substitution relating to a Prime Based Loan;

(ii) two (2) Business Days' notice is required before 10:00 a.m. Toronto time in respect of an Advance, Rollover or Substitution relating to a ~~CDOR~~**Term CORRA** Loan~~, Bankers' Acceptance, or a BA Equivalent Note~~ **or Daily Compounded CORRA Loan**;

(iii) three (3) Business Days' notice is required before 10:00 a.m. Toronto time in respect of the issuance of a Letter of Credit; and

(iv) notice is required for each voluntary Repayment under Facility A in accordance with Section ~~2.08~~**2.10**, as applicable.

(b) Notice of any Advance, Rollover or Substitution referred to in paragraph (a) above shall be given in the form of a Draw Request, Rollover Notice or Substitution Notice, as the case may be, attached hereto as Exhibits, and shall be given to the Agent at its address in Section 13.08.

(c) If notice is not provided as contemplated herein with respect to the maturity of any ~~CDOR~~**Term CORRA** Loan~~, Bankers' Acceptance or BA Equivalent~~ **or Daily**

Compounded CORRA Loan, the Agent may in its discretion convert such ~~CDOR~~**Term CORRA** Loan~~, Bankers' Acceptance or BA Equivalent~~ **or Daily Compounded CORRA** Loan upon its maturity into a Prime Based Loan.

(d) Any conversion from one form of Availment Option to another shall be subject to satisfaction of all of terms and conditions applicable to the form of the new Availment Option.

(e) No notice is required for Advances and Repayments under the Swingline.

5.03 Minimum Amounts, Multiples and Procedures re Draws, Substitutions, and Repayments

(a) Each request by the Borrower for an Advance by way of ~~Bankers' Acceptances and BA Equivalent Notes shall be for an aggregate face amount of not less than $1,000,000 and in a multiple of $100,000, and in such amount as will result in the face amount of each Bankers' Acceptance or BA Equivalent Note issued by a Lender being in a multiple of $1,000.~~

~~(b) Each request by the Borrower for an Advance by way of CDOR~~**Term CORRA** Loans **or Daily Compounded CORRA Loans** shall be in a minimum amount of $1,000,000 and in a multiple of $100,000.

(b) ~~(c)~~ Advances by way of Prime Based Loans shall be on a dollar for dollar basis and not subject to a minimum amount or a required multiple.

(c) ~~(d)~~ Advances under the Swingline shall be on a dollar for dollar basis and not subject to a minimum amount or a required multiple.

(d) ~~(e)~~ Upon receipt of a Draw Request, the Agent shall promptly notify each Lender of the contents thereof and such Lender's Proportionate Share of the Advance. Such Draw Request shall not thereafter be revocable.

(e) ~~(f)~~ Each Advance shall be made by the applicable Lenders to the Agent at its address referred to in Section 13.08 or such other address as the Agent may designate by notice in writing to the Lenders from time to time. Each Lender may make available its Proportionate Share of each said Advance to the Agent. Subject to the conditions in this Agreement, the Agent may make the funds so received from the Lenders available to the Borrower by 2:00 p.m. (Toronto time) on the requested date of the Advance. No Lender shall be responsible for any other Lender's obligation to make available its Proportionate Share of the said Advance.

~~(g) The Borrower agrees to deliver in favour of each Lender such other agreements and documentation as such Lender may reasonably require (not inconsistent with this Agreement) in respect of such Lender's requirements for the acceptance of Bankers' Acceptances or the issuance of BA Equivalent Notes.~~

(f) ~~(h)~~ All payments of principal, interest and other amounts made by the Borrower to the Agent in respect of the Outstanding Principal Amount shall be paid by the Agent to the respective Lenders, each in accordance with its Proportionate Share. ~~For greater certainty, however, stamping fees in respect of Bankers' Acceptances and BA Equivalent~~

~~Notes shall be received and retained by the respective Lenders which issued or accepted such Bankers' Acceptances and BA Equivalent Notes.~~

5.04 Place of Repayments

(a) All payments of principal, interest and other amounts to be made by the Borrower to the Agent pursuant to this Agreement shall be made at its address noted in Section 13.08 or to such other address as the Agent may direct in writing from time to time. All such payments received by the Agent on a Business Day before 2:00 p.m. (Toronto time) shall be treated as having been received by the Agent on that day; payments made after such time on a Business Day shall be treated as having been received by the Agent on the next Business Day.

(b) Whenever any payment shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day. Interest shall continue to accrue and be payable thereon as provided herein, until the date on which such payment is received by the Agent.

(c) The Borrower hereby authorizes and direct the Agent to debit automatically, by mechanical, electronic or manual means, any bank account maintained by it with the Agent for all amounts due and payable by it under this Agreement, including the repayment of principal and the payment of interest, fees and all charges relating to the operation of such bank account. The Agent shall notify the Borrower as to the particulars of such debits in accordance with its usual practice.

5.05 Evidence of Obligations (Noteless Advances)

The Agent shall open and maintain, in accordance with its usual practice, accounts evidencing the Obligations, and the information entered in such accounts shall constitute prima facie evidence of the Obligations. The Agent may, but shall not be obliged to, request the Borrower to execute and deliver promissory notes from time to time as additional evidence of the Obligations, in form and substance satisfactory to the Agent acting reasonably.

5.06 Determination of Equivalent Amounts

Whenever it is necessary or desirable at any time to determine the Equivalent Amount in Canadian Dollars of an amount expressed in any other Qualified Currency, or vice-versa (specifically including for greater certainty the determination of whether the Outstanding Principal Amount under Facility A exceeds the Facility A Maximum Amount), the Equivalent Amount shall be determined by reference to the Exchange Rate on the date of such determination.

~~**5.07 Commitment to Purchase Bankers' Acceptances and BA Equivalent Notes**~~

~~(a) In connection with the issuance of each Bankers' Acceptance or BA Equivalent Note, the amount payable by the purchaser thereof to the Borrower shall be determined in accordance with the following formula:~~

$$\frac{F}{1 + (D \times T/365)}$$

~~where:~~

F means the face amount of such Bankers' Acceptance or BA Equivalent Note,

D means the discount rate, and

T means the number of days to maturity of such Bankers' Acceptance or BA Equivalent Note,

with the amount as so calculated being rounded up or down to the fifth decimal place and with 0.000005 being rounded up.

(b) Each BA Lender which is a bank listed in Schedule I of the *Bank Act* (Canada) agrees to purchase those Bankers' Acceptances which it has accepted at a discount from the face amount thereof equal to the CDOR Rate for the relevant period in effect on the issuance date thereof, provided however that if BMO is the only BA Lender under Facility A, the discount rate shall be the applicable discount rate established by BMO on the issuance date thereof.

(c) Each BA Lender which is a bank listed in Schedule II or Schedule III of the *Bank Act* (Canada) agrees to purchase those Bankers' Acceptances which it has accepted at a discount from the face amount thereof equal to the CDOR Rate for the relevant period in effect on the issuance date thereof plus a premium determined by such BA Lender not in excess of one-tenth of one percent (0.10%) per annum.

(d) Each Non-BA Lender agrees to purchase BA Equivalent Notes issued by it hereunder at a discount from the face amount thereof equal to the CDOR Rate for the relevant period in effect on the issuance date thereof.

(e) The discount applicable to each Bankers' Acceptance and BA Equivalent Note shall be determined on the basis of a year of three hundred and sixty-five (365) days.

5.08 Bankers' Acceptances

The following provisions are applicable to Bankers' Acceptances issued by the Borrower and accepted by any BA Lender hereunder:

Payment of Bankers' Acceptances

(a) The Borrower agrees to provide for each Bankers' Acceptance by payment of the face amount thereof to the Agent on behalf of the BA Lender on the maturity of the Bankers' Acceptance or, prior to such maturity, on the Acceleration Date; and the Agent shall remit the said amount to such BA Lender and such BA Lender shall in turn remit such amount to the holder of the Bankers' Acceptance. If the Borrower fails to provide for the payment of the Bankers' Acceptance accordingly, any amount not so paid shall be immediately payable by the Borrower to the Agent on behalf of the BA Lender together with interest on such amount calculated daily and payable monthly at the rate and in the manner applicable to Prime Based Loans. The Borrower agrees not to claim any days of grace for the payment at maturity of any Bankers' Acceptance and agrees to indemnify and save harmless the BA Lender in connection with all payments made by the BA Lender (or by the Agent on its behalf) pursuant to Bankers' Acceptances accepted by the BA Lender, together with all reasonable costs and expenses incurred by the BA Lender in this regard. The Borrower hereby waives any defences to payment which might

otherwise exist if for any reason a Bankers' Acceptance is held by the BA Lender for its own account at maturity.

Availability of Bankers' Acceptances

(b) If at any time and from time to time the Agent determines that there no longer exists a market for Bankers' Acceptances for the term requested by the Borrower, or at all, the Agent shall so advise the Borrower, and in such event the BA Lenders shall not be obliged to accept and the Borrower shall not be entitled to issue Bankers' Acceptances.

Power of Attorney

(c) The Borrower hereby appoints each BA Lender as its true and lawful attorney to complete and issue Bankers' Acceptances on behalf of the Borrower in accordance with written (including facsimile) transmitted instructions provided by the Borrower to the Agent on behalf of such BA Lender, and the Borrower hereby ratifies all that its said attorney may do by virtue thereof except anything done that constitutes negligence or wilful misconduct by the BA Lender. The Borrower agrees to indemnify and hold harmless the Agent and the BA Lenders and their respective directors, officers and employees from and against any charges, complaints, costs, damages, expenses, losses or liabilities of any kind or nature which they may incur, sustain or suffer, arising from or by reason of acting, or failing to act, as the case may be, in reliance upon this power of attorney, except to the extent caused by the negligence or wilful misconduct of the Agent or the BA Lender or their respective directors, officers and employees. The Borrower hereby agrees that each Bankers' Acceptance completed and issued and accepted in accordance with this Section by a BA Lender on behalf of the Borrower is a valid, binding and negotiable instrument of the Borrower as drawer and endorser. The Borrower agrees that each BA Lender's accounts and records will constitute prima facie evidence of the execution and delivery by the Borrower of Bankers' Acceptances. This power of attorney shall continue in force until the earlier of (i) delivery of written notice of revocation by the Borrower to the Agent on behalf of the BA Lender at the Agent's address provided in Section 13.08, and (ii) the termination of this Agreement.

5.09 BA Equivalent Notes

Each Non-BA Lender will not accept Bankers' Acceptances hereunder, and shall instead from time to time make BA Equivalent Loans to the Borrower. Each BA Equivalent Loan shall be evidenced by a non-interest bearing promissory note payable by the Borrower to the Non-BA Lender substantially in the form of Exhibit "G" attached hereto, which will be purchased by the Non-BA Lender. Each BA Equivalent Note shall be negotiable by the Non-BA Lender without notice to or the consent of the Borrower, and the holder thereof shall be entitled to enforce such BA Equivalent Note against the Borrower free of any equities, defences or rights of set-off that may exist between the Borrower and the Non-BA Lender. In this Agreement, all references to a BA Equivalent Note shall mean the loan evidenced thereby if required by the context; and all references to the "**issuance**" of a BA Equivalent Note by a Non-BA Lender and similar expressions shall mean the making of a BA Equivalent Loan by the Non-BA Lender which is evidenced by a BA Equivalent Note. The following provisions are applicable to each BA Equivalent Loan made by a Non-BA Lender to the Borrower hereunder:

Payment of BA Equivalent Notes

(a) The Borrower agrees to provide for each BA Equivalent Note by payment of the face amount thereof to the Agent on behalf of the Non-BA Lender on the maturity of the BA Equivalent Note or, prior to such maturity, on the Acceleration Date, and the Agent shall remit the said amount to such Non-BA Lender and such Non-BA Lender shall in turn remit such amount to the holder of the BA Equivalent Note. If the Borrower fails to provide for the payment of the BA Equivalent Note accordingly, any amount not so paid shall be immediately payable by the Borrower to the Agent on behalf of the Non-BA Lender together with interest on such amount calculated daily and payable monthly at the rate and in the manner applicable to Prime Based Loans. The Borrower agrees not to claim any days of grace for the payment at maturity of any BA Equivalent Note and agrees to indemnify and save harmless the Non-BA Lender in connection with all payments made by the Non-BA Lender (or by the Agent on its behalf) pursuant to BA Equivalent Notes accepted by the Non-BA Lender, together with all reasonable costs and expenses incurred by the Non-BA Lender in this regard. The Borrower hereby waives any defences to payment which might otherwise exist if for any reason a BA Equivalent Note is held by the Non-BA Lender for its own account at maturity.

Availability of BA Equivalent Loans

(b) The Non-BA Lender shall have no obligation to make BA Equivalent Loans during any period in which the BA Lenders' obligation to issue Bankers' Acceptances is suspended pursuant to section 3.5 of the CBA Model Provisions.

Power of Attorney

(c) The Borrower hereby appoints the Non-BA Lender as its true and lawful attorney to complete BA Equivalent Notes on behalf of the Borrower in accordance with written (including facsimile) transmitted instructions delivered by the Borrower to the Agent, and the Borrower hereby ratifies all that its said attorney may do by virtue thereof except anything done that constitutes negligence or wilful misconduct by the Non-BA Lender. The Borrower agrees to indemnify and hold harmless the Agent and the Non-BA Lender and their respective directors, officers and employees from and against any charges, complaints, costs, damages, expenses, losses or liabilities of any kind or nature which they may incur, sustain or suffer, arising from or by reason of acting, or failing to act, as the case may be, in reliance upon this power of attorney except to the extent caused by the negligence or wilful misconduct of the Agent or the Non-BA Lender or their respective directors, officers and employees. The Borrower hereby agrees that each BA Equivalent Note completed by the Non-BA Lender on behalf of the Borrower is a valid, binding and negotiable instrument of the Borrower as drawer and endorser. The Borrower agrees that the Non-BA Lender's accounts and records will constitute prima facie evidence of the execution and delivery by the Borrower of BA Equivalent Notes. This power of attorney shall continue in force until the earlier of (i) delivery of written notice of revocation by the Borrower to the Agent on behalf of the Non-BA Lender at the Agent's address provided in Section 13.08, and (ii) the termination of this Agreement.

5.10 CDOR Loans

The following provisions are

5.07 Term CORRA Loans and Daily Compounded CORRA Loans

The following provisions are applicable to Term CORRA Loans and Daily Compounded CORRA Loans, as applicable ~~to CDOR Loans~~**,** made by a Lender to the Borrower:

Draw Procedures

(a) Upon receipt by the Agent from the Borrower of a Draw Request, Substitution Notice or Rollover Notice in respect of a ~~CDOR~~**Term CORRA** Loan, the Agent will promptly advise the Borrower of the ~~CDOR Rate~~**Adjusted Term CORRA**, such rate to be determined as at approximately 10:00 a.m. Toronto, Ontario time, two (2) Business Days before the commencement of the ~~CDOR~~**Interest** Period for such ~~CDOR~~**Term CORRA** Loan. If the Agent is unable to determine the applicable ~~CDOR Rate~~**Adjusted Term CORRA** or if for any reason the ~~CDOR~~ **Interest** Period requested by the Borrower is not reasonably available to the Agent, then the Agent shall notify the Borrower of the foregoing and the Lenders shall not be obliged to make the requested ~~CDOR~~**Term CORRA** Loan, and if such determination takes place after a Lender has already made Advances in the expectation that such Advances will constitute a ~~CDOR~~**Term CORRA** Loan for the ~~CDOR~~**Interest** Period requested, such Lender may by written notice to the Borrower require the Borrower to select another ~~CDOR~~**Interest** Period or convert the said ~~CDOR~~**Term CORRA** Loan into a Prime Based Loan with interest payable thereon at the rate and in the manner as provided in Section 5.01 with respect to Prime Based Loans.

(b) Upon receipt by the Agent from the Borrower of a Draw Request, Substitution Notice or Rollover Notice in respect of a Daily Compounded CORRA Loan, the Agent will promptly advise the Borrower of the Adjusted Daily Compounded CORRA, such rate to be determined as at approximately 10:00 a.m. Toronto, Ontario time, three (3) Business Days before the commencement of the Interest Period for such Daily Compounded CORRA Loan. If the Agent is unable to determine the applicable Adjusted Daily Compounded CORRA or if for any reason the Interest Period requested by the Borrower is not reasonably available to the Agent, then the Agent shall notify the Borrower of the foregoing and the Lenders shall not be obliged to make the requested Daily Compounded CORRA Loan, and if such determination takes place after a Lender has already made Advances in the expectation that such Advances will constitute a Daily Compounded CORRA Loan for the Interest Period requested, such Lender may by written notice to the Borrower require the Borrower to select another Interest Period or convert the said Daily Compounded CORRA Loan into a Prime Based Loan with interest payable thereon at the rate and in the manner as provided in Section 5.01 with respect to Prime Based Loans.

Laws Applicable to ~~CDOR~~**Term CORRA** Loans **and Daily Compounded CORRA Loans**

(c) ~~(b)~~ The Borrower acknowledges and agrees that the ability of the Lenders to maintain or provide any ~~CDOR~~**Term CORRA** Loan**, Daily Compounded CORRA Loan,** and/or to charge interest on any ~~CDOR~~**Term CORRA** Loan at ~~a CDOR Rate~~**an Adjusted Term CORRA, and/or to charge interest on any Daily Compounded CORRA Loan at an Adjusted Daily Compounded CORRA** is and will be subject to any statute, law, regulation, rule or direction by any Governmental Authority having jurisdiction which may prohibit or restrict or limit such loans and/or such interest. The Borrower agrees that

the Agent and the Lenders shall have the right to comply with any such requirements and, if the Agent or a Lender acting reasonably determines it to be necessary as a result of such requirement, the Agent or such Lender may convert any ~~CDOR~~**Term CORRA** Loan **or Daily Compounded CORRA Loan** to a Prime Based Loan with interest payable thereon as set out in paragraph (a) **or paragraph (B)** above**, as applicable,** or require immediate repayment of all ~~CDOR~~**Term CORRA** Loans **and accrued interest thereon and/or all Daily Compounded CORRA Loans** and accrued interest thereon.

Interest Payments for ~~CDOR~~**Term CORRA** Loans **and Daily Compounded CORRA Loans**

(d) ~~(c)~~ Each ~~CDOR~~**Term CORRA** Loan shall have ~~a CDOR~~**an Interest** Period of either one (1~~), two (2~~) or three (3) months, subject to availability, and interest on each ~~CDOR~~**Term CORRA** Loan shall be payable in accordance with Section 5.01.

(e) Each Daily Compounded CORRA Loan shall have an Interest Period of either one (1) or three (3) months, subject to availability, and interest on each Daily Compounded CORRA Loan shall be payable in accordance with Section 5.01.

5.08 ~~5.11~~ Cash Collateral for ~~Bankers' Acceptances, BA Equivalent~~Term CORRA Loans and ~~CDOR~~Daily Compounded CORRA Loans

(a) The Borrower acknowledges and agrees that ~~CDOR~~**Term CORRA** Loans~~, Bankers' Acceptances~~ and ~~BA Equivalent~~**Daily Compounded CORRA** Loans may not be repaid prior to the maturity thereof.

(b) If there are any ~~CDOR~~**Term CORRA** Loans~~, Bankers' Acceptances or BA Equivalent~~ **or Daily Compounded CORRA** Loans outstanding at the time Facility A is terminated, the Borrower shall immediately deposit funds with the Agent in an amount equal to the aggregate of the face amount of all ~~Bankers' Acceptances, BA Equivalent~~**Term CORRA** Loans and ~~the amount of~~ **all Daily Compounded** C~~D~~OR**RA** Loans then outstanding under Facility A.

(c) The Borrower may in its discretion from time to time deposit funds with the Agent and instruct the Agent to apply such funds on account of any outstanding ~~CDOR~~**Term CORRA** Loans~~, Bankers' Acceptances or BA Equivalent~~ **and/or outstanding Daily Compounded CORRA** Loans upon the maturity thereof**, as applicable**, provided that, if prior to the maturity of such Availment Option the Agent receives any funds from the Borrower or any other Person which are intended to be applied as a Repayment thereof, then the Agent may retain such funds without any obligation to invest such funds or pay interest thereon, and shall apply such funds against such Availment Option on the scheduled maturity date thereof.

(d) The Borrower acknowledges and agrees that all funds deposited by the Borrower with the Agent pursuant to this Section ~~5.11~~**5.08** shall be subject to: (i) a First-Ranking Security Interest in favour of the Agent; and (ii) a right of set-off pursuant to Section 10.04 of this Agreement.

5.09 ~~5.12~~ Breakage Costs

If any Advance made by a Lender in the form of a ~~CDOR~~**Term CORRA** Loan~~, Bankers' Acceptance, or a BA Equivalent~~ **or Daily Compounded CORRA** Loan is repaid or converted prior to the ~~scheduled~~

~~maturity date thereof~~**last day of the Interest Period** (whether as a result of acceleration or otherwise), or if any Hedge Transaction is unwound prior to its scheduled maturity date (whether as a result of acceleration or otherwise), the Borrower agrees to pay to the applicable Lender upon demand all losses, damages, costs and expenses which such Lender has incurred or may incur as a result of such repayment, conversion or unwinding prior to the ~~said~~**last day of such Interest Period or** scheduled maturity date, **as applicable,** as determined by such Lender in accordance with its usual practice acting reasonably. The applicable Lender shall provide the Borrower with a written certificate showing in reasonable detail the basis for such claim, which shall be deemed to be *prima facie* correct absent manifest error. For greater certainty, ~~CDOR~~**Term CORRA** Loans~~, Bankers' Acceptances~~ and ~~BA Equivalent~~**Daily Compounded CORRA** Loans may not be repaid prior to the ~~maturity thereof~~**last day of the applicable Interest Period.**

5.10 Conforming Changes

In connection with the use or administration of CORRA or Term CORRA, the Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Canadian Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. The Agent will promptly notify the Borrower and the Lenders of the effectiveness of any Canadian Conforming Changes in connection with the use or administration of CORRA or Term CORRA, as applicable.

5.11 ~~5.13~~ Illegality

The obligation of any Lender to make Advances shall be suspended if and for so long as it is unlawful or impossible for such Lender to maintain its Commitment or make Advances hereunder as a result of the adoption of any Applicable Law or any change in any Applicable Law, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Lender with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency.

If any Lender determines that any law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender to make, maintain or fund Advances whose interest is determined by reference to Adjusted Term CORRA or Adjusted Daily Compounded CORRA, as applicable, or to determine or charge interest rates based upon Adjusted Term CORRA or Adjusted Daily Compounded CORRA, as applicable, then, on notice thereof by such Lender to the Borrower through the Agent, any obligation of such Lender to make or continue Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, or to convert Prime Based Loans shall be suspended until such Lender notifies the Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon three (3) Business Days' notice from such Lender (with a copy to the Agent), prepay or, if applicable, convert all Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, of such Lender to Prime Based Loans, either on the last day of the Interest Period , if such Lender may lawfully continue to maintain such Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, to such day, or immediately, if such Lender may not lawfully continue to maintain such Term CORRA Loans or Daily Compounded CORRA Loans, as applicable. Each Lender agrees to notify the Agent and the Borrower in writing promptly upon becoming aware that it is no longer illegal for such Lender to determine or charge interest rates based upon Adjusted Term CORRA or Adjusted Daily Compounded CORRA, as applicable. Upon any such

prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

5.12 ~~5.14~~ Anti-Money Laundering

The Borrower acknowledges that pursuant to AML Legislation the Agent and the Lenders may be required to obtain, verify and record information regarding the Companies and their respective directors, authorized signing officers, direct or indirect shareholders, partners or other persons in control of the Companies and the transactions contemplated hereby. The Borrower shall promptly provide all such information, including any supporting documentation and other evidence, as may be requested by the Agent or any Lender, or any prospective assignee or participant of a Lender or the Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence. If the Agent has ascertained the identity of any Company, or any authorized signatories of any Company, for the purposes of applicable AML Legislation, then the Agent shall:

(a) be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "**written agreement**" in such regard between each Lender and the Agent within the meaning of applicable AML Legislation; and

(b) provide each Lender with copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the foregoing each Lender acknowledges and agrees that the Agent has no obligation to ascertain the identity of any Company, or any authorized signatories of any Company, on behalf of such Lender or to confirm the completeness or accuracy of any information that the Agent obtains from any Company, or any such authorized signatory, in doing so.

5.13 ~~5.15~~ Terrorist Lists

Each Company is and will remain in compliance in all material respects with all Canadian economic sanctions laws and implementing regulations under the Proceeds of *Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Criminal Code* (Canada), the *United Nations Act* (Canada) and all similar applicable anti-money laundering and counter-terrorism financing provisions and regulations issued pursuant to any of the foregoing. No Company (i) is a Person designated by the Canadian government on any list set out in the United Nations Al-Qaida and Taliban Regulations, the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism or the Criminal Code (collectively, the "**Terrorist Lists**") with which a Canadian Person cannot deal with or otherwise engage in business transactions, (ii) is a Person who is otherwise the target of Canadian economic sanctions laws or (iii) is controlled by (including without limitation by virtue of such Person being a director or owning voting shares or interests), or acts, directly or indirectly, for or on behalf of, any Person or entity on a Terrorist List or a foreign government that is the target of Canadian economic sanctions prohibitions such that the entry into, or performance under, this Agreement or any other Loan Document would be prohibited under Canadian Law.

5.14 ~~5.16~~ Commitment Fee

The Borrower shall pay to the Agent a non-refundable commitment fee in the amount of $200,000 in immediately available funds on the Closing Date.

5.15 ~~5.17~~ Annual Review Fee

The Borrower shall pay to the Agent a non-refundable annual review fee in the amount of $10,000 in immediately available funds on each anniversary of the Closing Date prior to the Maturity Date until this Agreement is terminated and the Obligations fully satisfied and released.

~~**5.18 Unavailability of CDOR; Special Provisions Regarding CDOR Loans, Prime Based Loans, Bankers' Acceptances and BA Equivalent Notes**~~

~~(a) If at any time the Agent determines (which determination shall be conclusive absent manifest error) that:~~

~~(i) adequate and fair means do not exist for ascertaining the CDOR Rate or a specific tenor of CDOR Rate (including because the Reuters Screen Page (or any substitute therefor) of Refinitiv Benchmark Services (UK) Limited (or any successor thereto or Affiliate thereof) is not available or is not published on a current basis for the applicable Interest period), and such circumstances are unlikely to be temporary;~~

~~(ii) the administrator of CDOR Rate, or a Governmental Authority having jurisdiction, has made a public statement announcing a specific date after which CDOR Rate or a specific tenor of CDOR Rate will permanently or indefinitely cease to be made available (*provided that*, at the time of such statement or publication, there is no successor administrator that will continue to provide a CDOR Rate or the applicable tenor of CDOR Rate);~~

~~(iii) a Governmental Authority having jurisdiction over the Agent has made a public statement identifying a specific date after which CDOR Rate or a specific tenor of CDOR Rate shall no longer be permitted to be used to determine the interest rate applicable to loans (the specific date referred to in Section 5.18(a)(ii) and this Section 5.18(a)(iii) referred to herein as a "**CDOR Discontinuation Date**"); or~~

~~(iv) newly originated syndicated credit agreements being entered into in Canada adopt, or existing agreements that incorporate language similar to this Section 5.18 are being amended to adopt, a benchmark or reference rate of interest that replaces CDOR Rate,~~

~~then, reasonably promptly following such determination by the Agent, the Agent and the Borrower shall negotiate in good faith to select a replacement or successor rate to CDOR Rate (such rate, a "**CDOR Successor Rate**") and make adjustments to the Applicable Margin and other related or conforming amendments to this Agreement giving due consideration to then prevailing market practice in Canada for (i) determining a rate of interest applicable to newly originated Canadian Dollar loans, and (ii) transitioning existing loans with CDOR based interest rates to loans bearing interest calculated with reference to a replacement benchmark.~~

~~(b) Upon an agreement being reached pursuant to Section 5.18(a) above, the Agent and the Borrower shall enter into an amendment to this Agreement that gives effect to the adoption of the CDOR Successor Rate, adjustments to the Applicable Margin and such other related amendments as may be appropriate in the discretion of the Agent for the implementation and administration of Advances bearing interest calculated with~~

~~reference to the CDOR Successor Rate. Such amendment will become effective at 5:00 p.m. (Toronto time) on the fifth (5th) Business Day after the Agent has provided a copy of such proposed amendment to all Lenders and the Borrower so long as the Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders.~~

~~(c) Until an amendment reflecting the transition to a CDOR Successor Rate becomes effective as contemplated by this Section, the calculation of the stamping fee with respect to each Advance of a Bankers' Acceptance or BA Equivalent Loan shall continue to be calculated with reference to CDOR Rate; provided that if the Agent determines (which determination shall be conclusive, absent manifest error) that a CDOR Discontinuation Date has occurred, then following the CDOR Discontinuation Date and until such time as an amending agreement adopting a CDOR Successor Rate becomes effective as contemplated by this Section, the Lenders' obligations to make any Advances by way of CDOR Loans, Bankers' Acceptance or BA Equivalent Loans shall be suspended for all affected tenors of CDOR Rate and any Draw Request requesting Advances by way of CDOR Loans, Bankers' Acceptances or BA Equivalent Loans for any of the affected tenors shall be deemed to be a Draw Request, as applicable, requesting a Prime Based Loan in the same aggregate principal amount.~~

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.01 Representations and Warranties

Each Company, or where specifically referenced, Parent Holdco, hereby represents and warrants to the Agent and the Lenders as follows:

(a) Status - Each Company has been duly incorporated (or amalgamated) and organized and is validly subsisting under the Laws of its jurisdiction of incorporation and is up-to-date in respect of all material corporate filings.

(b) Corporate Information - Schedule 6.01(b) attached hereto contains a list of the Companies (and each such Company shall be identified as a Borrower, a Secured Subsidiary or an Unsecured Subsidiary, as applicable) and the following information in respect of each Company: prior names and corporate predecessors, governing jurisdiction and all prior governing jurisdictions, registered office and principal place of business, all Approved Jurisdictions and all locations therein, the number and classes of its issued and outstanding shares, and a list of its shareholders including the number and class of shares held by each.

(c) Solvency – The Companies are Solvent on a consolidated basis.

(d) No Pending Changes – No Person has any agreement or option or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase of any properties or assets of any Company out of the ordinary course of business and no Person has any agreement or option or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming an agreement for the purchase, subscription, allotment or issuance of any debt or equity securities of any Company.

(e) No Conflicting Agreements - Neither the execution and delivery of the Security, nor compliance with the terms, provisions and conditions of this Agreement or the Security will conflict with, result in a breach of, or constitute a default under the charter documents or by-laws of any Company or any Material Agreements to which it is a party or is otherwise bound, and does not require the consent or approval of any Person, other than those which have been obtained.

(f) No Conflict with Charter Documents - There are no provisions in the charter documents, constitution or by-laws of any Company of or in any unanimous shareholder agreement affecting it which restrict or limit its powers to borrow money, issue debt obligations, guarantee the payment or performance of the obligations of others, or otherwise encumber all or any of its property, now owned or subsequently acquired.

(g) Loan Documents - The Borrower has the corporate capacity, power, legal right and authority to borrow from the Lenders, perform its obligations under this Agreement and provide the Security required to be provided by it hereunder; each Secured Subsidiary has the corporate capacity, power, legal right and authority to guarantee payment to the Agent and the Lenders of the Borrower's Obligations and provide the Security required to be provided by it hereunder, and each Company has all necessary corporate power and authority to carry on its business as now conducted and to own or lease its assets. The execution and delivery of the Loan Documents by the Companies and the performance of their respective obligations therein have been duly authorized by all necessary corporate action. This Agreement and the other Loan Documents constitute legal, valid and binding obligations of the Companies party thereto, enforceable against them in accordance with the terms and provisions thereof, subject to Laws of general application affecting creditors' rights (including Insolvency Legislation) and the discretion of the court in awarding equitable remedies.

(h) Conduct of Business; Material Permits - Parent Holdco and each of the Companies do not own assets or carry on business in any jurisdiction which is not an Approved Jurisdiction. Each Company is in compliance in all material respects with all Applicable Laws (including all applicable environmental laws and Cannabis Laws) of each jurisdiction in which it owns assets or carries on business and is duly licensed, registered and qualified to do business and is in good standing in each such jurisdiction, and all such licences, registrations and qualifications (including all Cannabis Authorizations) are valid and subsisting and in good standing. Attached hereto as Schedule 6.01(h) is a true and complete list of all Material Permits as at the Closing Date.

(i) Ownership of Assets; Specific Permitted Liens - The Companies own all assets required in order to carry on their businesses as presently conducted. Each Company owns, and possesses its assets free and clear of any and all Liens except for Permitted Liens. No Company has any commitment or obligation (contingent or otherwise) to grant any Liens except for Permitted Liens. No event has occurred which constitutes, or which with the giving of notice, lapse of time or both would constitute, a material default under any Lien which has been granted by any of the Companies. Schedule 6.01(i) attached hereto contains a true and complete list of all Specific Permitted Liens as at the Closing Date.

(j) Owned Properties – The Borrower does not own any Owned Property.

(k) Material Leased Properties - There are no Material Leased Properties other than those listed in Schedule 6.01(k) attached hereto. Schedule 6.01(k) attached hereto contains a

true and complete list of all Material Leased Properties including in respect of each applicable lease the names of the parties and the municipal address of the Material Leased Property.

(l) Intellectual Property - Each Company possesses or has the right to use all Intellectual Property material to the conduct of its business, each of which is in good standing in all material respects, and has the right to use such Intellectual Property without violation of any material rights of others with respect thereto. Attached hereto as Schedule 6.01(l) is a list of all such material Intellectual Property held by the Companies as at the Closing Date, including a description of the nature of such rights. No Person has asserted any claim in respect of the validity of such Intellectual Property or the Companies' rights therein, and the Borrower is not aware of any basis for the assertion of any such claims. The Borrower is not aware of any material infringement of the Companies' rights under such Intellectual Property by other Persons. The conduct and operations of the businesses of each Company do not infringe, misappropriate, dilute or violate any Intellectual Property rights held by any other Person.

(m) Insurance - The Companies have obtained insurance which satisfies all requirements in Section 7.01(h) herein.

(n) Material Agreements - Except to the extent disclosed in Schedule 6.01(n), each Material Agreement to which any Company is a party is in good standing and in full force and effect, and none of the Companies, or, to the best of the Borrower's knowledge, any of the other parties thereto, is in material breach of any of the terms or conditions contained therein. Attached hereto as Schedule 6.01(n) is a true and complete list of all Material Agreements to which the Companies are party as at the Closing Date.

(o) Labour Agreements - Schedule 6.01(o) attached hereto contains a true and complete list of (i) all contracts with labour unions and employee associations to which the Companies are a party as at the Closing Date, and (ii) all discussions to enter into any other contracts with labour unions or employee associations or to establish any other labour union or employee association.

(p) Environmental Laws - Except to the extent disclosed in Schedule 6.01(p) attached hereto:

(i) each Company and its business, operations, assets, equipment, property, leaseholds and other facilities is in compliance in all material respects with all Requirements of Environmental Law, specifically including all Requirements of Environmental Law concerning the storage and handling of Hazardous Materials;

(ii) each Company holds all material permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials and all other Requirements of Environmental Law; and

(iii) the Companies have no material indebtedness, obligation or liability, absolute or contingent, matured or not matured, with respect to the storage, treatment, cleanup or disposal of any Hazardous Materials, including without limitation any

such indebtedness, obligation, or liability under any Requirements of Environmental Law regarding such storage, treatment, cleanup or disposal.

(q) Litigation

(i) As of the Closing Date there are no actions, suits or proceedings pending, or to the knowledge of the Borrower threatened, against any Company in any court or before or by any federal, provincial, municipal or other Governmental Authority except the litigation disclosed in Schedule 6.01(q); and

(ii) There are no actions, suits or proceedings pending, or to the knowledge of the Borrower threatened, against any Company in any court or before or by any federal, provincial, municipal or other Governmental Authority which would, individually or in the aggregate, if determined adversely, result in a Material Adverse Change, except to the extent disclosed in Schedule 6.01(q).

(r) Pension Plans - Schedule 6.01(r) attached hereto contains a true and complete list of all Pension Plans established by the Companies as at the Closing Date. The Companies are not party to any Defined Benefit Pension Plans. No steps have been taken to terminate any such Pension Plan (in whole or in part), no contribution failure has occurred with respect to any such Pension Plan sufficient to give rise to a Lien under any Applicable Laws of any jurisdiction, and no condition exists and no event or transaction has occurred with respect to any such Pension Plan which might result in the incurrence by any Company of any material liability, fine or penalty. Each such Pension Plan is in compliance in all material respects with all applicable pension benefits and tax Laws, (i) all contributions (including employee contributions made by authorized payroll deductions or other withholdings) required to be made to the appropriate funding agency in accordance with all Applicable Laws and the terms of such Pension Plan have been made in accordance with all Applicable Laws and the terms of such Pension Plan, (ii) to the extent applicable, all liabilities under such Pension Plan are funded, on a going concern and solvency basis, in accordance with the terms of the respective Pension Plans, the requirements of applicable pension benefits laws and of applicable regulatory authorities and the most recent actuarial report filed with respect to the Pension Plan, and (iii) no event has occurred and no conditions exist with respect to any such Pension Plan that has resulted or could reasonably be expected to result in such Pension Plan having its registration revoked or refused for the purposes of any applicable pension benefits or tax Laws or being placed under the administration of any relevant pension benefits regulatory authority or being required to pay any Taxes or penalties under any applicable pension benefits or tax Laws.

(s) Financial Statements – The most recent Year-end Financial Statements and Interim Financial Statements delivered to the Agent and the Lenders have been prepared in accordance with IFRS (except in the case of the Interim Financial Statements, subject to normal adjustments and the absence of footnotes) on a basis which is consistent with the previous fiscal period, and present fairly:

(i) the assets and liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Borrower on a consolidated basis as at the dates therein specified;

(ii) the sales, earnings and results of operations of the Borrower on a consolidated basis during the periods covered thereby; and

(iii) in the case of the Year-end Financial Statements, the changes in financial position of the Borrower on a consolidated basis;

and the Companies have no material liabilities (whether accrued, absolute, contingent or otherwise) except as disclosed therein and liabilities incurred in the ordinary course of business which do not directly or indirectly pertain to financing activities, and since the dates of the said Year-end Financial Statements and Interim Financial Statements, as the case may be, no material liabilities have been incurred by the Companies except in the ordinary course of business and no Material Adverse Change has occurred or is reasonably expected to occur in the next Fiscal Quarter.

(t) Financial and Other Information - All financial and other information provided by or in respect of the Companies to the Agent and the Lenders was true, correct and complete in all material respects when provided. No information, exhibit, or report furnished by the Companies to the Agent or the Lenders contains any material misstatement of fact or omits to state a material fact or any fact necessary to make the statement contained therein not materially misleading in the circumstances in which it was made.

(u) No Guarantees – No Guarantees have been granted by any Company except for (i) Guarantees which comprise part of the Security; and (ii) Guarantees in respect of Permitted Funded Debt incurred by any other Company.

(v) Tax Returns – Each Company has duly and timely filed all tax returns required to be filed by it, and has paid all Taxes which are due and payable by it except for Taxes being contested in good faith and in respect of which reserves have been established in accordance with IFRS. Each Company has also paid all other Taxes, charges, penalties and interest due and payable under or in respect of all assessments and re-assessments of which it has received written notice except for Taxes being contested in good faith and in respect of which reserves have been established in accordance with IFRS. There are no actions, suits, proceedings, investigations or claims pending, or to the knowledge of the Borrower threatened in writing, against any Company in respect of Taxes, governmental charges or assessments except for any such actions, suits, proceedings, investigations or claims which are being contested in good faith and in respect of which reserves have been established in accordance with IFRS.

(w) Statutory Liens - Each Company has remitted on a timely basis all amounts required to have been withheld and remitted (including withholdings from employee wages and salaries relating to income tax, employment insurance and Canada Pension Plan contributions), goods and services tax and all other amounts which if not paid when due could result in the creation of a Statutory Lien against any of its property, except for Permitted Liens.

(x) Sanctions, etc. – Each Company and each of its Affiliates, and each of their respective directors, officers, employees and agents (i) is not a Sanctioned Person; and (ii) is not located, organized or resident in a country or territory that is or whose government is a Sanctioned Entity, and (iii) does not own or control any assets located in a country or territory that is or whose government is a Sanctioned Entity except for products sold to customers in any such country or territory in the ordinary course of business in

compliance with applicable Sanctions laws. Each Company and each of its Affiliates does not knowingly derive any revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities, except in compliance with applicable Sanctions laws. No proceeds of any Advance will be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity, except in compliance with applicable Sanctions laws.

(y) No Default, etc. - No Default or Event of Default has occurred and is continuing.

(z) Transactions with Related Persons – The Companies are not party to any contract, commitment or transaction (including by way of loan) with any Related Person, except on terms that are fair and reasonable and no less favourable to it than it would obtain in any comparable arm's length transaction with a Person that is not a Related Person.

(aa) Bank Accounts and Service Agreements – As of the Closing Date, the Companies do not maintain any bank accounts or Service Agreements, other than bank accounts and Service Agreements maintained by the Companies with BMO and its affiliates.

(bb) Downstream Franchisees – To the knowledge of the Companies, each Downstream Franchisee is in compliance in all material respects with all Applicable Laws (including all applicable environmental laws and Cannabis Laws) of each jurisdiction in which it operates a Tokyo Smoke Retail Location and is duly licensed, registered and qualified to do business and is in good standing in each such jurisdiction, and all such licences, registrations and qualifications (including Cannabis Authorizations) are valid and subsisting and in good standing.

(cc) [Reserved]

(dd) Tokyo Smoke Retail Locations – Schedule "A" attached hereto contains a true and complete list of all Tokyo Smoke Retail Locations and the applicable license agreement and/or franchise agreement to which such Tokyo Smoke Retail Location is a party as at the Closing Date.

(ee) Parent Holdco Debt – Prior to giving effect to any increase to the outstanding principal amount of the Parent Holdco Debt resulting from the transactions referred to in Section 9.02(g), on the date hereof the outstanding principal amount of Parent Holdco Debt is $34,000,000.

6.02 Survival of Representations and Warranties

The Borrower acknowledges that the Agent and the Lenders shall rely upon the representations and warranties contained in this Article in connection with the establishment and continuation of the Facilities and also in connection with the entering into by any Lender of any Hedge Transaction with the Borrower. Notwithstanding any investigations which may be made by the Agent or the Lenders, the said representations and warranties shall survive the execution and delivery of this Agreement until full and final payment and satisfaction of the Obligations.

ARTICLE 7
COVENANTS

7.01 Positive Covenants

Each of the Companies hereby covenants and agrees with the Agent and the Lenders that it will, and will cause each other Company to, in each case:

(a) Prompt Payment - in the case of the Borrower, pay all principal, interest, fees and other amounts due hereunder at the times and in the manner specified herein;

(b) Preservation of Corporate Existence, Material Permits, etc. – subject to Section 7.02(i), maintain its corporate existence in good standing, continue to carry on its business, preserve its rights, powers, licences, privileges, franchises and goodwill, including all Material Permits and all Cannabis Authorizations in all applicable jurisdictions, maintain all qualifications to carry on business in each applicable jurisdiction, and conduct its business in a proper and efficient manner so as to protect its property and income, in each case, in all material respects;

(c) Compliance with Laws - comply in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Requirements of Environmental Law and all Cannabis Laws) and use the proceeds of all Advances hereunder for legal and proper purposes, and without limiting the generality of the foregoing the Companies shall and shall cause each other Company to:

(i) manage and operate its business in all material respects in accordance with all Applicable Laws (including all Cannabis Laws and Cannabis Authorizations);

(ii) engage in Cannabis Related Activities only to the extent that such Cannabis Related Activities are (A) in an Approved Jurisdiction, and (B) in compliance with all Applicable Laws in such Approved Jurisdiction (including, without limitation on a federal, state, provincial, territorial and municipal basis); and

(iii) ensure that all of its activities relating to the sale of Cannabis and Cannabis-related products (A) occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions, and (B) occur between entities licensed by Governmental Authorities in Approved Jurisdictions;

(d) Payment of Taxes, etc. - pay when due all rents, Taxes, rates, levies, assessments and governmental charges, fees and dues lawfully levied, assessed or imposed in respect of its property which are material to the conduct of its business, and deliver to the Agent upon request receipts evidencing such payments; except for rents, Taxes, rates, levies, assessments and governmental charges, fees or dues in respect of which an appeal or review proceeding has been commenced, a stay of execution pending such appeal or review proceeding has been obtained or reserves have been established in accordance with IFRS, and the amounts in question do not in the aggregate materially detract from the ability of the Companies to carry on their businesses and to perform and satisfy all of their respective obligations hereunder;

(e) Maintain Records - maintain adequate books, accounts and records in accordance with IFRS;

(f) Maintenance of Assets - keep its property and assets (except obsolete assets) in good repair and working condition;

(g) Inspection - permit the Agent and its employees and agents to enter upon and inspect its properties, assets, books and records from time to time during normal business hours upon reasonable prior notice and in a manner which does not materially interfere with its business, and make copies of and abstracts from such books and records and discuss its affairs, finances and accounts with any of its officers, directors, accountants and auditors, and execute and deliver all consents and further assurances as may be necessary or desirable in order for the Agent and its agents to obtain information from Governmental Authorities and other third parties with respect to environmental matters;

(h) Insurance - obtain and maintain, from insurance companies acceptable to the Agent and the Lenders, acting reasonably, liability insurance, all-risks property insurance on a replacement cost basis (less a reasonable deductible not to exceed amounts customary in the industry for similar businesses and properties), business interruption insurance, product recall and liability insurance coverage in an amount of not less than Five Million Dollars ($5,000,000), and insurance in respect of such other risks as are customary in the industry for similar businesses and properties (and having regard to the availability of insurance coverage in the market), all of which policies of insurance shall be in such amounts as are customary in the industry for similar businesses and properties, and the Secured Companies shall cause the interest of the Agent to be noted on property insurance policies as first mortgagee and loss payee (which policies shall include the standard mortgage clause approved by the Insurance Bureau of Canada (or an equivalent clause in other applicable jurisdictions)) and as an additional insured under liability insurance policies; and the Borrower shall provide the Agent with certificates of insurance and certified copies of such policies from time to time upon request;

(i) [Reserved]

(j) Perform Obligations - fulfil all covenants and obligations required to be performed by it under:

(i) those Loan Documents to which it is a party; and

(ii) the Canopy Support Agreement;

(k) Notice of Certain Events - provide written notice to the Agent of each of the following promptly after the occurrence thereof:

(i) any Default or Event of Default;

(ii) a material default by any Company under any agreement relating to Funded Debt (other than Permitted VTB Debt) in excess of $50,000, or a material default by any Company with respect to its obligations relating to Permitted VTB Debt in excess of $50,000;

(iii) receipt by any Company of notice of the termination or suspension of, or a material default under, any Material Agreement or Material Permit;

(iv) all amendments to the licenses of the Companies;

(v) all material correspondence and notices received from any Governmental Authority or stock exchange with respect to any Material Permit, the licenses and permits required to conduct the Companies' businesses (including Cannabis Authorizations), security clearances or any regulatory or other investigations into the Companies' business practices;

(vi) [reserved];

(vii) (a) the results of any facility audit by any Governmental Authority to the extent such results are material and negative; and (b) any warning document, letter or notice from any Governmental Authority that would have a material and negative impact on any Material Permit or Cannabis Authorization, together with the Company's action plan with respect thereto;

(viii) the issuance of any management letter to any Company by its auditor;

(ix) the incorrectness of any representation or warranty contained herein in any material respect; and

(x) any litigation which is material in relation to the Companies taken as a whole or in which the amount claimed is in excess of $150,000;

(l) Bank Accounts and Service Agreements – maintain all of its bank accounts and Service Agreements with BMO and its Affiliates, provided that the Borrower shall have sixty (60) days to transition any bank accounts that are associated with Permitted Acquisitions;

(m) Use of Advances - utilize the proceeds of all Advances for the Borrower's own business purposes; and not permit such proceeds to be used, directly or indirectly, by any other Person or for any other purpose;

(n) Environmental Information - if requested by the Agent from time to time upon the instructions of the Required Lenders, acting reasonably: (i) provide the Agent with an environmental questionnaire in the Agent's standard form completed by a knowledgeable officer of the Borrower in respect of any owned real property; and (ii) if the information contained therein is inconsistent in any material respect with the representations in Section 6.01(p) herein, provide the Agent with a phase I environmental report in respect of such property (and if recommended in such phase I report, a phase II environmental report), and promptly take all such action as may be required to comply with all reasonable recommendations contained in such report(s);

(o) Compliance with Laws by Downstream Franchisees - take all reasonable measures to cause each Downstream Franchisee to comply in all material respects with all terms of the Downstream Franchise Agreements or the Downstream Sublicense Agreement, as the case may be, and the Companies shall provide written notice to the Agent promptly upon learning that a Downstream Franchisee failed in any such respect; and

(p) Payrollco

(i) ensure that (A) the Payroll Funds are utilized solely to fulfill Payrollco's obligations under the Payroll Services Agreements, and will not permit Payroll Funds to be used, directly or indirectly, by any Person other than Payrollco, or for any other purpose, and (B) the Payroll Funds received by Payrollco from the Obligors shall be used only to pay the employees of the Obligors, and the Payroll Funds received by Payrollco from the Downstream Franchisees shall be used only to pay the employees of the Downstream Franchisees; and

(ii) Borrower will deliver, or cause to be delivered, on the last business day of each month, an account statement (showing account activity and funds transfers) for the Payroll Account, and at any time and from time to time, upon the Agent's request, will provide the Agent with such other information in respect of the Payroll Account as the Agent deems necessary or desirable.

(q) Further Assurances - provide the Agent with such further information, financial data, documentation and other assurances as the Agent or the Lenders may reasonably require from time to time.

7.02 Negative Covenants

Each of the Secured Companies, or where specifically referenced, Payrollco, hereby covenants and agrees with the Agent and the Lenders that it will not, and will ensure that each other Company does not, in each case, without the prior written consent of the Agent on behalf of the Required Lenders (or if required pursuant to Section 11.01, all Lenders acting unanimously), which consent may be withheld in their discretion unless otherwise expressly provided herein:

(a) Funded Debt - create, incur or assume any Funded Debt, except Permitted Funded Debt;

(b) Guarantees - become obligated under Guarantees, except: (i) Guarantees which comprise part of the Security; (ii) Guarantees in respect of Permitted Funded Debt incurred by any other Secured Company; and (iii) Guarantees provided by a Company in respect of contractual obligations, which do not constitute Funded Debt, of another Company incurred in the ordinary course of business;

(c) Liens - grant or suffer to exist any Lien in respect of any of its property, except Permitted Liens;

(d) Disposition of Assets - directly or indirectly sell, transfer, assign, lease or otherwise dispose of (including by way of sale and leaseback transaction) any of its assets (including, without limitation, Intellectual Property), except that:

(i) each Company may sell inventory and other assets in the ordinary course of business (but for greater certainty, a sale and leaseback transaction shall not be considered to be in the ordinary course of business);

(ii) each Company may sell or transfer assets to any other Company, provided that the transferee has provided all Security required to be provided by it hereunder and no Default or Event of Default has occurred and is continuing or would exist immediately thereafter;

(iii) each Company may sell or otherwise dispose of, for fair market value, Tokyo Smoke Corporate Stores by selling all of the Equity Interests of the applicable Company that owns such Tokyo Smoke Corporate Store or all or substantially all of the assets of the applicable Company that owns such Tokyo Smoke Corporate Store (for greater certainty, excluding a sale of material intellectual property) from time to time, provided that:

(A) the aggregate consideration received for the Tokyo Smoke Corporate Stores disposed of by the Companies does not exceed Three Million Dollars ($3,000,000);

(B) no Default or Event of Default has occurred and is continuing or would exist immediately after any such sale or disposition;

(C) for greater certainty the Borrower shall be required to make a Repayment in connection with each sale or disposition to the extent required pursuant to Section 2.04(b);

(D) the consideration for such sale or other disposition shall be at least 75% cash paid on the effective date of such sale or disposition; and

(E) for greater certainty, this Section 7.02(d)(iii) shall not permit a sale or other disposition of any Equity Interests of the Borrower or all or substantially all of the assets of the Borrower;

(iv) each Company may sell or otherwise dispose of assets (not including assets sold in the ordinary course of business or material intellectual property) from time to time, provided that the aggregate fair market value of the assets sold or otherwise disposed of by the Companies does not exceed Fifty Thousand Dollars ($50,000) in any Fiscal Year, and no Default or Event of Default has occurred and is continuing or would exist immediately after any such sale or disposition, and for greater certainty the Borrower shall be required to make a Repayment in connection with each sale or disposition to the extent required pursuant to Section 2.04(b);

(e) Investments - make or acquire any Investments, except that the following Investments may be made or acquired if both immediately before and immediately after each such Investment no Default or Event of Default has occurred and is continuing:

(i) Permitted Acquisitions;

(ii) Investments in the Secured Companies;

(iii) other Investments approved in writing by the Lenders in their sole discretion; and

(iv) Permitted Investments;

(f) Certain Activities and Investments – directly or indirectly own assets or carry on business in any jurisdiction which is not an Approved Jurisdiction;

(g) Distributions - make any Distribution except as follows:

(i) each Company may make Distributions to a Company, provided that the Agent holds a First-Ranking Security Interest in all property and assets of the Company receiving such Distribution;

(ii) Borrower and 2161907 Alberta Ltd. may make Distributions to Parent Holdco or an Affiliate thereof in the form of management fees paid for management services provided to the Companies by Parent Holdco or such Affiliate in an amount not to exceed One Hundred and Fifty Thousand Dollars ($150,000) in the aggregate each month;

(iii) from and after the fifth (5th) Business Day following receipt by the Agent of the Interim Financial Statements and Compliance Certificate for the Fiscal Quarter ending March 31, 2024, Borrower may make Distributions to Parent Holdco or an Affiliate thereof in the form of management fees paid for management services provided to the Companies by Parent Holdco or such Affiliate, dividends to Parent Holdco or interest payments to Parent Holdco on the Parent Holdco Debt, provided, in each case, that the Senior Funded Debt to EBITDAR Ratio is less than 4:1 before and immediately after each such Distribution; and

(iv) on the Closing Date, using only proceeds of the Parent Holdco Debt received by the Borrower on the Closing Date, the Borrower may make a one-time cash Distribution to DAK Capital in an amount equal to $30,894,809.51 to repay in full all indebtedness originally owed by 2161907 Alberta Ltd. to DAK Capital and assigned to the Borrower;

provided that both before and immediately after each such Distribution the Companies are in compliance with all financial covenants in Section 7.03 and no Default or Event of Default has occurred which is continuing or would arise as a result of such Distribution;

(h) Certain Payments - make any payment in respect of principal, interest, fees or any other amounts in respect of:

(i) the Canopy Debt, except to the extent expressly permitted under the Canopy Subordination Agreement;

(ii) the Parent Holdco Debt, except to the extent expressly permitted under both Section 7.02(g)(iii) and the Parent Holdco Subordination Agreement; or

(iii) any Subordinated Debt, except to the extent expressly permitted under the Subordination Agreement relating thereto; or

(iv) the Permitted VTB Debt, except for the following: (X) a payment then due on Permitted VTB Debt issued in connection with a Permitted Acquisition of a Person or business (an "**acquired business**") if at the time of such payment the EBITDAR of the acquired business for the immediately preceding twelve (12) month period equals or exceeds the EBITDAR of the acquired business for the twelve (12) month period immediately preceding the closing of the acquisition of the acquired business; and (Y) a payment then due on Permitted VTB Debt issued in connection with an acquired business if at the time of such payment the

EBITDAR of the acquired business for the immediately preceding twelve (12) month period is less than the EBITDAR of the acquired business for the twelve (12) month period immediately preceding the closing of the acquisition of the acquired business so long as such payment is reduced proportionately with the decrease to the EBITDAR of the acquired business; by way of example for this part (Y), if the EBITDAR of the acquired business for the immediately preceding twelve (12) month period is only 80% of the EBITDAR of the acquired business for the twelve (12) month period immediately preceding the closing of the acquisition of the acquired business then no more than 80% of the related payment then due on Permitted VTB Debt may be repaid under this part (Y),

provided that both before and immediately after each such payment the Companies are in compliance with all financial covenants in Section 7.03 herein and no Default or Event of Default has occurred which is continuing or would arise as a result of such payment;

(i) Corporate Changes – materially change its capital structure or the nature of its business, maintain a place of business or any material assets in any jurisdiction other than the jurisdiction(s) in which it has assets and carries on business on the date hereof, or enter into any transaction whereby all or a substantial portion of its property, assets and undertaking would become the property of any other Person (other than a Company), whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise;

(j) Material Agreements – agree or consent to any material amendment or termination of any Material Agreement other than terminations of Downstream Sublicense Agreements or Downstream Franchise Agreements for reason of breach thereof by a Downstream Franchisee;

(k) Defined Benefit Pension Plans – establish, assume or otherwise become a party to or liable under any Defined Benefit Pension Plan;

(l) New Subsidiaries – create or acquire any Subsidiary unless (i) all of the issued and outstanding shares in the capital of such Subsidiary are owned directly or indirectly by the Borrower; (ii) such new Subsidiary provides a Guarantee in respect of the Obligations and all Security required to be provided by it hereunder; and (iii) all of the issued and outstanding shares of such new Subsidiary are pledged to the Agent, and in each case accompanied by legal opinions as contemplated herein;

(m) Fiscal Year - change its Fiscal Year;

(n) Auditors - appoint or change its auditors to a firm that is not acceptable to the Agent, acting reasonably;

(o) Dealing with Related Persons - enter into any contract, carry out any transaction or otherwise have any dealings with Related Persons except on terms that are fair and reasonable and no less favourable to it than it would obtain in any comparable arm's length transaction with a Person that is not a Related Person, unless otherwise permitted by this Agreement;

(p) Use of Advances - use the proceeds of any Advance for any purposes other than those expressly contemplated in Section 2.02, and without limiting the generality of the

foregoing, the proceeds of any Advance will not be used, directly or indirectly, to lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, to fund any operations in, finance any investments, business or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity if such funding, financing or paying would result in a violation of Sanctions by any Person (including any Person participating in such Advance, whether as underwriter, advisor, investor or otherwise), or in any other manner that would result in a violation of Sanctions by any Person. The Agent and the Lenders in their sole and unfettered discretion may refuse to make any Advance or delay, block or refuse to process any transaction which they believe may result in a contravention of the foregoing covenant;

(q) [Reserved];

(r) No Financial Assistance – give any Financial Assistance to any Person other than: (i) the delivery of the Security and the Guarantees in favour of the Agent, and (ii) any Financial Assistance which constitutes an Investment which is permitted by Section 7.02(e);

(s) Payrollco

(i) will not, and will ensure that each other Obligor, each Subsidiary thereof, and any Downstream Franchisee thereof does not, directly or indirectly sell, transfer, assign, lease or otherwise dispose of any of its assets to, or make any loan, capital contribution or other Investment in Payrollco, other than cash in amounts equal to the payments to be made by Payrollco under the Payroll Services Agreements, on behalf of applicable Obligors and the Downstream Franchisees, for wages to employees of such parties and Downstream Franchisees for the next applicable pay period ("**Payroll Funds**"); and

(ii) Payrollco will not engage in any business other than to fulfill its obligations under the Payroll Services Agreements, will not incur any obligations other than its obligations under the Payroll Services Agreements and will not own any assets other than the Payroll Account and, from time to time, the Payroll Funds held in trust in the Payroll Account on behalf of employees of the Obligors and the Downstream Franchisees, for the applicable pay period; or

(t) Canopy Debt

permit the Canopy Debt to be amended in any material respect, including any amendment in respect of the timing, number, or amount of the payments due thereunder.

7.03 Financial Covenants

(a) The Borrower shall maintain, at all times, on a consolidated basis, Liquidity greater than $1,000,000. Such Liquidity shall be tested at least once each Fiscal Quarter and at such other times as requested by the Agent.

(b) The Borrower agrees to achieve, on a consolidated basis, EBITDAR in the amounts identified below for the periods identified below, with EBITDAR for the immediately preceding three (3) month period to be reported each Fiscal Quarter:

~~(A) for the Fiscal Quarter ending September 30, 2023:~~	~~2,232,000 or greater;~~
~~(B) for the Fiscal Quarter ending December 31, 2023:~~	~~2,795,000 or greater;~~
~~(C) for the Fiscal Quarter ending March 31, 2024:~~	~~2,885,000 or greater;~~
(~~D~~**A**) for the Fiscal Quarter ending June 30, 2024:	~~3,323,000 or~~ greater **than $1,517,000**; and
(~~E~~**B**) for the Fiscal Quarter ending September 30, 2024:	~~3,323,000 or~~ greater~~.~~ **than $2,721,000.**

(c)

(d) in the event of any Default or Event of Default of the financial covenants set forth in Section 7.03(b) (the "**Designated Financial Covenants**"), any equity contribution from Parent Holdco into Borrower or any issue of Subordinated Debt by the Borrower to an Affiliate of Parent Holdco (other than a Company) or Parent Holdco within ten (10) days after the Borrower being required to deliver the financial statements as provided for in Section 7.04(a) or 7.04(b) will, at the written request of the Borrower, be included in the calculation of EBITDAR solely for the purposes of determining compliance with such financial covenants at the end of the applicable Fiscal Quarter (any such contribution, a "Specified Equity Contribution"); provided that:

(i) the amount of any Specified Equity Contribution and the use of proceeds therefrom will be no greater than the amount required to cause the Borrower to be in compliance with the applicable financial covenants;

(ii) all Specified Equity Contributions and the use of proceeds therefrom will be disregarded for all other purposes under the Loan Documents (including, to the extent applicable, calculating EBITDAR for purposes of determining basket levels and other items governed by reference to EBITDAR or that include EBITDAR in the determination thereof in any respect);

(iii) there will be no more than two (2) Specified Equity Contributions made during each Fiscal Year;

(iv) a Specified Equity Contribution may not be made in consecutive Fiscal Quarters;

(v) the proceeds of all Specified Equity Contributions received by the Borrower shall immediately upon receipt be delivered to the Agent for application to Facility A to repay the Outstanding Principal Amount thereunder (an "Equity Contribution Repayment"), and the amount the Borrower is entitled to borrow under Facility A will be reduced by the amount of such Equity Contribution

Repayment for each of the three consecutive Fiscal Quarters immediately following the Fiscal Quarter in respect of which the Specified Equity Contribution was made;

(vi) the Equity Contribution Repayment shall be ignored for all other purposes including determining the amount of indebtedness of the Borrower and calculating the Designated Financial Covenants, but excluding the calculation of interest payments owing hereunder in respect of Facility A, for each of the three consecutive Fiscal Quarters immediately following the Fiscal Quarter in respect of which the Specified Equity Contribution was made; and

(vii) the Borrower shall provide notice to the Agent of its intention to cause to be made a Specified Equity Contribution no later than the date on which Year-end Financial Statements or Interim Financial Statements, as applicable, are required to be delivered. If, after giving effect to the recalculations set forth in this Section 7.03(c), the Borrower is in compliance with the Designated Financial Covenants, then the Borrower shall be deemed to have satisfied the requirements of the Designated Financial Covenants and the applicable breach, Default or Event of Default of the Designated Financial Covenants that had occurred shall be deemed cured for the purposes of this Agreement.

7.04 Reporting Requirements

The Borrower agrees to deliver, or cause to be delivered (by email in accordance with Section 13.08), the following financial and other information to the Agent at the times indicated below:

(a) within sixty (60) days after the end of each Fiscal Quarter the Interim Financial Statements in respect of such Fiscal Quarter with comparison to the annual consolidated business plan of the Borrower and the corresponding Fiscal Quarter in the previous Fiscal Year, together with a Compliance Certificate in respect of such Fiscal Quarter certified by the President, Chief Financial Officer or other senior officer of the Companies acceptable to the Agent;

(b) annually, within one hundred and twenty (120) days after the end of each Fiscal Year, the Year-end Financial Statements in respect of such Fiscal Year, accompanied by a copy of the Companies' auditor's letter to management, if any, in each case, together with a Compliance Certificate in respect of such Fiscal Year certified by the President, Chief Financial Officer or other senior officer of the Companies acceptable to the Agent;

(c) annually, not later than sixty (60) days after the commencement of each Fiscal Year the annual consolidated business plan of the Borrower for such Fiscal Year updated on a quarterly basis, including projections in respect of profit and loss, balance sheet, income statement, cash flow, Capital Expenditures and financial covenant calculations, including disclosure of all material assumptions utilized; and

(d) such additional information and documents as the Agent (upon the instructions of the Required Lenders) may reasonably require from time to time.

ARTICLE 8
SECURITY

8.01 Security to be Provided by the Companies

The Borrower agrees to provide and to cause the Secured Subsidiaries to provide, as applicable, in each case, the security listed below as continuing security for the payment of the Obligations, specifically including for greater certainty all obligations of the Borrower to the respective Lenders pursuant to or arising in connection with Hedge Transactions and all other obligations of the Borrower arising under or in respect of this Agreement and the other Loan Documents:

(a) unlimited Guarantees in respect of the Obligations from all present and future Secured Subsidiaries;

(b) general security agreements creating a First-Ranking Security Interest in respect of all present and future property, assets and undertaking of the Secured Companies. For greater certainty, such First-Ranking Security Interest specifically includes all shares and other Equity Interests held by each Secured Company in any other Company, except in the case of Permitted Acquisitions in respect of which the Lenders in their discretion have consented in writing otherwise, excluding non-transferable and non- assignable licenses and agreements;

(c) to the extent requested by the Agent upon the instructions of the Required Lenders acting reasonably, security agreements creating a specific assignment and First-Ranking Security Interest in all or any of the Material Agreements, together with acknowledgements and consents from the other parties thereto, provided however that if the assignment of any Material Agreement as security requires the consent of the other contracting party thereto, the Borrower shall use reasonable commercial efforts to obtain such consent but if such consent is not provided the assignment of such Material Agreement as security shall not be required;

(d) to the extent requested by the Agent upon the instructions of the Required Lenders acting reasonably, security agreements creating a specific assignment and First-Ranking Security Interest in all or any of the Material Permits to the extent a security interest may be obtained therein, together with acknowledgements and consents from the issuers thereof to the extent available;

(e) to the extent requested by the Agent upon the instructions of the Required Lenders acting reasonably, and to the extent assignable by law, security agreements creating an assignment and First-Ranking Security Interest in respect of Intellectual Property of the Secured Companies which the Required Lenders consider to be material, together with any necessary consents from other Persons which may be required in connection with the granting of said assignments and security interests;

(f) to the extent requested by the Agent upon the instructions of the Required Lenders acting reasonably, assignments of bank accounts maintained by the Secured Companies with financial institutions other than BMO, including deposit account control agreements in favour of the Agent;

(g) assignments of all policies of insurance in respect of the Secured Companies (which requirement shall be satisfied if the Agent's interest as first mortgagee and loss payee is recorded on such policies); and

(h) such other security and further assurances as the Agent may reasonably require from time to time (including without limitation indemnities for Letters of Credit).

8.02 Security to be Provided by Others

The Borrower agrees to obtain and provide to the Agent the following (and it shall constitute an Event of Default if any item of listed below is not provided to the Agent):

(a) a limited recourse Guarantee from Parent Holdco supported by a pledge of 100% of the Equity Interests of the Borrower held by Parent Holdco;

(b) a Guarantee in the amount of $40,000,000 from DAK Capital (the "**DAK Capital BMO Guarantee**") supported by the DAK Capital BMO Security;

(c) the DAK Subordination Agreement;

(d) the Parent Holdco Subordination Agreement;

(e) the Canopy Subordination Agreement;

(f) a subordination, postponement and standstill agreement from each holder of any other indebtedness which is intended to constitute Subordinated Debt, prior to or concurrently with the issuance of such Subordinated Debt; and

(g) in respect of Material Leased Property entered into from and after the Closing Date, a Landlord Agreement in respect of any Material Leased Property (other than 333 Yonge Street, Toronto and 1 Bloor Street East, Toronto), provided that if the Borrower uses reasonable commercial efforts to obtain such Landlord Agreement but the applicable landlord does not consent then such Landlord Agreement shall not be required.

8.03 General Provisions re Security; Registration

The Security shall be in form and substance satisfactory to the Agent and the Required Lenders in their discretion, acting reasonably. The Security shall be held by the Agent for the benefit of the Lenders. The Agent may require that any item of Security be governed by the Laws of the jurisdiction where the property subject to such item of Security is located. The Security shall be registered by the Borrower where necessary or desirable to record and perfect the charges contained therein, as determined by the Agent in its discretion and, to the extent required by the Agent upon the instructions of the Required Lenders, fixture filings in respect of any personal property of the Secured Companies affixed to Real Property. To the extent requested in writing by the Agent upon the instructions of the Required Lenders, all share certificates evidencing issued and outstanding shares in the capital of each Company shall be delivered to the Agent, together with stock transfer powers of attorney executed in blank.

8.04 Opinions re Security

The Borrower shall cause to be delivered to the Agent the opinions of the solicitors for the Companies regarding their corporate status, the due authorization, execution and delivery of the Security provided by them, all registrations in respect of the Security, the results of all corporate, personal property security

and other customary searches in respect of the Companies (such results to be satisfactory to the Agent and the Lenders) and the enforceability of such Security, all such opinions to be in form and substance satisfactory to the Agent and its counsel.

8.05 After-Acquired Property, Further Assurances

The Borrower shall execute and deliver from time to time, and cause each other Company to execute and deliver from time to time, all such further documents and assurances as may be reasonably required by the Agent from time to time, not inconsistent with the terms of this Agreement, in order to provide the Security contemplated hereunder, specifically including supplemental or additional security agreements, assignments and pledge agreements which must include lists of specific assets to be subject to the security interests required hereunder.

8.06 Security for Hedge Transactions

If a Lender continues to be a party to one or more Hedge Transactions with the Borrower after all other indebtedness and obligations of the Borrower to such Lender hereunder have been repaid and satisfied in full (or assigned by such Lender to an assignee), for greater certainty such Lender shall continue to be a Lender for all purposes of this Agreement and the obligations under such Hedge Transactions shall continue to be secured by the Security as provided herein, but such Lender shall not thereafter be a "**Required Lender**" ~~as such term is defined herein.~~ **as such term is defined herein.**

8.07 Agent May Obtain Insurance

If the Borrower does not provide the Agent with evidence of continuing insurance coverage which satisfies the requirements of this Agreement, the Agent may, but will have no obligation to, purchase such insurance in order to protect the interests of the Agent and the Lenders in the Collateral. Such insurance may also, but need not, protect the Secured Companies' interests in the Collateral. The Borrower agrees to immediately reimburse the Agent upon demand for all costs and expenses incurred by the Agent in respect of the purchase of any such insurance, and until so paid such expenses shall constitute part of the Obligations, shall bear interest as provided in Section 10.09 and shall be secured by the Security.

8.08 Insurance Proceeds

If insurance proceeds become payable in respect of loss of or damage to any property owned by a Company, such proceeds shall be applied against the Obligations subject to the following exception. If no Event of Default has occurred and is continuing at such time, the Lenders shall consent to the payment of such proceeds to such Company provided that:

(a) such property has been repaired or replaced within one hundred eighty (180) days after the event giving rise to the proceeds and the proceeds will reimburse such Company for payments it has made for such purpose; or

(b) the Borrower confirms in writing to the Agent that it will forthwith cause such proceeds to be used to repair or replace such property.

ARTICLE 9
CONDITIONS PRECEDENT

9.01 Conditions Precedent to First Advance

All of the following conditions must be satisfied, in each case to the satisfaction of the Agent and the Lenders in their discretion, at the time the Lenders make the first Advance under this Agreement:

(a) the Lenders shall have completed and shall be satisfied with their due diligence in respect of the Companies, and without limiting the generality of the foregoing the Lenders shall be satisfied with:

(i) financial projections in respect of the Borrower on a consolidated basis for the current Fiscal Year and the immediately following two (2) Fiscal Years taking into account the capital structure outlined herein and the transactions contemplated in Section 2.02 herein, which demonstrate results sufficient to repay the Obligations in accordance with the terms hereof;

(ii) the Borrower's proposed financial, operating and quality management systems, including evidence that such systems will satisfy all applicable requirements of Governmental Authorities;

(iii) the terms and conditions of all Material Permits, including certified true copies of all licenses issued by Governmental Authorities (including those in other Approved Jurisdictions) for each Secured Company together with all amendments thereto and all material correspondence received from Governmental Authorities including communication relating to any non-compliance items; and

(iv) evidence that the Companies maintain insurance as required herein;

(b) the Agent shall have received, and be satisfied with, true and accurate copies of the definitive documentation with respect to the Parent Holdco Debt and the Parent Holdco Security;

(c) the Agent shall have received, and be satisfied with, true and accurate copies of the definitive documentation with respect to the Canopy Debt;

(d) other than as set out in Schedule 6.01(q), no litigation is pending or threatened in writing against one or more of the Companies that, if decided adversely, could constitute a Material Adverse Change;

(e) all Security required to be provided prior to the Closing Date shall have been executed and delivered, all registrations necessary or desirable in connection therewith shall have been made, and all legal opinions and other documentation required by the Lenders in connection therewith shall have been executed and delivered, all in form and substance satisfactory to the Agent and the Lenders;

(f) the Companies shall have no Funded Debt except Permitted Funded Debt;

(g) the Agent shall have received satisfactory evidence that there are no Liens affecting any of the Companies or their assets except Permitted Liens, and the Agent shall have

received particulars of all Permitted Liens listed in paragraphs (q), (r) and (s) of the definition thereof, specifically including the assets encumbered thereby, the amounts due thereunder, and if requested by the Agent, confirmation from the holders thereof that the terms thereof are being complied with;

(h) the Agent shall have received, and be satisfied with, true and accurate copies of definitive documentation with respect to the Canopy Support Agreement;

(i) the Agent shall have received, and be satisfied with, a true and accurate copy of the Canopy Term Sheet;

(j) the Agent shall have received, and be satisfied with, true and accurate copies of forms of definitive documentation between the applicable Companies and the Downstream Franchisees for the Tokyo Smoke Retail Locations;

(k) any necessary governmental, regulatory and third party approvals necessary in connection with this Agreement and the transactions contemplated therein shall have been given unconditionally and without containing any onerous terms;

(l) the Agent shall have received an officer's certificate and certified copies of resolutions of the board of directors of each Company concerning the due authorization, execution and delivery of the Loan Documents to which it is a party, and such related matters as the Agent and the Lenders may reasonably require;

(m) the Agent shall have received a certificate of status, certificate of compliance or similar certificate for each Company issued by its governing jurisdiction and each other jurisdiction in which it carries on business or holds any material assets;

(n) the Agent and the Lenders shall have received opinions from the solicitors for each Company regarding its corporate status, the due authorization, execution, delivery and enforceability of the Loan Documents provided by it, and such other matters as the Agent and the Lenders may reasonably require, in form and substance satisfactory to the Agent and the Lenders;

(o) the Companies shall have executed all account documentation required by the Agent;

(p) the Companies shall have satisfied all requirements of the Agent and the Lenders under AML Legislation;

(q) the Borrower shall have paid to the Agent, or made arrangements satisfactory to the Agent for the payment of, all fees and expenses (including the Agent's reasonable legal expenses) relating to the establishment of the Facilities, specifically including all underwriting fees, arrangement fees and similar fees as agreed in writing between the Borrower and the Agent;

(r) no Material Adverse Change shall have occurred since the date of the latest financial information and /or financial statements provided to the Agent with respect to the Borrower on a consolidated basis;

(s) the Agent shall have received, and be satisfied with, a true and accurate copy of the DAK Capital Security; and

(t) the Agent and the Lenders shall have received such additional evidence, documents or undertakings as they may reasonably require to complete the transactions contemplated hereby in accordance with the terms and conditions contained herein.

9.02 Conditions Precedent to Advances under Facility A

All of the following conditions must be satisfied, in each case to the satisfaction of the Agent and the Lenders in their discretion, at the time the Lenders make the first Advance (other than in respect of Section 9.02(g)) and any subsequent Advance under Facility A:

(a) [reserved];

(b) for Advance(s) to fund Permitted Acquisitions, the Agent and the Lenders shall have received:

(i) [reserved];

(ii) [reserved];

(iii) a *pro-forma* Compliance Certificate signed by an officer of the Borrower evidencing the Borrower's compliance, on a consolidated basis, with the financial covenants contained in Section 7.03 and confirming the Borrower will be in compliance, on a consolidated basis, with the applicable financial covenants contained in Section 7.03 after giving effect to the use of proceeds for such Advance (including the creation of any indebtedness incurred in connection with the use of proceeds for such Advance);

(iv) and be satisfied with, true and accurate copies of the definitive documentation of all definitive agreements (including without limitation any purchase and/or vendor take-back loan agreements, and Subordination Agreements) for the proposed acquisition;

(v) if required by the Agent in its sole discretion, a Subordination Agreement in form and substance satisfactory to the Agent in respect of any vendor take-back indebtedness proposed to be issued by a Company for such Permitted Acquisition;

(vi) and be satisfied with, true and accurate copies of financial statements of the business being acquired indicating a minimum of 6-months of operating history; and

(vii) such other supporting information relating to the use of proceeds of the Advance and the applicable Permitted Acquisition as the Agent shall reasonably request;

(c) the representations and warranties in Section 6.01 shall be true and correct in all material respects as if made on the date of such Advance except to the extent such representations and warranties are made in respect of or as of a specific date or in respect of a specific period of time;

(d) all additional Security, if any, required to be provided at the time of such Advance shall have been executed and delivered and all registrations necessary or desirable in connection therewith shall have been made, and any other documentation required by the

Agent shall have been executed and delivered, all in form and substance satisfactory to the Agent;

(e) the Borrower shall have given a Draw Request to the Agent in accordance with the notice requirements provided herein;

(f) no Default or Event of Default shall have occurred and be continuing, nor shall the making of the Advance result in the occurrence of a Default or Event of Default; and

(g) the Agent and the Lenders shall have received and be satisfied with evidence that Parent Holdco has provided a cash equity contribution to the Borrower in an amount equal on a dollar for dollar basis to the amount of each Advance under Facility A, with each such cash equity contribution having being made substantially concurrently with (and in any event, prior to) the applicable Advance which it matches; it being agreed that the cash equity contributions provided by Parent Holdco to the Borrower of $1,000,000 in July, 2023 and additional cash equity contributions, if any, provided by Parent Holdco to the Borrower in September, 2023 (collectively, the "**July and September Contributions**"), in each case as verified by the Agent, shall be deemed to satisfy this condition precedent in respect of the first and any successive Advance(s) made after September 26, 2023 in an aggregate principal amount not in excess of the aggregate amount of the July and September Contributions.

ARTICLE 10
DEFAULT AND REMEDIES

10.01 Events of Default

The occurrence of any one or more of the following events, after the expiry of any applicable cure period set out below, shall constitute an event of default under this Agreement (an "**Event of Default**"):

(a) the Borrower or any other Secured Company fails to pay any (i) principal payable under this Agreement or any other Loan Document when due; or (ii) interest, fees or other obligations (other than principal and interest) under this Agreement or any other Loan Document when due and such failure remains unremedied for a period of three (3) Business Days following notice from the Agent to the Borrower;

(b) any representation or warranty provided by an Obligor to the Agent or the Lenders herein or in any other Loan Document is incorrect in any material respects on the date which such representation or warranty is made;

(c) the Borrower fails to perform or comply with any of the covenants in Section 7.03;

(d) any Obligor fails to perform or comply with any of its covenants or obligations contained in this Agreement, the Security or any other agreement made between it and any Lenders (other than those in paragraphs (a), (b), and (c) above) after receipt of notice of such non- compliance from the Agent; provided that if such non-compliance is capable of remedy within twenty (20) days and such Obligor diligently attempts to remedy such non-compliance and informs the Agent of its efforts in this regard, and such non-compliance is remedied within such period, then such non-compliance shall be deemed not to constitute an Event of Default, provided, however, that the Obligors are

not entitled to utilize such cure period to remedy non-compliance with any of their respective covenants or obligations contained in Section 7.02;

(e) the Secured Companies are in default in the payment or performance of any indebtedness or obligations under one or more agreements relating to Funded Debt (other than the Outstanding Principal Amount, the Canopy Debt and the Permitted VTB Debt) that exceeds $500,000 in aggregate and which results in such Funded Debt becoming due or permits such Funded Debt to be accelerated prior to its scheduled maturity;

(f) a Secured Company is in default in the payment or performance of any of its indebtedness or obligations under: (i) the Canopy Debt or (ii) the Permitted VTB Debt that exceeds $250,000 in the aggregate, in each case of (i) and (ii) after the expiry of any grace or cure periods relating thereto;

(g) an Insolvency Event occurs in respect of any Obligor;

(h) any Company is in default in any material respect under any Material Agreement (after the expiry of any grace period or cure periods relating thereto), or agrees to the surrender or termination of any Material Agreement prior to the expiry date expressly set out therein, unless

(i) such Company is in discussions with the other party to such Material Agreement in order to cure such default and such other party has agreed in writing with such Company that it will not terminate such Material Agreement or take any actions to enforce its rights and remedies thereunder and will continue to observe and perform its obligations thereunder as if such default had not occurred, or

(ii) such Material Agreement is immediately replaced by a substantially similar Material Agreement containing terms satisfactory to the Lenders, acting reasonably;

(i) the termination of the TS Trademark License Agreement or the TS Master Franchise Agreement except in connection with the Canopy Acquisition or in another circumstance where the Borrower or one of its subsidiaries acquires the related intellectual property;

(j) DAK Capital is in default in the payment or performance of any of its indebtedness or obligations under any agreement relating to Funded Debt with BMO, or any credit facility provided by BMO to DAK Capital is terminated or cancelled;

(k) the personal guarantee dated October 23, 2017 by Mr. Daryl Katz in favour of BMO for any reason ceases to be in full force and effect, or any Obligor or Mr. Daryl Katz contests the validity or enforceability thereof or denies he has any further liability or obligation thereunder (including, without limitation, any denial of liability or obligation to guarantee the indebtedness, liabilities and obligations of DAK Capital under the DAK Capital BMO Guarantee);

(l) any Secured Company is in default in any material respect under any Material Permit (after the expiry of any grace period or cure periods relating thereto), or agrees to the surrender or termination of any Material Permit prior to the expiry date expressly set out therein, unless (i) such Secured Company is in discussions with the issuer of such Material Permit in order to cure such default and such issuer has agreed in writing with

such Secured Company that it will not terminate such Material Permit or take any actions to enforce its rights and remedies thereunder and will continue to observe and perform its obligations thereunder as if such default had not occurred, or (ii) such Material Permit is immediately replaced by a substantially similar Material Permit containing terms satisfactory to the Lenders, acting reasonably;

(m) any document constituting part of the Security or any other Loan Document shall for any reason cease to be in full force and effect or shall be declared in a final judgment of a court of competent jurisdiction to be null and void, or any Obligor contests the validity or enforceability thereof or denies it has any further liability or obligation thereunder, or any document (other than a Guarantee) constituting part of the Security shall for any reason (other than the fault of the Agent or any Lender) fail to create a valid and perfected First-Ranking Security Interest in and to the property purported to be subject thereto;

(n) any Person which has provided a Guarantee in respect of the Obligations terminates or purports to terminate its liability under such Guarantee or its liability thereunder in respect of any future Advances, or disputes the validity or enforceability of such Guarantee or any Security provided by it;

(o) any Person takes possession of any property of a Company by way of or in contemplation of enforcement of security, or a distress or execution or similar process is levied or enforced against any such property, and such possession continues in effect and is not released, satisfied, vacated, stayed, or discharged within sixty (60) days or such longer period during which entitlement to the use of such property continues with the applicable Company, and such Company is contesting the same in good faith and by appropriate proceedings, provided that such grace period will cease to apply if the property is removed from the use of the Company;

(p) one or more final judgments or decrees for the payment of money shall have been obtained or entered against any one or more of the Obligors in excess of $100,000 in the aggregate and shall remain unpaid for a period in excess of thirty (30) days; unless such judgement is fully covered by insurance (subject to a reasonable deductible amount) and the insurer thereof has confirmed such coverage in writing;

(q) a Change of Control occurs without the prior written consent of the Agent;

(r) the Companies' auditors include any going-concern or other adverse qualification in their audit opinion relating to the Year-End Financial Statements of the Companies;

(s) the *Cannabis Act* is repealed and not replaced with similar legislation; or

(t) a Material Adverse Change occurs which is continuing.

10.02 Acceleration, etc.

(a) Upon the occurrence of an Event of Default which is continuing the Agent shall, upon the instructions of the Required Lenders, issue a written notice to the Borrower (an "**Acceleration Notice**") declaring all of the Obligations to be immediately due and payable.

(b) Upon receipt of an Acceleration Notice the Borrower shall immediately pay and satisfy the Obligations, including payment to the Agent of the following amounts (without duplication): (i) the Outstanding Principal Amount and all accrued and unpaid interest, fees and other amounts relating thereto; (ii) the Aggregate Net Hedge Liability; and (iii~~)~~ ~~an amount equal to the face amount of all Bankers' Acceptances and BA Equivalent Loans then outstanding; and (iv~~) the aggregate maximum amount payable under all outstanding Letters of Credit. The Agent will hold all such amounts paid by the Borrower in respect of such Hedge Transactions, ~~CDOR~~**Term CORRA** Loans, ~~Bankers' Acceptances, BA Equivalent~~**Daily Compounded CORRA** Loans**,** and Letters of Credit as security for the Borrower's obligations thereunder.

(c) At any time on or after the Acceleration Date the Agent may exercise any and all rights and remedies hereunder and under any other Loan Documents, including the enforcement of all or any portion of the Security.

(d) From and after the date of the occurrence of an Event of Default and for so long as such Event of Default continues, both before and after the Acceleration Date, the Outstanding Principal Amount shall bear interest or fees at the rates otherwise applicable plus two percent (2.00%) per annum in order to compensate the Lenders for the additional risk.

10.03 Acceleration of Certain Contingent Obligations

Upon the occurrence of an Event of Default which is continuing, any Lender which has issued a ~~CDOR~~**Term CORRA** Loan, ~~Bankers' Acceptance, or BA Equivalent Note~~**Daily Compounded CORRA Loan,** or Letter of Credit or entered into a Hedge Transaction with the Borrower may make a Prime Based Loan to the Borrower in an amount equal to, the amount of the ~~CDOR~~**Term CORRA** Loan, **the amount of the Daily Compounded CORRA Loan,** the face amount of such ~~Bankers' Acceptance, BA Equivalent Note or~~ Letter of Credit or the amount required to unwind such Hedge Transaction (such amount to be determined in accordance with the terms thereof), as the case may be, and the proceeds of any such Prime Based Loan shall be held by such Lender and used to satisfy the Lender's obligations under the said ~~CDOR~~**Term CORRA** Loan, ~~Bankers' Acceptance, BA Equivalent Note~~**Daily Compounded CORRA Loan,** or Letter of Credit as such becomes due, or to effect the unwinding of such Hedge Transaction. Any such Prime Based Loan shall bear interest at the rate and in the manner applicable to Prime Based Loans under Facility A.

10.04 Combining Accounts; Set-Off

Upon the occurrence and during the continuation of an Event of Default, in addition to and not in limitation of any rights now or hereafter granted under Applicable Law, each Lender may at any time and from time to time:

(a) combine, consolidate or merge any or all of the deposits or other accounts maintained with such Lender by a Secured Company (whether term, notice, demand or otherwise and whether matured or unmatured) and such Company's obligations to such Lender hereunder; and

(b) set off, apply or transfer any or all sums standing to the credit of any such deposits or accounts in or towards the satisfaction of such obligations.

Each Lender may exercise any rights pursuant to this Section 10.04 without prior notice to the Borrower or such Company, but agrees to provide written notice to the Agent and the Borrower promptly after exercising any such rights.

10.05 Appropriation of Monies

After the occurrence and during the continuation of an Event of Default the Agent may from time to time, but subject to Section 11.03, apply any Proceeds of Realization against any portion or portions of the Obligations, and the Borrower may not require any different application. The taking of a judgment or any other action or dealing whatsoever by the Agent or the Lenders in respect of the Security shall not operate as a merger of any of the Obligations hereunder or in any way affect or prejudice the rights, remedies and powers which the Agent or the Lenders may have, and the foreclosure, surrender, cancellation or any other dealing with any Security or the said obligations shall not release or affect the liability of the Borrower or any other Person in respect of the remaining portion of the Obligations.

10.06 No Further Advances

The Lenders shall not be obliged to make any further Advances (including honouring any cheques drawn by the Borrower which are presented for payment) from and after the earliest to occur of the following: (i) delivery by the Agent to the Borrower of a written notice that a Default or Event of Default has occurred and is continuing and that as a result thereof no further Advances will be made (regardless of whether an Acceleration Notice is issued); (ii) the occurrence of an Insolvency Event; and (iii) receipt by the Agent or any Lender of any garnishment notice, notice of a Statutory Lien or other notice of similar effect in respect of any Company pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) or any similar notice under any other statute in effect in any jurisdiction.

10.07 Judgment Currency

If for the purposes of obtaining judgment against the Borrower in any court in any jurisdiction with respect to this Agreement it becomes necessary for a Lender to convert into the currency of such jurisdiction (in this Section called the "**Judgment Currency**") any amount due to the Lender by the Borrower hereunder in any currency other than the Judgment Currency, then the conversion shall be made at the Exchange Rate prevailing on the Business Day before the day on which judgment is given. In the event that there is a change in the Exchange Rate prevailing between the Business Day before the day on which the judgment is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts (if any) or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount paid on such date is the amount in the Judgment Currency which when converted at the Exchange Rate prevailing on the date of payment is the amount then due under this Agreement in such other currency. Any additional amount due by the Borrower under this Section will be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Agreement.

10.08 Remedies Cumulative

All rights and remedies granted to the Agent and the Lenders in this Agreement, and any other documents or instruments in existence between the parties or contemplated hereby, and any other rights and remedies available to the Agent and the Lenders at Law or in equity, shall be cumulative. The exercise or failure to exercise any of the said remedies shall not constitute a waiver or release thereof or of any other right or remedy, and shall be non-exclusive.

10.09 Performance of Covenants by Agent

If the Borrower fails to perform any covenant or obligation to be performed by it pursuant to this Agreement, then the Agent may in its discretion perform any of the said obligations but will be under no obligation to do so, and any amounts expended or advanced by the Agent for such purpose shall be payable by the Borrower upon demand together with interest at the highest rate then applicable to the Facilities.

ARTICLE 11
THE AGENT AND THE LENDERS

11.01 Decision-Making

(a) Any amendment to this Agreement relating to the following matters, and the granting of any waiver or written consent by the Lenders in respect of such matters, shall require the unanimous agreement of the Lenders:

(i) changes to the interest rates and fees;

(ii) increases in the maximum amount of credit available;

(iii) changes to the scheduled dates or the scheduled amounts for Repayments hereunder;

(iv) the establishment of any Availment Option in U.S. Dollars or any other currency which is not a Qualified Currency;

(v) releases of all or any portion of the Security, except to the extent provided in paragraph (c) below;

(vi) the definitions of "**Required Lenders**" and "**Proportionate Share**" in Section 1.01;

(vii) any provision of this Agreement which expressly states that the unanimous consent of the Lenders is required in connection with any action to be taken or consent to be provided by the Lenders; and

(viii) this Section 11.01.

(b) Except for the matters described in paragraph (a) above, any amendment to this Agreement shall be effective if made among the Borrower, the Agent and the Required Lenders, and for greater certainty any such amendment which is agreed to by the Required Lenders shall be final and binding upon all Lenders.

(c) The Agent may from time to time without notice to or the consent of the Lenders execute and deliver partial releases of the Security in respect of any item of Collateral (whether or not the proceeds of sale thereof are received by the Agent) which the Companies are permitted to dispose of pursuant to this Agreement without obtaining the prior written consent of the Lenders, and in releasing any such security the Agent may rely upon and assume the correctness of all information contained in any certificate or document provided by the Borrower, without further enquiry. Otherwise, any release or discharge

in respect of the Security or any portion thereof shall require the written consent of the Lenders acting unanimously.

(d) Except for the matters which require the unanimous consent of the Lenders as set out in the foregoing paragraphs of this Section 11.01, and except as otherwise specifically provided in this Agreement, any action to be taken or decision to be made by the Lenders pursuant to this Agreement (specifically including for greater certainty the issuance of written notice to the Borrower of the occurrence of a Default or Event of Default, the issuance of a demand for payment of the Obligations, a decision to make an Advance despite any condition precedent relating thereto not being satisfied, the provision of any waiver in respect of a breach of any covenant or the granting of any consent) shall be effective if approved in writing by the Required Lenders; and any such decision or action shall be final and binding upon all the Lenders.

(e) Any action to be taken or decision to be made by the Lenders pursuant to this Agreement which is required to be unanimous shall be made at a meeting of the Lenders called by the Agent pursuant to Section 11.06(k) or by a written instrument executed by all of the Lenders. Any action to be taken or decision to be made by the Lenders pursuant to this Agreement which is required to be made by the Required Lenders shall be made at a meeting of the Lenders called by the Agent pursuant to Section 11.06(k) or by a written instrument executed by the Required Lenders. Any such instrument may be executed by facsimile or pdf and in counterparts.

11.02 Security

(a) Except to the extent provided in paragraph (b), the Security shall be granted in favour of and held by the Agent for and on behalf of the Lenders in accordance with the provisions of this Agreement. The Agent shall, in accordance with its usual practices in effect from time to time, take all steps required to perfect and maintain the Security, including: taking possession of the certificates representing the securities required to be pledged hereunder; filing renewals and change notices in respect of such Security; and ensuring that the name of the Agent is noted as loss payee or mortgagee on all property insurance policies covering the Collateral. If the Agent becomes aware of any matter concerning the Security which it considers to be material, it shall promptly inform the Lenders. The Agent shall comply with all instructions provided by the Lenders in connection with the enforcement or release of the Security which it holds. The Agent agrees to permit each Lender to review and make photocopies of the original documents comprising the Security from time to time upon reasonable notice.

(b) If any Company has provided security in favour of any Lender directly, such Lender agrees to pay to the Agent all amounts received by it in connection with the enforcement of such security, and all such amounts shall be deemed to constitute Proceeds of Realization and shall be dealt with as provided in Section 11.03. Each Lender which holds any such Security agrees that it shall not enforce such security unless and until the Required Lenders have made a determination to enforce the Security pursuant to Section 11.01(d).

11.03 Application of Proceeds of Realization

Notwithstanding any other provision of this Agreement, the Proceeds of Realization of the Security or any portion thereof shall be distributed in the following order:

(a) first, in payment of all reasonable costs and expenses incurred by the Agent and the Lenders in connection with such realization, including legal, accounting and receivers' fees and disbursements;

(b) second, against the remaining Obligations (except those referred to in paragraph (c) below), on a pari passu basis among the Lenders to whom such Obligations are payable; and

(c) third, to pay any Obligations owed to Non Funding Lenders, on a pari passu basis among the Non Funding Lenders to whom such Obligations are payable; and

(d) fourth, if all obligations of the Borrower listed above have been paid and satisfied in full, any surplus Proceeds of Realization shall be paid in accordance with Applicable Law.

11.04 Payments by Agent

(a) The following provisions shall apply to all payments made by the Agent to the Lenders hereunder:

(i) the Agent shall be under no obligation to make any payment (whether in respect of principal, interest, fees or otherwise) to any Lender until an amount in respect of such payment has been received by the Agent from the Borrower;

(ii) if the Agent receives a payment of principal, interest, fees or other amount owing by the Borrower which is less than the full amount of any such payment due, the Agent shall distribute such amount received among the Lenders in each Lender's Proportionate Share;

(iii) if any Lender has advanced more or less than its Proportionate Share of its Commitment, such Lender's entitlement to such payment shall be increased or reduced, as the case may be, in proportion to the amount actually advanced by such Lender;

(iv) if a Lender's Proportionate Share of an Advance has been advanced for less than the full period to which any payment by the Borrower relates, such Lender's entitlement to receive a portion of any payment of interest or fees shall be reduced in proportion to the length of time such Lender's Proportionate Share has actually been outstanding (unless such Lender has paid all interest required to have been paid by it to the Agent pursuant to the CBA Model Provisions);

(v) the Agent acting reasonably and in good faith shall, after consultation with the Lenders in the case of any dispute, determine in all cases the amount of all payments to which each Lender is entitled and such determination shall be deemed to be prima facie correct;

(vi) upon request, the Agent shall deliver a statement detailing any of the payments to the Lenders referred to herein;

(vii) all payments by the Agent to a Lender hereunder shall be made to such Lender at its address set out herein unless notice to the contrary is received by the Agent from such Lender; and

(viii) if the Agent has received a payment from the Borrower on a Business Day (not later than the time required for the receipt of such payment as set out in this Agreement) and fails to remit such payment to any Lender entitled to receive its Proportionate Share of such payment on such Business Day, the Agent agrees to pay interest on such late payment at a rate determined by the Agent in accordance with prevailing banking industry practice on interbank compensation.

(b) The Agent may in its discretion from time to time make adjustments in respect of any Lender's share of a Drawdown, Substitution, Rollover or Repayment in order that the Advances made by such Lender under such Facility A shall be approximately in accordance with such Lender's Proportionate Share.

11.05 Protection of Agent

(a) Unless the Agent has actual knowledge or actual notice to the contrary, it may assume that each Lender's address set out in Exhibit "A" attached hereto is correct, unless and until it has received from such Lender a notice designating a different address.

(b) The Agent may engage and pay for the advice or services of any lawyers, accountants or other experts whose advice or services may to it seem necessary, expedient or desirable and rely upon any advice so obtained (and to the extent that such costs are not recovered from the Borrower pursuant to this Agreement, each Lender agrees to reimburse the Agent in such Lender's Proportionate Share of such costs).

(c) Unless the Agent has actual knowledge or actual notice to the contrary, it may rely as to matters of fact which might reasonably be expected to be within the knowledge of any Company upon a statement contained in any Loan Document.

(d) Unless the Agent has actual knowledge or actual notice to the contrary, it may rely upon any communication or document believed by it to be genuine.

(e) The Agent may refrain from exercising any right, power or discretion vested in it under this Agreement unless and until instructed by the Required Lenders as to whether or not such right, power or discretion is to be exercised and, if it is to be exercised, as to the manner in which it should be exercised (provided that such instructions shall be required to be provided by all of the Lenders in respect of any matter for which the unanimous consent of the Lenders is required as set out herein).

(f) The Agent may refrain from exercising any right, power or discretion vested in it which would or might in its sole and unfettered opinion be contrary to any Law of any jurisdiction or any directive or otherwise render it liable to any Person, and may do anything which is in its opinion in its discretion necessary to comply with any such Law or directive.

(g) The Agent may delegate any of its duties and responsibilities hereunder to any other Person as it shall determine to be appropriate.

(h) The Agent may refrain from acting in accordance with any instructions of the Required Lenders to begin any legal action or proceeding arising out of or in connection with this Agreement or take any steps to enforce or realize upon any Security, until it shall have received such security as it may reasonably require (whether by way of payment in advance or otherwise) against all costs, claims, expenses (including legal fees) and liabilities which it will or may expend or incur in complying with such instructions.

(i) The Agent shall not be bound to disclose to any Person any information relating to the Companies or any Related Person if such disclosure would or might in its opinion in its discretion constitute a breach of any Law or regulation or be otherwise actionable at the suit of any Person.

(j) The Agent shall not accept any responsibility for the accuracy and/or completeness of any information supplied in connection herewith or for the legality, validity, effectiveness, adequacy or enforceability of any Loan Document and shall not be under any liability to any Lender as a result of taking or omitting to take any action in relation to any Loan Document except in the case of the Agent's negligence or wilful misconduct.

11.06 Duties of Agent

The Agent shall:

(a) as a non-fiduciary agent for the Borrower, maintain a record of the Outstanding Principal Amount owing to each Lender, which record shall conclusively be presumed to be correct and accurate, absent manifest error;

(b) hold and maintain the Security to the extent provided in Section 11.02;

(c) provide to each Lender copies of all financial information received from the Borrower promptly after receipt thereof, and copies of any Draw Requests, Substitution Notices, Rollover Notices, Repayment Notices and other notices received by the Agent from the Borrower upon request by any Lender;

(d) promptly advise each Lender of Advances required to be made by it hereunder and disburse all Repayments to the Lenders hereunder in accordance with the terms of this Agreement;

(e) promptly notify each Lender of the occurrence of any Default or Event of Default of which the Agent has actual knowledge or actual notice;

(f) at the time of engaging any agent, receiver, receiver-manager, consultant, monitor or other party in connection with the Security or the enforcement thereof, obtain the agreement of such party to comply with the applicable terms of this Agreement in carrying out any such enforcement activities and dealing with any Proceeds of Realization;

(g) account for any monies received by it in connection with this Agreement, the Security and any other agreement delivered in connection herewith or therewith;

(h) each time the Borrower requests the written consent of the Lenders (or the Required Lenders, as the case may be) in connection with any matter, use its best efforts to obtain and communicate to the Borrower the response of the Lenders (or the Required Lenders) in a reasonably prompt and timely manner having due regard to the nature and circumstances of the request;

(i) give written notice to the Borrower in respect of any other matter in respect of which notice is required in accordance with or pursuant to this Agreement, promptly or promptly after receiving the consent of the Lenders, if required under the terms of this Agreement;

(j) except as otherwise provided in this Agreement, act in accordance with any instructions given to it by the Required Lenders;

(k) refrain from exercising any right, power or discretion vested in it under this Agreement or any document incidental thereto if so instructed by the Required Lenders (in respect of any matter which requires the consent of the Required Lenders), or by all of the Lenders (in respect of any matter which requires the unanimous consent of the Lenders); and

(l) call a meeting of the Lenders at any time not earlier than five (5) days and not later than thirty (30) days after receipt of a written request for a meeting provided by any Lender.

11.07 Lenders' Obligations Several; No Partnership

The obligations of each Lender under this Agreement are several. The failure of any Lender to carry out its obligations hereunder shall not relieve the other Lenders of any of their respective obligations hereunder. No Lender shall be responsible for the obligations of any other Lender hereunder. Neither the entering into of this Agreement nor the completion of any transactions contemplated herein shall constitute the Lenders a partnership.

11.08 Sharing of Information

The Agent and the Lenders may share among themselves any information they may have from time to time concerning the Companies whether or not such information is confidential; but shall have no obligation to do so (except for any obligations of the Agent to provide information to the extent required in this Agreement).

11.09 Acknowledgement by Borrower

The Borrower hereby acknowledges notice of the terms of the provisions of this Article 11 and agrees to be bound hereby to the extent of its obligations hereunder.

11.10 Amendments to Article 11

The Agent and the Lenders may amend any provision in this Article 11, except Section 11.01, without prior notice to or the consent of the Borrower, and the Agent shall provide a copy of any such amendment to the Borrower reasonably promptly thereafter; provided however if any such amendment would materially adversely affect any rights, entitlements, obligations or liabilities of the Borrower, such amendment shall not be effective until the Borrower provides its written consent thereto, such consent not to be unreasonably withheld or arbitrarily delayed.

11.11 Deliveries, etc.

As between the Companies on the one hand, and the Agent and the Lenders on the other hand:

(a) all statements, certificates, consents and other documents which the Agent purports to deliver to a Company on behalf of the Lenders shall be binding on each of the Lenders, and none of the Companies shall be required to ascertain or confirm the authority of the Agent in delivering such documents;

(b) all certificates, statements, notices and other documents which are delivered by a Company to the Agent in accordance with this Agreement shall be deemed to have been duly delivered to each of the Lenders; and

(c) all payments which are delivered by the Borrower to the Agent in accordance with this Agreement shall be deemed to have been duly delivered to each of the Lenders.

11.12 Non Funding Lender

(a) Each Non Funding Lender shall be required to provide to the Agent, immediately upon receipt of a written request from the Agent, (A) cash in an amount equal to one hundred and five percent (105%) of such Non Funding Lender's Proportionate Share of the face amount of outstanding Letters of Credit; and (B) cash in an amount, as shall be determined from time to time by the Agent in its discretion, equal to all other obligations of such Non Funding Lender to the Agent that are owing or may become owing pursuant to this Agreement, including, without limitation, such Non Funding Lender's obligation to pay its Proportionate Share of any indemnification or expense reimbursement amounts not paid by the Borrower. Such cash shall be held by the Agent in one or more accounts in the name of the Agent and shall not be required to be interest-bearing. The Agent shall be entitled to apply such cash from time to time in satisfaction of all or any portion of such obligations of such Non Funding Lender, as determined by the Agent in its discretion.

(b) The Agent shall be entitled to set off any Non Funding Lender's Proportionate Share of all payments received from the Borrower against such Non Funding Lender's obligations to fund payments and Advances required to be made by it and to purchase participations required to be purchased by it in each case under this Agreement and the other Loan Documents. The Agent shall be entitled to withhold and deposit in one or more non-interest bearing accounts in the name of the Agent all amounts (whether principal, interest, fees or otherwise) received by the Agent from the Borrower and due to such Non Funding Lender pursuant to this Agreement, which amounts shall be used by the Agent (A) first, to reimburse the Agent for any amounts owing to it by such Non Funding Lender pursuant to this Agreement or any other Loan Document, (B) second, to reimburse the other Lenders in respect of any Advances which may have been made by them in their discretion in order to fund, in whole or in part, any shortfall in Advances which were required to have been made by such Non Funding Lender (and to the extent that any said Advance made by a Lender is so reimbursed, such Advance shall be deemed to have been assigned by such Lender to the Non Funding Lender), (C) third, to be held in such account and applied by the Agent from time to time against all other obligations of such Non Funding Lender to the Agent owing pursuant to this Agreement in such amount as shall be determined from time to time by the Agent in its discretion including, without limitation, such Non Funding Lender's obligation to pay its

Proportionate Share of any indemnification or expense reimbursement amounts not paid by the Borrower, and (D) fourth, at the Agent's discretion, to fund from time to time such Non Funding Lender's Proportionate Share of Advances.

(c) A Non Funding Lender shall have no voting or consent rights with respect to matters under this Agreement or the other Loan Documents, unless and until it is no longer a Non Funding Lender. Accordingly, the Commitments and the portion of the Outstanding Principal Amount owing to any Non Funding Lender shall be disregarded in the determination of the Required Lenders.

(d) Neither the Agent nor any of its Affiliates nor any of their respective officers, directors, employees, agents or representatives shall be liable to any Lender (including, without limitation, a Non Funding Lender) for any action taken or omitted to be taken by them in connection with amounts payable by the Borrower to a Non Funding Lender and received by the Agent and applied in accordance with the provisions of this Agreement, save and except for the negligence or wilful misconduct of the Agent as determined by a final non-appealable judgment of a court of competent jurisdiction.

ARTICLE 12
CBA MODEL PROVISIONS

12.01 CBA Model Provisions Incorporated by Reference

The CBA Model Provisions (except for the footnotes contained therein) form part of this Agreement and are incorporated herein by reference, subject to the following variations:

(a) Each term set out below which is used as a defined term in the CBA Model Provisions shall be deemed to have been replaced as set out below; and for greater certainty the said replacement term shall have the meaning ascribed thereto in Section 1.01 of this Agreement:

(i) "**Administrative Agent**" shall be replaced by "**Agent**";

(ii) "**Applicable Percentage**" shall be replaced by "**Proportionate Share**";

(iii) "**Loans**" shall be replaced by "**Advances**";

(iv) "**Obligors**" shall be replaced by "**Companies**" (and all necessary changes required by the context shall be deemed to have been made); and

(v) "**Provisions**" shall be replaced by "**CBA Model Provisions**".

(b) "**Pro rata share**", "**rateably**" and similar terms in the CBA Model Provisions shall have the meaning ascribed to the term "**Proportionate Share**" as defined in Section 1.01 of this Agreement, if the context requires.

(c) The terms "**Related Parties**" and "**Related Party**" in the CBA Model Provisions shall be deemed to have the meanings ascribed to the defined terms "**Related Persons**" and "**Related Person**" in this Agreement, respectively.

(d) In the third line of subsection 7.7(1) of the CBA Model Provisions, the phrase "**…in consultation with the Borrower…**" is hereby amended to read "**…after consultation with the Borrower**".

(e) The parties hereby acknowledge and agree that the indemnity contained in clause 9(b)(iii) of the CBA Model Provisions is in addition to and not in substitution for the indemnity contained in Section 13.05 of this Agreement.

(f) Section 3.5 of the CBA Model Provisions is hereby deleted.

12.02 Inconsistencies with CBA Model Provisions

To the extent that there is any inconsistency between a provision of this Agreement and a provision of the CBA Model Provisions, the provision of this Agreement shall govern. For greater certainty, a provision of this Agreement and a provision of the CBA Model Provisions shall be considered to be inconsistent if both relate to the same subject-matter and the provision in the CBA Model Provisions imposes more onerous obligations or restrictions than the corresponding provision in this Agreement.

ARTICLE 13
GENERAL

13.01 Waiver

The failure or delay by the Agent or any Lender in exercising any right or privilege with respect to the non- compliance with any provisions of this Agreement by the Borrower and any course of action on the part of the Agent or any Lender, shall not operate as a waiver of any rights of the Agent or such Lender unless made in writing by the Agent or such Lender. Any such waiver shall be effective only in the specific instance and for the purpose for which it is given and shall not constitute a waiver of any other rights and remedies of the Agent or such Lender with respect to any other or future non-compliance.

13.02 Expenses of Agent and Lenders

Whether or not the transactions contemplated by this Agreement are completed or any Advance has been made, the Borrower agrees to pay on demand by the Agent from time to time all reasonable expenses incurred by the Agent or any Lender in connection with this Agreement, the Security and all documents contemplated hereby, specifically including reasonable expenses incurred by the Agent and the Lenders in respect of due diligence, appraisals, insurance consultations, credit reporting and responding to demands of any Governmental Authority; reasonable legal expenses incurred by the Agent and the Lenders in connection with the preparation and interpretation of this Agreement and the Security and the administration of the Facilities generally, including the preparation of waivers and partial discharges of Security, and all reasonable legal expenses incurred by the Agent and the Lenders in connection with the protection and enforcement of the Security.

13.03 Debit Authorization

The Borrower hereby authorizes the Agent to debit any account maintained by the Borrower with the Agent, and to set off and compensate against any and all accounts, credits and balances maintained by the Borrower with the Agent, in order to pay (i) any interest or other amounts payable by the Borrower from time to time pursuant to this Agreement when due; and (ii) any expenses referred to in Section 13.02 which are not paid by the Borrower within thirty (30) days after receipt by the Borrower of a written

request from the Agent for payment of such expenses. The Agent agrees to give written notice to the Borrower of any such debit promptly thereafter.

13.04 General Indemnity

In addition to any other liability of the Borrower hereunder, the Borrower hereby agrees to indemnify and save harmless the Indemnitees from and against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including reasonable legal fees) of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Indemnitees (except to the extent arising from the negligence or wilful misconduct of such Indemnitees) which relate or arise out of or result from:

(a) any failure by the Borrower to pay and satisfy its obligations hereunder including, without limitation, any costs or expenses incurred by reason of the liquidation or re-employment in whole or in part of deposits or other funds required by the Lenders to fund or maintain the Facilities or as a result of the Borrower's failure to take any action on the date required hereunder or specified by it in any notice given hereunder;

(b) any investigation by Governmental Authorities or any litigation or other similar proceeding related to any use made or proposed to be made by the Borrower of the proceeds of any Advance; and

(c) any instructions given to any Lender to stop payment on any cheque issued by the Borrower or to reverse any wire transfer or other transaction initiated by such Lender at the request of the Borrower.

13.05 Environmental Indemnity

In addition to any other liability of the Borrower hereunder, the Borrower hereby agrees to indemnify and save harmless the Indemnitees from and against:

(a) any losses suffered by the Indemnitees for, in connection with, or as a direct or indirect result of, the failure of any Company to comply with all Requirements of Environmental Law;

(b) any losses suffered by the Indemnitees for, in connection with, or as a direct or indirect result of, the presence of any Hazardous Material situated in, on or under any property owned by any of the Companies or upon which any of them carries on business; and

(c) any and all liabilities, losses, damages, penalties, expenses (including reasonable legal fees) and claims which may be paid, incurred or asserted against the Indemnitees for, in connection with, or as a direct or indirect result of, any legal or administrative proceedings with respect to the presence of any Hazardous Material on or under any property owned by any of the Companies or upon which any of them carries on business, or the discharge, emission, spill, radiation or disposal by any of them of any Hazardous Material into or upon any Real Property, the atmosphere, or any watercourse or body of water; including the costs of defending and/or counterclaiming or claiming over against third parties in respect of any action or matter and any cost, liability or damage arising out of a settlement entered into by the Indemnitees of any such action or matter;

except to the extent arising from the negligence or wilful misconduct of such Indemnitees.

13.06 Survival of Certain Obligations despite Termination of Agreement

The termination of this Agreement shall not relieve the Borrower from its obligations to the Agent and the Lenders arising prior to such termination, such as obligations arising as a result of or in connection with any breach of this Agreement, any failure to comply with this Agreement or the inaccuracy of any representations and warranties made or deemed to have been made prior to such termination, and obligations arising pursuant to all indemnity obligations contained herein. Without limiting the generality of the foregoing, the obligations of the Borrower to the Agent and the Lenders arising under or in connection with Sections 13.04 and 13.05 of this Agreement and Section 3.2 of the CBA Model Provisions shall continue in full force and effect despite any termination of this Agreement.

13.07 Interest on Unpaid Costs and Expenses

If the Borrower fails to pay when due any amount in respect of costs or expenses incurred by the Agent or any other amount incurred by the Agent and required to be paid by it hereunder (other than principal or interest on any Advance), it shall pay interest on such unpaid amount from the time such amount is due until paid at the rate equal to the highest rate of interest then applicable under the Facilities.

13.08 Notice

Without prejudice to any other method of giving notice, all communications provided for or permitted hereunder shall be in writing and delivered to the addressee by registered mail, or sent by electronic mail to the applicable address and to the attention of the officer of the addressee as follows:

(a) to the Borrower for and on behalf of Parent Holdco and each other Company – via registered mail or email:

590 King St. W, Suite 400, Toronto, ON M5V 1M3
Attention: Paul Marcaccio
Email: PMarcaccio@katzgroup.ca

With a copy to:

Suite 2700 Edmonton Tower, 10111 104 Avenue NW, Edmonton AB T5J 0J4
Attention: ~~Shawna Vogel~~**Colleen Cebuliak**
Email: ~~svogel@katzgroup.ca~~**CCebuliak@oegi.ca**

(b) to the Agent:

Bank of Montreal
Corporate Finance
18th Floor, First Canadian Place
Toronto, Ontario
M5X 1A1

Attention: Allen Benjamin
Email: Allen.Benjamin@bmo.com

(c) to any Lender, at its address noted on Exhibit "A" attached hereto.

Any communication transmitted by prepaid private courier shall be deemed to have been validly and effectively given or delivered on the Business Day after which it is submitted for delivery. Any communication transmitted by electronic mail shall be deemed to have been validly and effectively given or delivered on the day on which it is transmitted, if transmitted on a Business Day on or before 5:00 p.m. (local time of the intended recipient), and otherwise on the next following Business Day. Any party may change its address for service by notice given in the foregoing manner.

13.09 Severability

Any provision of this Agreement which is illegal, prohibited or unenforceable in any jurisdiction, in whole or in part, shall not invalidate the remaining provisions hereof; and any such illegality, prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13.10 Further Assurances

The Borrower shall, at its expense, promptly execute and deliver or cause to be executed and delivered to the Agent upon request, acting reasonably, from time to time all such other and further documents, agreements, opinions, certificates and instruments in compliance with this Agreement, or if necessary or desirable to more fully record or evidence the obligations intended to be entered into herein.

13.11 Time of the Essence

Time shall be of the essence of this Agreement.

13.12 Promotion and Marketing

For the purpose of promotion and marketing, the Borrower hereby authorizes and consents to the reproduction, disclosure and use by the Lenders and the Agent of its name, identifying logo (other than any Tokyo Smoke logo) and the Facilities, provided that the Lenders and the Agent comply with all Applicable Law, the Borrower is provided an opportunity to review and approve any such reproduction, disclosure or use and the amount of the Facilities shall not be disclosed. The Borrower acknowledges and agrees that the Lenders shall be entitled to determine, in their discretion, whether to use such information; that no compensation will be payable by the Lenders or the Agent in connection therewith, and that the Lenders and the Agent shall have no liability whatsoever to it or any of its employees, officers, directors, affiliates or shareholders in obtaining and using such information as contemplated herein except where such liability arises as a result of the gross negligence or wilful misconduct of the Agent or any Lender.

13.13 Entire Agreement; Waivers and Amendments to be in Writing

(a) This Agreement supersedes all discussion papers, term sheets and other writings which may have been issued by the Agent or the Lenders prior to the date hereof relating to the Facilities, which shall have no further force or effect. This Agreement and any other documents or instruments contemplated herein or therein shall constitute the entire agreement and understanding among the Borrower, the Lenders and the Agent relating to the subject-matter hereof.

(b) Subject to Section 11.01(b) and Section 11.10, no provision of this Agreement, or any other document or instrument in existence among the parties may be modified, waived or

terminated except by an instrument in writing executed by the party against whom such modification, waiver or termination is sought to be enforced.

(c) The Agent and the Borrower may, without the consent of any Lender, enter into amendments or modifications to this Agreement or any of the other Loan Documents or to enter into additional Loan Documents as the Agent deems appropriate in order to implement any Benchmark Replacement or any Conforming Change or otherwise effectuate the terms of Section 2.07(a) in accordance with the terms thereof.

13.14 Inconsistencies with Security

To the extent that there is any inconsistency between a provision of this Agreement and a provision of any document constituting part of the Security, the provision of this Agreement shall govern. For greater certainty, a provision of this Agreement and a provision of the Security shall be considered to be inconsistent if both relate to the same subject-matter and the provision in the Security imposes more onerous obligations or restrictions than the corresponding provision in this Agreement.

13.15 Confidentiality

The Agent and the Lenders agree that all documentation and other information made available by the Borrower to them under or in connection with this Agreement shall (except to the extent such documentation or other information is publicly available or hereafter becomes publicly available other than by their actions, or was theretofore known or hereinafter becomes known to them independently of any disclosure by the Companies) be held in confidence by them and used solely in the evaluation, administration and enforcement of the Advances and all matters related to this Agreement and the Security and the transactions contemplated hereby and thereby, and in the prosecution of defence of legal proceedings arising in connection herewith and therewith. Notwithstanding the foregoing, nothing contained herein shall be construed to prevent the Agent or the Lenders from (a) making disclosure of any information (i) if required to do so by Applicable Law, (ii) to any Governmental Authority having or claiming to have authority to regulate or oversee any aspect of the business of the Agent, the Lenders or the Companies in connection with the exercise of such authority or claimed authority and that compels or requires the disclosure of such information, (iii) pursuant to any subpoena or if otherwise compelled in connection with any litigation or administrative proceeding, (iv) to any prospective participant or assignee of all or any portion of the rights and obligations or the Agent or any Lender hereunder provided that such prospective assignee executes and delivers to the Borrower a confidentiality agreement in form and substance acceptable to it, acting reasonably, or (v) to the extent that the Agent or its counsel deems necessary or appropriate, acting reasonably, to effect or preserve its Security or to enforce any remedy provided in this Agreement or the Security or otherwise available by Law; or (b) making, on a confidential basis, such disclosures as the Agent and the Lenders reasonably deem necessary or appropriate to their legal counsel, accountants or other advisers, agents or representatives (including outside auditors).

13.16 Governing Law

This Agreement shall be interpreted in accordance with the Laws of the Province of Ontario. Without prejudice to the right of the Agent and the Lenders to commence any proceedings with respect to this Agreement in any other proper jurisdiction, the parties hereby attorn and submit to the jurisdiction of the courts of the Province of Ontario.

13.17 Execution by Fax and Counterparts

This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement. This Agreement may be executed by facsimile or pdf, and any signature contained hereon by facsimile or pdf shall be deemed to be equivalent to an original signature for all purposes.

13.18 Binding Effect

This Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns; "**successors**" includes any corporation resulting from the amalgamation of any party with any other corporation.

13.19 Original Credit Agreement, Loan Documents and Amendment and Restatement

Each Obligor agrees that:

(a) the Original Credit Agreement and the other Loan Documents provided in connection therewith have been duly executed and delivered by each Obligor party thereto and are in full force and effect as of the Closing Date;

(i) the agreements and obligations of each Obligor contained therein constitute the legal, valid and binding agreements and obligations of such Obligor enforceable against such Obligor in accordance with its terms and no Obligor has a valid defense to the enforcement of such agreements or obligations; and

(ii) the Agent is entitled to all of the rights, remedies and benefits provided for in the Original Credit Agreement and such Loan Documents.

(b) The provisions set forth in the Original Credit Agreement are simultaneously amended and restated in their entirety by this Agreement, and as so amended and restated, are replaced and superseded by the provisions set forth in this Agreement.

(c) The amendment and restatement contained herein shall not, in any manner, be construed to constitute payment of (other than any actual repayment of outstanding amounts), or impair, limit, cancel or extinguish, or constitute a novation in respect of, the Obligations and other obligations, liabilities and indebtedness of the Obligors evidenced by or arising under the Original Credit Agreement, and the Liens of Agent, on behalf of itself and the Lenders, securing such Obligations and other obligations, liabilities and indebtedness, which shall not in any manner be impaired, limited, terminated, waived or released, but shall continue in full force and effect in favor of Agent, for the benefit of itself and the Lenders.

13.20 Existing Security Interests

(a) Each Obligor agrees that all security and guarantees granted by them under, or in connection with, the Original Credit Agreement and the other Loan Documents provided in connection therewith shall be held by the Agent to secure the Obligations.

(b) The Liens of the Agent in the Collateral shall be deemed to be continuously granted, perfected and registered from the earliest date of such granting, perfection and registration.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date on the first page hereof.

BANK OF MONTREAL, as Administrative Agent and Lender

Per: _____
Name:
Title:

Per: _____
Name:
Title:

2675970 ONTARIO INC., as Borrower

Per: _____
Name:
Title:

2733181 ONTARIO INC., as a Guarantor

Per: _____
Name:
Title:

2733182 ONTARIO INC., as a Guarantor

Per: _____
Name:
Title:

2737503 ONTARIO INC., as a Guarantor

Per: _____
Name:
Title:

2161907 ALBERTA LTD., as a Guarantor

Per: _____
Name:
Title:

2699078 ONTARIO INC., as a Guarantor

Per: _____
Name:
Title:

2708540 ONTARIO CORPORATION, as a Guarantor

Per: _____
Name:
Title:

2197130 ALBERTA LTD., as a Guarantor

Per: _____
Name:
Title:

TS-IP HOLDINGS LTD., as a Guarantor

Per: _____
Name:
Title:

TS PROGRAMS LTD., as a Guarantor

Per: _____
Name:
Title:

2826475 ONTARIO INC., as a Guarantor

Per: _____
Name:
Title:

2734082 ONTARIO INC., as a Guarantor

Per: _____
Name:
Title:

TS WELLINGTON INC., as a Guarantor

2742591 ONTARIO INC., as a Guarantor

Per: _____
Name:
Title:

Per: _____
Name:
Title:

2796279 ONTARIO INC., as a Guarantor

OEG RETAIL CANNABIS HR SERVICES LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

OEG RETAIL CANNABIS INC.

Per: _____
Name:
Title:

EXHIBIT "A"
LENDERS AND LENDERS' AMOUNTS

Lender	Facility A Amount	Total
Bank of Montreal	$40,000,000	$40,000,000
Total	**$40,000,000**	**$40,000,000**

~~BA~~ Lenders

Bank of Montreal

~~Non-BA Lenders~~

~~None.~~

Lenders' Addresses

Bank of Montreal
Corporate Finance
18th Floor, First Canadian Place
Toronto, Ontario
M5X 1A1

Attention: Allen Benjamin
Email: Allen.Benjamin@bmo.com

EXHIBIT "B"
DRAW REQUEST

To: Bank of Montreal, as Administrative Agent (the "**Agent**")

This Draw Request is delivered pursuant to the second amended and restated credit agreement made among 2675970 Ontario Inc. (the "**Borrower**"), as borrower, Bank of Montreal and certain other lenders as lenders, and Bank of Montreal as administrative agent for the lenders from time to time thereunder, and the guarantors party thereto from time to time, dated as of October 7, 2022 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Credit Agreement**"). Terms used herein as defined terms shall have the respective meanings ascribed in the Credit Agreement, unless otherwise defined in herein.

1. The Borrower hereby requests an Advance as follows:

   (a) Date of Advance: _____

   (b) Amount of Advance: _____

   (c) Availment Option: _____

   (d) If Availment Option is a ~~CDOR~~**Term CORRA** Loan~~, Bankers' Acceptance, or BA Equivalent~~ **or Daily Compounded CORRA** Loan, indicate period requested (*may have a maturity date of one (1~~), two (2~~) or three (3) months, inclusive, subject to availability*): _____

   (e) If Letter of Credit requested, attach schedule setting out requested terms: _____

2. The Borrower hereby certifies that as at the date hereof:

   (a) the representations and warranties in the Credit Agreement are true and correct in all material respects as if made on the date hereof, except for any such representations and warranties which are expressly stated therein to have been made only as at the date of the Credit Agreement; and

   (b) no Default or Event of Default has occurred and is continuing, nor shall the making of the Advance pursuant to this Draw Request result in the occurrence of a Default or an Event of Default.

[*Signature Page Follows*]

Dated this [●] day of [●], [●].

2675970 ONTARIO INC.

By: _____
Name:
Title:

EXHIBIT "C"
ROLLOVER NOTICE

To: Bank of Montreal, as Administrative Agent (the "**Agent**")

This Rollover Notice is delivered pursuant to the second amended and restated credit agreement made among 2675970 Ontario Inc. (the "**Borrower**"), as borrower, Bank of Montreal and certain other lenders as lenders, and Bank of Montreal as administrative agent for the lenders from time to time thereunder, and the guarantors party thereto from time to time, dated as of October 7, 2022 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Credit Agreement**"). Terms used herein as defined terms shall have the respective meanings ascribed in the Credit Agreement, unless otherwise defined herein.

1. The Borrower hereby requests a Rollover as follows:

   (a) Availment Option to be rolled over: _____

   (b) amount of maturing Advance: _____

   (c) date of maturing Advance: _____

   (d) period requested: _____

2. The Borrower hereby certifies that as at the date hereof:

   (a) the representations and warranties in the Credit Agreement are true and correct in all material respects as if made on the date hereof, except for any such representations and warranties which are expressly stated therein to have been made only as at the date of the Credit Agreement; and

   (b) no Default or Event of Default has occurred and is continuing, nor shall the making of the Rollover pursuant to this Rollover Notice result in the occurrence of a Default or Event of Default.

[*Signature Page Follows*]

Dated this [●] day of [●], [●].

2675970 ONTARIO INC.

By: _____
Name:
Title:

EXHIBIT "D"
SUBSTITUTION NOTICE

To: Bank of Montreal, as Administrative Agent (the "**Agent**")

This Substitution Notice is delivered pursuant to the second amended and restated credit agreement made among 2675970 Ontario Inc. (the "**Borrower**"), as borrower, Bank of Montreal and certain other lenders as lenders, and Bank of Montreal as administrative agent for the lenders from time to time thereunder, and the guarantors party thereto from time to time, dated as of October 7, 2022 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Credit Agreement**"). Terms used herein as defined terms shall have the respective meanings ascribed in the Credit Agreement, unless otherwise defined herein.

1. The Borrower hereby requests a Substitution as follows:

   (a) Availment Option to be converted: _____

   (b) amount of maturing Advance: _____

   (c) date of maturing Advance: _____

   (d) Availment Option requested: _____

   (e) period requested: _____

2. The Borrower hereby certifies that as at the date hereof:

   (a) the representations and warranties in the Credit Agreement are true and correct in all material respects as if made on the date hereof, except for any such representations and warranties which are expressly stated therein to have been made only as at the date of the Credit Agreement; and

   (b) no Default or Event of Default has occurred and is continuing, nor shall the making of the Substitution pursuant to this Substitution Notice result in the occurrence of a Default or Event of Default.

[*Signature Page Follows*]

Dated this [●] day of [●], [●].

2675970 ONTARIO INC.

By: _____
Name:
Title:

EXHIBIT "E"
REPAYMENT NOTICE

To: Bank of Montreal, as Administrative Agent (the "**Agent**")

This Repayment Notice is delivered pursuant to the second amended and restated credit agreement made among 2675970 Ontario Inc. (the "**Borrower**"), as borrower, Bank of Montreal and certain other lenders as lenders, and Bank of Montreal as administrative agent for the lenders from time to time thereunder, and the guarantors party thereto from time to time, dated as of October 7, 2022 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Credit Agreement**"). Terms used herein as defined terms shall have the respective meanings ascribed in the Credit Agreement, unless otherwise defined herein.

The Borrower hereby advises that a Repayment will be made as follows:

1. Availment Option of Advance to be repaid:

2. date of Repayment:

3. amount of Repayment:

[*Signature Page Follows*]

Dated this [●] day of [●], [●].

2675970 ONTARIO INC.

By: _____
Name:
Title:

EXHIBIT "F"
COMPLIANCE CERTIFICATE

To: Bank of Montreal, as Administrative Agent (the "**Agent**")

This Compliance Certificate is delivered pursuant to the second amended and restated credit agreement made among 2675970 Ontario Inc. (the "**Borrower**"), as borrower, Bank of Montreal and certain other lenders as lenders, and Bank of Montreal as administrative agent for the lenders from time to time thereunder, and the guarantors party thereto from time to time, dated as of October 7, 2022 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Credit Agreement**"). Terms used herein as defined terms shall have the respective meanings assigned to them in the Credit Agreement, unless otherwise defined herein.

The undersigned officer of the Borrower hereby certifies on behalf of the Borrower and without personal liability as follows:

1. This Compliance Certificate is provided in respect of the immediately preceding twelve-month period of the Borrower, on a consolidated basis, ended [●] (the "**Fiscal Period**").

2. Delivered herewith are the **[Interim Financial Statements / Year-end Financial Statements]**, accompanied by management's discussion and analysis.

3. [Intentionally deleted.]

4. The Liquidity of the Borrower, on a consolidated basis, as of the last day of the Fiscal Period was $[●], determined as follows:

   cash and Cash Equivalents of the Borrower and the other Secured Companies held in bank accounts with the Agent as of the last day of the Fiscal Period: $[●]; plus

   unused availability under Facility A as of the last day of the Fiscal Period: $[●]

   equals: $[●];

5. EBITDAR for the immediately preceding Fiscal Quarter ending [●] is [●]. Attached hereto are details of all adjustments to EBITDAR in respect of the Fiscal Period. *[Note – see definition of EBITDAR for permitted adjustments]*

6. The Borrower hereby certifies that as at the date hereof:

   (a) the representations and warranties in the Credit Agreement are true and correct in all material respects as if made on the date hereof, except for any such representations and warranties which are expressly stated therein to have been made only as at the date of the Credit Agreement;

   (b) no Default or Event of Default has occurred and is continuing; and

   (c) without limiting the foregoing, the Companies are operating in an Approved Jurisdiction, are in compliance with all Applicable Laws (including Cannabis Laws), and all licenses issued by Governmental Authorities for the Companies' facilities and operations (including Cannabis Authorizations) remain in full force and effect.

[*Signature Page Follows*]

Dated this [●] day of [●], [●].

2675970 ONTARIO INC.

_____
Name:
Title:

See ~~attachments.~~**attachment**

EXHIBIT "G"
FORM OF BA EQUIVALENT NOTE

[insert date]

FOR VALUE RECEIVED, the undersigned hereby promises to pay to the order of **[name of Non-BA Lender]** at its office at **[insert address from Credit Agreement]**, the sum of _____ Dollars ($_____) in lawful money of Canada on **[insert date of maturity]**.

Dated this _____ day of _____, _____.

2675970 ONTARIO INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

~~EXHIBIT "H"~~

EXHIBIT "G"
CBA MODEL PROVISIONS

See attached.

EXHIBIT "G"
SCHEDULE TO CREDIT AGREEMENT

The attached model credit agreement provisions, which have been revised under the direction of the Canadian Bankers' Association Secondary Loan Market Specialist Group from provisions prepared by The Loan Syndications and Trading Association, Inc., form part of this Agreement, except for the footnotes to the model credit agreement provisions and subject to the following variations:

MODEL CREDIT AGREEMENT PROVISIONS

1. Definitions

"**Administrative Questionnaire**" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"**Affiliate**" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"**Agreement**" means the credit agreement of which these Provisions form part.

"**Applicable Law**" means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person, in each case whether or not having the force of law.

"**Applicable Percentage**" means with respect to any lender, the percentage of the total Commitments represented by such lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be the percentage of the total outstanding Loans represented by such Lender's outstanding Loans.

"**Approved Fund**" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"**Assignment and Assumption**" means an assignment and assumption entered into by a Lender and an Eligible Assignee and accepted by the Administrative Agent, in substantially the form of Exhibit A or any other form approved by the Administrative Agent.

"**Change in Law**" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Applicable Law, (b) any change in any Applicable Law or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any Applicable Law by any Governmental Authority.

"**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have corresponding meanings.

"**Default**" means any event or condition that constitutes an Event of Default or that would constitute an Event of Default except for satisfaction of any condition subsequent required to make the event or condition an Event of Default, including giving of any notice, passage of time, or both.

"**Eligible Assignee**" means any Person (other than a natural person, any Obligor or any Affiliate of an Obligor), in respect of which any consent that is required by Section 10(b) has been obtained.

"**Excluded Taxes**" means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of an Obligor hereunder, (a) taxes imposed on or measured by its net income, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes or any similar tax imposed by any jurisdiction in which the Lender is located and (c) in the case of a Foreign Lender (other than (i) an assignee pursuant to a request by the Borrower under Section 3.3(b), (ii) an assignee pursuant to an Assignment and Assumption made when an Event of Default has occurred and is continuing or (iii) any other assignee to the extent that the Borrower has expressly agreed that any withholding tax shall be an Indemnified Tax), any withholding tax that (A) is not imposed or assessed in respect of a Loan that was made on the premise that an exemption from such withholding tax would be available where the exemption is subsequently determined, or alleged by a taxing authority, not to be available and (B) is required by Applicable Law to be withheld or paid in respect of any amount payable hereunder or under any Loan Document to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new lending office) or is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with Section 3.2(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from an Obligor with respect to such withholding tax pursuant to Section 3.2(a). For greater certainty, for purposes of item (c) above, a withholding tax includes any Tax that a Foreign Lender is required to pay pursuant to Part XIII of the *Income Tax Act* (Canada) or any successor provision thereto.

"**Foreign Lender**" means any Lender that is not organized under the laws of the jurisdiction in which the Borrower is resident for tax purposes and that is not otherwise considered or deemed in respect of any amount payable to it hereunder or under any Loan Document to be resident for income tax or withholding tax purposes in the jurisdiction in which the Borrower is a resident for tax purposes by application of the laws of that jurisdiction. For purposes of this definition Canada and each Province and Territory thereof shall be deemed to constitute a single jurisdiction and the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"**Fund**" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"**Governmental Authority**" means the government of Canada or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supra- national bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency.

"**Indemnified Taxes**" means Taxes other than Excluded Taxes.

"**Issuing Bank**" means the Person named elsewhere in this Agreement as the issuer of Letters of Credit on the basis that it is "fronting" for other Lenders and not on the basis that it is the attorney of other Lenders to sign Letters of Credit on their behalf, or any successor issuer of Letters of Credit. For greater certainty, where the context requires, references to "Lenders" in these Provisions include the Issuing Bank.

"**Loan**" means any extension of credit by a Lender under this Agreement, including by way of ~~bankers' acceptance or LIBO Rate~~**Term CORRA Loan or Daily Compounded CORRA** Loan, except for any Letter of Credit or participation in a Letter of Credit.

"**Obligors**" means, collectively, the Borrower, the other Companies, Parent Holdco and DAK Capital.

"**Other Taxes**" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"**Participant**" has the meaning assigned to such term in Section 10(d).

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

"**Provisions**" means these model credit agreement provisions.

"**Related Parties**" means, with respect to any Person, such Person's Affiliates and the directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"**Taxes**" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest. additions to tax or penalties applicable thereto.

2. Terms Generally

(1) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) unless otherwise expressly stated, all references in these Provisions to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, these Provisions, but all such references elsewhere in this Agreement

shall be construed to refer to this Agreement apart from these Provisions, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(2) If there is any conflict or inconsistency between these Provisions and the other terms of this Agreement, the other terms of this Agreement shall govern to the extent necessary to resolve the conflict or inconsistency.

3. Yield Protection

3.1 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;

(ii) subject any Lender to any Tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof, except for Indemnified Taxes or Other Taxes covered by Section 3.2 and the imposition, or any change in the rate, of any Excluded Tax payable by such Lender; or

(iii) impose on any lender or any applicable interbank market any other condition, cost or expense affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the Issuing Bank of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any letter of Credit), or to reduce the amount of any sum received or receivable by such lender or the Issuing Bank hereunder (whether of principal, interest or any other amount), then upon request of such Lender the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or the Letters of Credit issued or participated in by such Lender, to a level below that which such Lender or its holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of its holding company

with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or its holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation, except that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender notifies the Borrower of the Change in law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefore, unless the Change in Law giving rise to such increased costs or reductions is retroactive, in which case the nine-month period referred to above shall be extended to include the period of retroactive effect thereof.

3.2 Taxes.

(a) Payments Subject to Taxes. If any Obligor, the Administrative Agent, or any Lender is required by Applicable Law to deduct or pay any Indemnified Taxes (including any Other Taxes) in respect of any payment by or on account of any obligation of an Obligor hereunder or under any other Loan Document, then (i) the sum payable shall be increased by that Obligor when payable as necessary so that after making or allowing for all required deductions and payments (including deductions and payments applicable to additional sums payable under this Section) the Administrative Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or payments been required, (ii) the Obligor shall make any such deductions required to be made by it under Applicable Law and (iii) the Obligor shall timely pay the full amount required to be deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) Payment of Other Taxes by the Borrower. Without limiting the provisions of paragraph (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent or such Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A

certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by an Obligor to a Governmental Authority, the Obligor shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Status of Lenders. Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall, at the request of the Borrower, deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, (a) any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to withholding or information reporting requirements, and (b) any Lender that ceases to be, or to be deemed to be, resident in Canada for purposes of Part XIII of the *Income Tax Act* (Canada) or any successor provision thereto shall within five days thereof notify the Borrower and the Administrative Agent in writing.

(f) Treatment of Certain Refunds and Tax Reductions. If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which an Obligor has paid additional amounts pursuant to this Section or that, because of the payment of such Taxes or other Taxes, it has benefited from a reduction in Excluded Taxes otherwise payable by it, it shall pay to the Borrower or Obligor, as applicable, an amount equal to such refund or reduction (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower or Obligor under this Section with respect to the Taxes or Other Taxes giving rise to such refund or reduction), net of all out-of-pocket expenses of the Administrative Agent or such Lender, as the case may be, and without interest (other than any net after- Tax interest paid by the relevant Governmental Authority with respect to such refund). The Borrower or Obligor as applicable, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower or Obligor (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender if the Administrative Agent or such Lender is required to repay such refund or reduction to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any

other information relating to its taxes that it deems confidential) to the Borrower or any other Person, to arrange its affairs in any particular manner or to claim any available refund or reduction.

3.3 Mitigation Obligations: Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.1, or requires the Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.2, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.1 or 3.2, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.1, if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.2, if any Lender's obligations are suspended pursuant to Section 3.4 or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon 10 days' notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(i) the Borrower pays the Administrative Agent the assignment fee specified in Section 10(b)(vi);

(ii) the assigning Lender receives payment of an amount equal to the outstanding principal of its Loans and participations in disbursements under Letters of Credit, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any breakage costs and amounts required to be paid under this Agreement as a result of prepayment to a Lender) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 3.1 or payments required to be made pursuant to Section 3.2, such assignment will result in a reduction in such compensation or payments thereafter; and

(iv) such assignment does not conflict with Applicable Law.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

3.4 Illegality.

If any Lender determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make or maintain any Loan (or to maintain its obligation to make any Loan), or to participate in, issue or maintain any Letter of Credit (or to maintain its obligation to participate in or to Issue any Letter of Credit), or to determine or charge interest rates based upon any particular rate, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender with respect to the activity that is unlawful shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if conversion would avoid the activity that is unlawful, convert any Loans, or take any necessary steps with respect to any Letter of Credit in order to avoid the activity that is unlawful. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

3.5 Inability to Determine Rates Etc.

If the Required Lenders determine that for any reason a market for bankers' acceptances does not exist at any time or the Lenders cannot for other reasons, after reasonable efforts, readily sell bankers' acceptances or perform their other obligations under this Agreement with respect to bankers' acceptances, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the Borrower's right to request the acceptance of bankers' acceptances shall be and remain suspended until the Required Lenders determine and the Agent notifies the Borrower and each Lender that the condition causing such determination no longer exists. If the Required Lenders determine that for any reason adequate and reasonable means do not exist for determining the LIBO Rate for any requested Interest Period with respect to a proposed LIBO Rate Loan, or that the LIBO Rate for any requested Interest Period with respect to a proposed LIBO Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain LIBO Rate Loans shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a borrowing, conversion or continuation of LIBO Rate Loans or, failing that, will be deemed to have converted such request into a request for a borrowing of Base Rate Loans in the amount specified therein.

4. Right of Setoff.

If an Event of Default has occurred and is continuing, each of the Lenders and each of their respective Affiliates is hereby authorized at any time and from time to time to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of any Obligor against any and all of the obligations of the Borrower now or

hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not such Lender has made any demand under this Agreement or any other Loan Document and although such obligations of the Obligor may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each of the Lenders and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff, consolidation of accounts and bankers' lien) that the Lenders or their respective Affiliates may have. Each Lender agrees to promptly notify the Borrower and the Administrative Agent after any such setoff and application, but the failure to give such notice shall not affect the validity of such setoff and application. If any Affiliate of a Lender exercises any rights under this Section 4, it shall share the benefit received in accordance with Section 5 as if the benefit had been received by the Lender of which it is an Affiliate.

5. Sharing of Payments by Lenders.

If any Lender, by exercising any right of setoff or counterclaim or otherwise, obtains any payment or other reduction that might result in such Lender receiving payment or other reduction of a proportion of the aggregate amount of its Loans and accrued interest thereon or other obligations hereunder greater than its pro rata hare thereof as provided herein, then the Lender receiving such payment or other reduction shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders rateably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them. provided that

(a) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest,

(b) the provisions of this Section shall not be construed to apply to (x) any payment made by any Obligor pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in disbursements under Letters of Credit to any assignee or participant, other than to any Obligor or any Affiliate of an Obligor (as to which the provisions of this Section shall apply); and

(c) the provisions of this Section shall not be construed to apply to (w) any payment made while no Event of Default has occurred and is continuing in respect of obligations of the Borrower to such Lender that do not arise under or in connection with the Loan Documents, (x) any payment made in respect of an obligation that is secured by a Permitted Lien or that is otherwise entitled to priority over the Borrower's obligations under or in connection with the Loan Documents, (y) any reduction arising from an amount owing to an Obligor upon the termination of derivatives entered into between the Obligor and such Lender, or (z) any payment to which such Lender is entitled as a result of any form of credit protection obtained by such Lender.

The Obligors consent to the foregoing and agree, to the extent they may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Obligor rights of setoff and counterclaim and similar rights of Lenders with respect

to such participation as fully as if such Lender were a direct creditor of each Obligor in the amount of such participation.

6. Administrative Agent's Clawback

(a) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any advance of funds that such Lender will not make available to the Administrative Agent such Lender's share of such advance, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with the provisions of this Agreement concerning funding by Lenders and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable advance available to the Administrative Agent, then the applicable Lender shall pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at a rate determined by the Administrative Agent in accordance with prevailing banking industry practice on interbank compensation. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such advance. If the Lender does not do so forthwith, the Borrower shall pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon at the interest rate applicable to the advance in question. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that has failed to make such payment to the Administrative Agent.

(b) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of any Lender hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute the amount due to the Lenders. ln such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at a rate determined by the Administrative Agent in accordance with prevailing banking industry practice on interbank compensation.

7. Agency.

7.1 Appointment and Authority.

Each of the Lenders and the Issuing Bank hereby irrevocably appoints the Person identified elsewhere in this Agreement as the Administrative Agent to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions

and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Bank, and no Obligor shall have rights as a third party beneficiary of any of such provisions.

7.2 Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Obligor or any Affiliate thereof as if such Person were not the Administrative Agent and without any duty to account to the Lenders.

7.3 Exculpatory Provisions.

(a) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents), but the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or Applicable Law; and

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as is necessary, or as the Administrative Agent believes in good faith is necessary, under the provisions of the Loan Documents) or (ii) in the absence of its own gross negligence or wilful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing the Default is given to the Administrative Agent by the Borrower or a Lender.

(c) Except as otherwise expressly specified in this Agreement, the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (1) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (2) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (3) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (4) the validity, enforceability, effectiveness or genuineness of this Agreement, any other loan Document or any other agreement, instrument or document or (5) the satisfaction of any condition specified in this Agreement, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

7.4 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Lender or the Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or the Issuing Bank prior to the making of such loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

7.5 Indemnification of Administrative Agent.

Each Lender agrees to indemnify the Administrative Agent and hold it harmless (to the extent not reimbursed by the Borrower), rateably according to its Applicable Percentage (and not jointly or jointly and severally) from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel, which may be incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or the transactions therein contemplated. However, no Lender shall be liable for any portion of such losses, claims, damages, liabilities and related expenses resulting from the Administrative Agent's gross negligence or wilful misconduct.

7.6 Delegation of Duties.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub- agents appointed by the Administrative Agent from among the Lenders (including the Person serving as Administrative Agent) and their respective Affiliates. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The provisions of this Article and other provisions of this Agreement for the benefit of the Administrative Agent shall apply to any such sub-agent and to

the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

7.7 Replacement of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Issuing Bank and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a Lender having a Commitment to a revolving credit if one or more is established in this Agreement and having an office in Toronto, Ontario or Montreal, Quebec, or an Affiliate of any such Lender with an office in Toronto or Montreal. The Administrative Agent may also be removed at any time by the Required Lenders upon 30 days' notice to the Administrative Agent and the Borrower as long as the Required Lenders, in consultation with the Borrower, appoint and obtain the acceptance of a successor within such 30 days, which shall be a Lender having a Commitment to a revolving credit if one or more is established in this Agreement and having an office in Toronto or Montreal, or an Affiliate of any such Lender with an office in Toronto or Montreal.

(b) If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications specified in Section 7.7(a), provided that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in the preceding paragraph.

(c) Upon a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the former Administrative Agent, and the former Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided in the preceding paragraph). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the termination of the service of the former Administrative Agent, the provisions of this Section 7 and of Section 9 shall continue in effect for the benefit of such former Administrative Agent, its sub-agents and their

respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the former Administrative Agent was acting as Administrative Agent.

7.8 Non-Reliance on Administrative Agent and other Lenders.

Each Lender and the Issuing Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

7.9 Collective Action of the Lenders.

Each of the Lenders hereby acknowledges that to the extent permitted by Applicable Law, any collateral security and the remedies provided under the Loan Documents to the Lenders are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder and under any collateral security are to be exercised not severally, but by the Administrative Agent upon the decision of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents). Accordingly, notwithstanding any of the provisions contained herein or in any collateral security, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action hereunder or thereunder including, without limitation, any declaration of default hereunder or thereunder but that any such action shall be taken only by the Administrative Agent with the prior written agreement of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents). Each of the Lenders hereby further covenants and agrees that upon any such written agreement being given, it shall co-operate fully with the Administrative Agent to the extent requested by the Administrative Agent. Notwithstanding the foregoing, in the absence of instructions from the Lenders and where in the sole opinion of the Administrative Agent, acting reasonably and in good faith, the exigencies of the situation warrant such action, the Administrative Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the interest of the lenders.

7.10 No Other Duties. etc.

Anything herein to the contrary notwithstanding, none of the Bookrunners, Arrangers or holders of similar titles, if any, specified in this Agreement shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

8. Notices: Effectiveness; Electronic Communication

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as-provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service,

mailed by certified or registered mail or sent by telecopier to the addresses or telecopier numbers specified elsewhere in this Agreement or, if to a Lender, to it at its address or telecopier number specified in the Register or, if to an Obligor other than the Borrower, in care of the Borrower.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given on a business day between 9:00 a.m. and 5:00 p.m. local time where the recipient is located, shall be deemed to have been given at 9:00 a.m. on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the Issuing Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender of Loans to be made or Letters of Credit to be issued if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Change of Address. Etc. Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

9. Expenses; Indemnity: Damage Waiver

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments,

modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any Lender or the Issuing Bank, including the reasonable fees, charges and disbursements of counsel, in connection with the enforcement or protection of its rights in connection with this Agreement and the other Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and the Issuing Bank, and each Related Party of any of the foregoing Persons (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Obligor arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance or non-performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation or non-consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by any Obligor, or any Environmental Liability related in any way to any Obligor, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by an Obligor and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Obligor against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Obligor has obtained a final and non-appealable judgment in its favour on such claim as determined by a court of competent jurisdiction, nor shall it be available in respect of matters specifically addressed in Sections 3.1, 3.2 and 9(a).

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fail to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof),

the Issuing Bank or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Issuing Bank or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the Issuing Bank in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or Issuing Bank in connection with such capacity. The obligations of the Lenders under this paragraph (c) are subject to the other provisions of this Agreement concerning several liability of the Lenders.

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, the Obligors shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for indirect, consequential, punitive, aggravated or exemplary damages (as opposed to direct damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby (or any breach thereof), the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable promptly after demand therefor. A certificate of the Administrative Agent or a Lender setting forth the amount or amounts owing to the Administrative Agent, Lender or a sub-agent or Related Party, as the case may be, as specified in this Section, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be conclusive absent manifest error.

10. Successors and Assigns

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Obligor may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties here.to, their respective successors and assigns permitted hereby, Participants to the extent provided in

paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that:

(i) except if an Event of Default has occurred and is continuing or in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment being assigned (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loan of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $5,000,000, in the case of any assignment in respect of a revolving facility, or $1,000,000, in the case of any assignment in respect of a term facility, unless each of the Administrative Agent and, so long as no Default has occurred and is continuing, the Borrower otherwise consent to a lower amount (each such consent not to be unreasonably withheld or delayed);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate credits on a non-pro rata basis;

(iii) any assignment of a Commitment relating to a credit under which Letters of Credit may be issued must be approved by any Issuing Bank (such approval not to be unreasonably withheld or delayed) unless the Person that is the proposed assignee is itself already a Lender with a Commitment under that credit;

(iv) any assignment must be approved by the Administrative Agent (such approval not to be unreasonably withheld or delayed) unless:

(A) in the case of an assignment of a Commitment relating to a revolving credit, the proposed assignee is itself already a Lender with the same type of Commitment,

(B) no Event of Default has occurred and is continuing, and the assignment is of a Commitment relating to a non-revolving credit that is fully advanced, or

(C) the proposed assignee is a bank whose senior, unsecured, non-credit enhanced, long term debt is rated at least A3, A- or A low by at least two of Moody's Investor Services Inc., Standard & Poor's, a division of The McGraw-Hill Companies, Inc. and Dominion Bond Rating Service Limited, respectively;

(v) any assignment must be approved by the Borrower (such approval not to be unreasonably withheld or delayed) unless the proposed assignee is itself already a Lender with the same type of Commitment or a Default has occurred and is continuing; and

(vi) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in an amount specified elsewhere in this Agreement and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement and the other Loan Documents, including any collateral security, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3 and 9, and shall continue to be liable for any breach of this Agreement by such Lender, with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section. Any payment by an assignee to an assigning Lender in connection with an assignment or transfer shall not be or be deemed to be a repayment by the Borrower or a new loan to the Borrower.

(c) Register. The Administrative Agent shall maintain at one of its offices in Toronto, Ontario or Montreal, Quebec a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the

loans owing to, each lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Administrative Agent and the lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person, an Obligor or any Affiliate of an Obligor) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other lenders shall continue to deal solely and directly with such lender in connection with such Lender's rights and obligations under this Agreement. Any payment by a Participant to a lender in connection with a sale of a participation shall not be or be deemed to be a repayment by the Borrower or a new Loan to the Borrower.

Subject to paragraph (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Section 3 to the same extent as if ii were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 4 as though it were a lender, provided such Participant agrees to be subject to Section 5 as though it were a lender.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.1 and 3.2 than the applicable lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a lender shall not be entitled to the benefits of Section 3.2 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.2(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, but no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

11. Governing Law: Jurisdiction: Etc.

(a) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Province specified elsewhere in this Agreement and the laws of Canada applicable in that Province.

(b) Submission to Jurisdiction. Each Obligor irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the Province specified elsewhere in this Agreement, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Obligor or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. Each Obligor irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

12. WAIVER OF JURY TRIAL

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

13. Counterparts: Integration: Effectiveness: Electronic Execution

(a) Counterparts: Integration: Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall

constitute a single contract. This Agreement and the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in the conditions precedent Section(s) of this Agreement, this Agreement shall become effective when it has been executed by the Administrative Agent and when the Administrative Agent has received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Assignments. The words "execution", "signed", "signature", and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada), the *Electronic Commerce Act, 2000* (Ontario) and other similar federal or provincial laws based on the *Uniform Electronic Commerce Act of the Uniform Law Conference of Canada or its Uniform Electronic Evidence Act*, as the case may be.

14. Treatment of Certain Information: Confidentiality

(1) Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to it, its Affiliates and its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap, derivative, credit-linked note or similar transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent or any Lender on a non-confidential basis from a source other than an Obligor.

(2) For purposes of this Section, "**Information**" means all information received in connection with this Agreement from any Obligor relating to any Obligor or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative

Agent or any Lender on a non-confidential basis prior to such receipt. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Administrative Agent may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the facilities provided hereunder as is necessary to assign unique identifiers (and, if requested, supply a copy of this Agreement), it being understood that the Person to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to make available to the public only such Information as such person normally makes available in the course of its business of assigning identification numbers.

(3) In addition, and notwithstanding anything herein to the contrary, the Administrative Agent may provide the information described on Exhibit B concerning the Borrower and the credit facilities established herein to Loan Pricing Corporation and/or other recognized trade publishers of information for general circulation in the loan market.

Exhibit A

EXHIBIT "H"
ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "**Assignment and Assumption**") is dated as of the Effective Date set forth below and is entered into by and between **[Insert name of Assignor]** (the "**Assignor**") and **[Insert name of Assignee]** (the "**Assignee**"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "**Credit Agreement**"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under Applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a **Lender**) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan-transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "**Assigned Interest**"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____
[and is an Affiliate/Approved Fund of [identify Lender]]

3. Borrower(s): _____

4. Administrative Agent: _____, as the administrative agent under the Credit Agreement

5. Credit Agreement: **[The [*amount*] Credit Agreement dated as of _____ among [*name of Borrower(s)*], the Lenders parties thereto, [*name of Administrative Agent*], as Administrative Agent, and the other agents parties thereto.]**

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans	CUSIP Number
	$	$	%	
	$	$	%	
	$	$	%	

7. [Trade Date: _____]

Effective Date: _____, 20___ **[TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]**

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and] Accepted:

[NAME OF ADMINISTRATIVE AGENT],
as Administrative Agent

By: _____
Title:

[Consented to]:

[NAME OF RELEVANT PARTY]

By: _____
Title:

ANNEX 1 to Assignment and Assumption

[_____]

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) ii has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the loan Documents are required to be performed by it as a Lender.

2. Payments.

From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The

Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions.

This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law governing the Credit Agreement.

Exhibit B

LOAN MARKET DATA TEMPLATE

Recommended Data Fields - At Close

The items highlighted in bold are those that Loan Pricing Corporation (LPG) deem essential. The remaining items are those that LPC has seen become more prominent over time as transparency has increased in the U.S. Loan Market.

Issuer Name
Location
SIC (Cdn)
Identification Number(s)
Revenue

*Measurement of Risk
- S&P Sr. Debt
- S&P Issuer
- Moody's Sr. Debt
- Moody's Issuer
- Fitch Sr. Debt
- Fitch Issuer
- S&P Implied (internal assessment)
- DBRS

Other Ratings
*Industry Classification
- Moody's Industry
- S&P Industry

Parent

Financial Ratios

Deal Specific
Currency/Amount
Date
Purpose
Sponsor
Financial Covenants

Target Company
Assignment Language
Law Firms
MAC Clause
Springing lien
Cash Dominion
Mandatory Prepays
Restrct'd Payments (Neg Covs)

Other Restrictions

Facility Specific
Currency/Amount Type
Purpose
Tenor
Term Out Option
Expiration Date
Facility Signing Date

Pricing
- Base Rate(s)/ Spread(s)/ ~~BA/LIBOR~~
- Initial Pricing Level
- Pricing Grid (tied to, levels)
- Grid Effective Date

Fees
- Participation Fee (tiered also)
- Commitment Fee

Annual Fee
- Utilization Fee
- LC Fee(s)
- ~~BA Fee~~

Prepayment Fee

Other Fees to Market
- Security
- Secured/Unsecured
- Collateral and Seniority of Claim
- Collateral Value

Guarantors
Lenders Names/Titles
Lender Commitment ($)
Committed/Uncommitted
Distribution method
Amortization Schedule
Borrowing Base/Advance Rates
New Money Amount
Country of Syndication
Facility Rating (Loss given default)

S&P Bank Loan
Moody's Bank Loan
Fitch Bank Loan
DBRS
Other Ratings

* These items would be considered useful to capture from an analytical perspective

Schedules to Credit Agreement

SCHEDULE "A"
TOKYO SMOKE RETAIL & CORPORATE STORE LOCATIONS

TOKYO SMOKE CORPORATE STORES

TOKYO SMOKE CORPORATE STORES	FRANCHISOR / LICENSOR	TS TRADEMARK LICENSE AGREEMENT	DOWNSTREAM SUB-LICENSEE AGREEMENT	DOWNSTREAM FRANCHISEE AGREEMENT
[BORROWER TO COMPLETE]				

OTHER TOKYO SMOKE RETAIL LOCATIONS

TOKYO SMOKE RETAIL LOCATION	FRANCHISOR / LICENSOR	TS TRADEMARK LICENSE AGREEMENT	DOWNSTREAM SUB-LICENSEE AGREEMENT	DOWNSTREAM FRANCHISEE AGREEMENT
[BORROWER TO COMPLETE]				

SCHEDULE 6.01(B)
COMPANIES INFORMATION

Company	Class	Prior Names/Corporate Predecessors	Governing Jurisdiction and any prior	Registered Office and Principal Place of Business	Approved Jurisdictions and locations	Number and classes of issued and outstanding shares	Shareholders and holdings (number and class)

SCHEDULE 6.01(H)
MATERIAL PERMITS

[Borrower to complete]

SCHEDULE 6.01(I)
SPECIFIC PERMITTED LIENS

[Borrower to complete]

SCHEDULE 6.01(K)
MATERIAL LEASED PROPERTIES

[Borrower to complete]

SCHEDULE 6.01(L)
INTELLECTUAL PROPERTY

[Borrower to complete]

SCHEDULE 6.01(N)
MATERIAL AGREEMENTS

[Borrower to complete]

SCHEDULE 6.01(O)
LABOUR AGREEMENTS

[Borrower to complete]

SCHEDULE 6.01(P)
ENVIRONMENTAL MATTERS

[Borrower to complete]

SCHEDULE 6.01(Q)
LITIGATION

[Borrower to complete]

SCHEDULE 6.01(R)
PENSION PLANS

[Borrower to complete]

Document comparison by Workshare 10.0 on Wednesday, July 24, 2024 4:13:29 PM

Input:	
Document 1 ID	iManage://BJWORK.LEGAL.BJLOCAL/WSLegal/37846118/2
Description	#37846118v2<WSLegal> - Conformed Second Amended & Restated Credit Agreement
Document 2 ID	iManage://BJWORK.LEGAL.BJLOCAL/WSLegal/37846118/9
Description	#37846118v9<WSLegal> - Conformed Second Amended & Restated Credit Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	511
Deletions	504
Moved from	6
Moved to	6
Style changes	0
Format changes	0

Total changes	1027

THIS IS **EXHIBIT "O"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

GRID PROMISSORY NOTE

TORONTO, ONTARIO

DATE: October 7, 2022

1. Promise to Pay

FOR VALUE RECEIVED, each of the undersigned (each a **"Borrower"** and collectively the **"Borrowers")** unconditionally promises to pay on demand to OEG Retail Cannabis Inc., a corporation governed by the laws of the Province of Ontario (the **"Lender"),** its successors and assigns, or to its order, at its offices at 590 King St. W Suite 400, Toronto, ON M5V 1M3 (or at such other address as the Lender shall notify the Borrowers), the amount outstanding (the **"Principal Amount"),** as set forth on the grid attached as Schedule A hereto (as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof, the **"Grid"),** together with interest on the Principal Amount outstanding from time to time. Except as otherwise stated herein, all amounts are stated in Canadian currency.

2. Interest

The unpaid principal amount hereof from time to time outstanding shall bear interest at a rate equal to the rate as may be agreed upon in writing from time to time by the Lender and Borrowers, and recorded in the Grid. Interest and principal shall be due and payable at such times as may be agreed upon from time to time by the Lender and relevant Borrower or Borrowers. Upon demand for payment of any principal amount hereof, accrued but unpaid interest on such principal amount shall also be due and payable. Interest shall be paid in any lawful currency as may be agreed upon by the Lender and relevant Borrower or Borrowers and in immediately available funds.

3. Loan Administration Interest

In addition to the payments of principal and interest set forth above, the Borrower shall pay the Lender annually, beginning with the twelve month period ending June 30, 2023, and continuing through to the date of full payment of all obligations contained in this note, an additional annual interest amount (the "**Administration Fee**") which shall be equal to the initial sum of $150.00 per annum and may be amended annually to a sum deemed reasonable by the Lender at the Lender's sole discretion. The Administration Fee shall be non-refundable and shall be payable to the Lender as of the date hereof and shall be payable thereafter on the last day of June each subsequent year, provided that the individual named Borrower was indebted to the Lender at any time during the fiscal year as noted in the Grid. The Borrowers shall execute such additional instruments, assurances, or supporting documents and shall do all things and take all steps as may be requested by the Lender to carry out the intent hereof and to give such further assurances as the Lender may request. The existence or payment of the Administration Fee shall in no way alter or diminish the obligation to pay principal, interest, or any other fees or charges imposed under this note or any other agreement or note between the Lender and Borrower or any

guarantors.

4. Prepayment

Prior to demand, the Borrower or Borrowers shall be entitled to prepay all or any portion of the Principal Amount without notice, bonus or penalty. All payments made by the Borrower to the Lender pursuant to this Section 3 shall be recorded by the Lender on the Grid and the Principal Amount shall be reduced accordingly. Any payments in respect of amounts due under this Note shall be applied first in satisfaction of any accrued and unpaid interest, and then to the Principal Amount outstanding.

5. Grid

The entries made by the Lender in the Grid shall be prima facie evidence of the existence and amounts of the obligations of the Borrower or Borrowers, as applicable, therein recorded; provided, however, that the failure of the Lender to record such payments or prepayments, or any inaccuracy therein, shall not in any manner affect the obligation of the Borrower or Borrowers, as applicable, to repay (with applicable interest) the Lender in accordance with the terms of this promissory note.

The Lender will give the undersigned written confirmation upon request of all notations made by it on the Grid, provided that the failure by the Lender to give such confirmation shall not impair the validity of any notation. The Grid may be so amended, supplemented, restated or otherwise modified from time to time by means of an instrument in writing signed by the Lender and the Borrowers.

6. Security

As security for the Borrowers' payment and performance of its obligations hereunder, the Borrower shall deliver to the Lender, or shall cause to be delivered to the Lender: (a) a general security agreement (the "GSA") granted by the Borrower in favour of the Lender whereby the Borrower grants a security interest in all of the **"Collateral"** as that term is defined in the GSA, and (b) a guarantee of the Borrowers in favour of the Lender.

7. Waiver by the Borrower

The Borrowers waive presentment for payment, notice of non-payment, notice of dishonour and notice of protest of this Note and waives any defences based upon indulgences which may be granted by the Lender to any party liable hereon. The Borrowers also waive the benefits ofdivision and discussion and the right to assert in any action or proceeding with regard to this Note any set• offs or counterclaims which the Borrowers may have against the Lender.

8. No Waiver by the Lender

Neither the extension of time for making any payment that is due and payable under this Note at any time or times, nor the failure, delay or omission of the Lender to exercise or enforce any of its rights or remedies under this Note, shall constitute a waiver by the Lender of its right to enforce any such rights and remedies subsequently. The single

or partial exercise of any such right or remedy shall not preclude the Lender's further exercise of such right or remedy or any other right or remedy.

9. Governing Law and Successors

This Note is made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and shall enure to the benefit of the Lender and its successors and assigns, and shall be binding on the Borrowers and their successors and permitted assigns.

[The remainder of this page has been intentionally left blank.]

2675970 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

2733181 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: Secretary

2161907 ALBERTA LTD.

By: _____
Name: Jürgen Schreiber
Title: Chief Executive Officer

2733182 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

2675970 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

2733181 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: Secretary

2161907 ALBERTA LTD.

By: _____
Name: Jürgen Schreiber
Title: Chief Executive Officer

2733182 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

2737503 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

TS-IP HOLDINGS LTD.

By: _____
Name: Shawna Vogel
Title: Secretary

TS PROGRAMS LTD.

By: _____
Name: Justin Farbstein
Title: Secretary

2826475 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

[Signature Page to Grid Promissory Note to OEG Retail Cannabis Inc.]

2737503 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

TS-IP HOLDINGS LTD.

By: _____
Name: Shawna Vogel
Title: Secretary

TS PROGRAMS LTD.

By: _____
Name: Justin Farbstein
Title: Secretary

2826475 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

2197130 ALBERTA LTD.

By: _____
Name: Justin Farbstein
Title: President

2699078 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

2708540 ONTARIO CORPORATION

By: _____
Name: Justin Farbstein
Title: President

2734082 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

TS WELLINGTON INC.

By: _____
Name: Justin Farbstein
Title: President

2742591 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

2796279 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

[Signature Page to Grid Promissory Note to OEG Retail Cannabis Inc.]

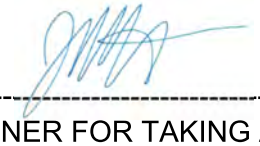
SCHEDULE A
GRID

Date	Name of Borrower	Amount of Advance This Date ($)	Interest Rate (%)	Amount of Principal Paid this Date	Outstanding Principal Balance ($)	Notation Made By
August 2, 2022	2675970 Ontario Inc.	10,000.00	8		10,000.00	TS Investments
August 3, 2022	2675970 Ontario Inc.	990,000.00	8		1,000,000.00	TS Investments
August 31, 2022	2675970 Ontario Inc.	500,000.00	8		1,500,000.00	TS Investments
September 26, 2022	2675970 Ontario Inc.	1,500,000.00	8		3,000,000.00	TS Investments
October 7, 2022	2675970 Ontario Inc.	31,000,000.00	8		34,000,000.00	TS Investments
November 18, 2022	2675970 Ontario Inc.	15,000.00	8		34,015,000.00	TS Investments
November 30, 2022	2675970 Ontario Inc.	1,500,000.00	8		35,515,000.00	TS Investments
December 15, 2022	2675970 Ontario Inc.	1,000,000.00	8		36,515,000.00	TS Investments
December 21, 2022	2675970 Ontario Inc.	2,500,000.00	8		39,015,000.00	TS Investments
January 16, 2023	2675970 Ontario Inc.	2,600,000.00	9		41,615,000.00	TS Investments
June 9, 2023	2675970 Ontario Inc.	2,000,000.00	9		43,615,000.00	TS Investments
July 1, 2023	2675970 Ontario Inc.	156,166.60	9		43,771,166.60	TS Investments
July 18, 2023	2675970 Ontario Inc.	1,000,000.00	9		44,771,166.60	TS Investments
September 14, 2023	2675970 Ontario Inc.	1,000,000.00	9		45,771,166.60	TS Investments
September 27, 2023	2675970 Ontario Inc.	1,000,000.00	9		46,771,166.60	TS Investments
November 17, 2023	2675970 Ontario Inc.	1,259,599.77	9.25		48,030,766.37	TS Investments
March 6, 2024	2675970 Ontario Inc.	1,000,000.00	9.25		49,030,766.37	TS Investments
April 16, 2024	2675970 Ontario Inc.	1,000,000.00	9.25		50,303,766.37	TS Investments

May 30, 2024	2675970 Ontario Inc.	1,500,000.00	9.25		51,530,766.37	TS Investments
June 28, 2024	2675970 Ontario Inc.	1,000,000.00	9.25		52,530,766.37	TS Investments

*Loan interest rates increase from the original 8% to 9% effective January 1, 2023.
*Loan interest rates increase from 9% to 9.25% effective October 1, 2023.

THIS IS **EXHIBIT "P"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

GRID PROMISSORY NOTE AMENDING AGREEMENT

THIS AGREEMENT MADE effective December 30, 2022 (the "**Effective Date**"), among 2733181 Ontario Inc., 2161907 Alberta Ltd., 2733182 Ontario Inc., 2737503 Ontario Inc., TS-IP Holdings Ltd., TS Programs Ltd., 2826475 Ontario Inc., 2197130 Alberta Ltd., 2699078 Ontario Inc., 2708540 Ontario Corporation, 2734082 Ontario Inc., TS Wellington Inc., 2742591 Ontario Inc., 2675970 Ontario Inc, and 2796279 Ontario Inc. (each a "**Borrower**" and collectively the "**Borrowers**") and OEG Retail Cannabis Inc. ((the "**Lender**") and together with the Borrowers, the "**Parties**") (the "**Amending Agreement**").

WHEREAS:

A. The Borrowers issued a Grid Promissory Note to the Lender dated effective October 7, 2022 (the "**Grid Note**").

B. Effective December 30, 2022, the Lender acquired and became the sole shareholder of 14284585 Canada Inc., and its subsidiaries 10006215 Manitoba Ltd., and 80694 Newfoundland & Labrador Inc. (the "**New Borrowers**").

C. The Borrowers and Lender agreed to amend the Grid Note effective December 30, 2022.

ARTICLE 1 – DEFINITIONS

1.1 **Definitions**

In this Agreement, capitalized terms shall have the same meanings as in the Grid Note.

ARTICLE 2 – AMENDMENTS

2.1 As of the Effective Date, the Grid Note is hereby amended or modified by adding the New Borrowers.

2.2 Except as expressly provided in this Amending Agreement, all of the terms and provisions of the Grid Note are and will remain in full force and effect and are hereby ratified and confirmed by the Parties.

ARTICLE 3 – GENERAL

3.1 **General**

This Agreement may be executed in any number of counterparts which, together, shall constitute one and the same agreement. Fax or other electronic communication of execution of this agreement is permitted and shall constitute valid execution of this Agreement.

This Amendment constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

[*Signature page to follow*]

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

2733181 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2161907 Alberta Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2733182 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

273503 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

TS-IP Holdings Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

TS Programs Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2826475 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2197130 Alberta Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2699078 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2708540 Ontario Corporation

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2734082 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

TS Wellington Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2742591 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2796279 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2675970 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

14284585 Canada Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

10006215 Manitoba Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

80694 Newfoundland & Labrador Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

OEG RETAIL CANNABIS INC.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

GRID PROMISSORY NOTE AMENDING AGREEMENT

THIS AGREEMENT MADE effective February 21, 2023 (the "**Effective Date**"), among 2733181 Ontario Inc., 2161907 Alberta Ltd., 2733182 Ontario Inc., 2737503 Ontario Inc., TS-IP Holdings Ltd., TS Programs Ltd., 2826475 Ontario Inc., 2197130 Alberta Ltd., 2699078 Ontario Inc., 2708540 Ontario Corporation, 2734082 Ontario Inc., TS Wellington Inc., 2742591 Ontario Inc., 2796279 Ontario Inc., 2675970 Ontario Inc., 10006215 Manitoba Ltd., 14284585 Canada Inc., and 80694 Newfoundland & Labrador Inc. (each a "**Borrower**" and collectively the "**Borrowers**") and OEG Retail Cannabis Inc. ((the "**Lender**") and together with the Borrowers, the "**Parties**") (the "**Amending Agreement**").

WHEREAS:

A. The Borrowers issued a Grid Promissory Note to the Lender dated effective October 7, 2022 (the "**Grid Note**").

B. Effective February 21, 2023, the Lender became the sole shareholder of 1000451353 Ontario Inc., and 100045354 Ontario Inc. (the "**New Borrowers**").

C. The Borrowers and Lender agreed to amend the Grid Note effective February 21, 2023.

ARTICLE 1 – DEFINITIONS

1.1 **Definitions**

In this Agreement, capitalized terms shall have the same meanings as in the Grid Note.

ARTICLE 2 – AMENDMENTS

2.1 As of the Effective Date, the Grid Note is hereby amended or modified by adding the New Borrowers.

2.2 Except as expressly provided in this Amending Agreement, all of the terms and provisions of the Grid Note are and will remain in full force and effect and are hereby ratified and confirmed by the Parties.

ARTICLE 3 – GENERAL

3.1 **General**

This Agreement may be executed in any number of counterparts which, together, shall constitute one and the same agreement. Fax or other electronic communication of execution of this agreement is permitted and shall constitute valid execution of this Agreement.

This Amendment constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

[*Signature page to follow*]

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

2733181 Ontario Inc.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

2161907 Alberta Ltd.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

2733182 Ontario Inc.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

2737503 Ontario Inc.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

TS-IP Holdings Ltd.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

TS Programs Ltd.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

2826475 Ontario Inc.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

2197130 Alberta Ltd.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

2699078 Ontario Inc.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

2708540 Ontario Corporation

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

2734082 Ontario Inc.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

TS Wellington Inc.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

2742591 Ontario Inc.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

2796279 Ontario Inc.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

2675970 Ontario Inc.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

14284585 Canada Inc.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

10006215 Manitoba Ltd.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

80694 Newfoundland & Labrador Inc.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

1000451353 Ontario Inc.

Per: _____
Name: Andy Williams
Title: Director
I have the authority to bind the corporation.

1000451354 Ontario Inc.

Per: _____
Name: Andy Williams
Title: President
I have the authority to bind the corporation.

OEG RETAIL CANNABIS INC.

Per: _____
Name: Andy Williams
Title: President
I have the authority to bind the corporation.

GRID PROMISSORY NOTE AMENDING AGREEMENT

THIS AGREEMENT MADE effective May 31, 2024 (the "**Effective Date**"), among 2733181 Ontario Inc., 2161907 Alberta Ltd., 2733182 Ontario Inc., 2737503 Ontario Inc., TS-IP Holdings Ltd., TS Programs Ltd., 2826475 Ontario Inc., 2197130 Alberta Ltd., 2699078 Ontario Inc., 2708540 Ontario Corporation, 2734082 Ontario Inc., TS Wellington Inc., 2742591 Ontario Inc., 2675970 Ontario Inc, 2796279 Ontario Inc. 10006215 Manitoba Ltd., 80694 Newfoundland & Labrador Inc., 14284585 Canada Inc., 1000451354 Ontario Inc., and 1000451353 Ontario Inc. (each a "**Borrower**" and collectively the "**Borrowers**") and OEG Retail Cannabis Inc. ((the "**Lender**") and together with the Borrowers, the "**Parties**") (the "**Amending Agreement**").

WHEREAS:

A. The Borrowers issued a Grid Promissory Note to the Lender dated effective October 7, 2022, as amended December 30, 2022, and February 21, 2023 (the "**Grid Note**").

B. Effective May 15, 2024, 2675970 Ontario Inc. became the sole shareholder of 2385816 Alberta Ltd. (the "**New Borrower**").

C. The Borrowers and Lender agreed to amend the Grid Note effective May 31, 2024.

ARTICLE 1 – DEFINITIONS

1.1 **Definitions**

In this Agreement, capitalized terms shall have the same meanings as in the Grid Note.

ARTICLE 2 – AMENDMENTS

2.1 As of the Effective Date, the Grid Note is hereby amended or modified by adding the New Borrower.

2.2 Except as expressly provided in this Amending Agreement, all of the terms and provisions of the Grid Note are and will remain in full force and effect and are hereby ratified and confirmed by the Parties.

ARTICLE 3 – GENERAL

3.1 **General**

This Agreement may be executed in any number of counterparts which, together, shall constitute one and the same agreement. Fax or other electronic communication of execution of this agreement is permitted and shall constitute valid execution of this Agreement.

This Amendment constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

[*Signature page to follow*]

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

2733181 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2161907 Alberta Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2733182 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

273503 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

TS-IP Holdings Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

TS Programs Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2826475 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2197130 Alberta Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2699078 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2708540 Ontario Corporation

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2734082 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

TS Wellington Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2742591 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2796279 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2675970 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

14284585 Canada Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

10006215 Manitoba Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

80694 Newfoundland & Labrador Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

OEG RETAIL CANNABIS INC.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2385816 Alberta Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

1000451353 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

1000451354 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

AMENDING AGREEMENT

THIS AGREEMENT MADE effective August 2, 2024 (the "**Effective Date**"), among 2733181 Ontario Inc., 2161907 Alberta Ltd., 2733182 Ontario Inc., 2737503 Ontario Inc., TS-IP Holdings Ltd., TS Programs Ltd., 2826475 Ontario Inc., 2197130 Alberta Ltd., 2699078 Ontario Inc., 2708540 Ontario Corporation, 2734082 Ontario Inc., TS Wellington Inc., 2742591 Ontario Inc., 2675970 Ontario Inc, 2796279 Ontario Inc. 10006215 Manitoba Ltd., 80694 Newfoundland & Labrador Inc., 14284585 Canada Inc., 1000451354 Ontario Inc., 2385316 Alberta Ltd. and 1000451353 Ontario Inc. (each a "**Borrower**" and collectively the "**Borrowers**") and TS Investments Corp. formerly named OEG Retail Cannabis Inc. ((the "**Lender**") and together with the Borrowers, the "**Parties**") (the "**Amending Agreement**").

WHEREAS:

A. The Borrowers issued a Grid Promissory Note, General Security Agreement and a Guarantee to the Lender dated effective October 7, 2022, as amended December 30, 2022, February 21, 2023, and May 31, 2024 (the "**Documents**").

B. Effective August 2, 2024, OEG Retail Cannabis Inc. legally changed its name to TS Investments Corp. (the "**Lender Name**").

C. The Borrowers and Lender agreed to amend the Documents effective August 2, 2024.

ARTICLE 1 – DEFINITIONS

1.1 **Definitions**

In this Agreement, capitalized terms shall have the same meanings as in the Documents.

ARTICLE 2 – AMENDMENTS

2.1 As of the Effective Date, the Documents are hereby amended or modified by adding the Lender Name in substitution for OEG Retail Cannabis Inc. in all instances therein.

2.2 Except as expressly provided in this Amending Agreement, all of the terms and provisions of the Documents are and will remain in full force and effect and are hereby ratified and confirmed by the Parties.

ARTICLE 3 – GENERAL

3.1 **General**

This Agreement may be executed in any number of counterparts which, together, shall constitute one and the same agreement. Fax or other electronic communication of execution of this agreement is permitted and shall constitute valid execution of this Agreement.

This Amendment constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

[*Signature page to follow*]

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

2733181 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2161907 Alberta Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2733182 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2737503 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

TS-IP Holdings Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

TS Programs Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2826475 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2197130 Alberta Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2699078 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2708540 Ontario Corporation

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2734082 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

TS Wellington Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2742591 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2796279 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2675970 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

14284585 Canada Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

10006215 Manitoba Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

80694 Newfoundland & Labrador Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

TS INVESTMENTS CORP.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

2385816 Alberta Ltd.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

1000451353 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

1000451354 Ontario Inc.

Per: _____
Name: Jürgen Schreiber
Title: Director
I have the authority to bind the corporation.

THIS IS **EXHIBIT "Q"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

GENERAL SECURITY AGREEMENT – TS Investments Corp.

This GENERAL SECURITY AGREEMENT dated as of October 7, 2022 (as amended by a first amendment dated December 30, 2022, a second amendment dated February 21,2023, a third amendment dated May 31, 2024, and a fourth amendment dated August 2, 2024, and as may be further amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by the undersigned parties located at 590 King St. W – Suite 400, Toronto, ON M5V 1M3 (the "**Debtor**"), in favour of TS Investments Corp. located at 590 King St. W – Suite 400, Toronto, ON M5V 1M3 (the "**Secured Party**") in consideration of the Secured Party entering into the grid promissory note dated as of the date hereof between the Debtor and the Secured Party (the "**Promissory Note**"), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor.

1. Grant of Security Interest. As security for the payment and performance of the Secured Obligations (as defined below), the Debtor hereby grants, assigns, transfers, sets over, mortgages, charges and pledges to the Secured Party, and hereby creates a general and continuing security interest in favour of the Secured Party in and to all of the Debtor's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

(a) all present and after-acquired property, assets and undertaking of the Debtor of every kind and nature whatsoever, including all Accounts, Goods (including Inventory, Equipment and motor vehicles, but excluding Consumer Goods), Intangibles, Intellectual Property (defined below), Chattel Paper, Documents of Title, Instruments, Securities (including those listed in Schedule A), Securities Accounts and all other Investment Property, Money, and any other contract rights or rights to the payment of money;

(b) all Proceeds and products of each of the foregoing, including any and all Proceeds of any insurance, indemnity, compensation for loss or damage, warranty or guarantee payable to the Debtor from time to time with respect to any of the foregoing;

(c) all books and records relating to the foregoing, including in any form or medium;

(d) all supporting obligations relating the foregoing; and

(e) all additions, accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing.

The last day of the term of any lease, verbal or written, or any agreement to lease, now held or hereafter acquired by the Debtor is hereby excepted out of the security interests hereby created, but should the Secured Party need to enforce against the Collateral, the Debtor shall hold the last date in trust for the Secured Party and shall assign it to any person acquiring the term or that part of the term that is charged in the course of any enforcement or realization of the Collateral.

For greater certainty, (i) a security interest is taken in all of the Debtor's present and after-acquired personal property; and (ii) the Collateral does not include any Consumer Goods.

2. Attachment of Security Interest. The Debtor acknowledges that value has been given, that the Debtor has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Agreement. The Debtor acknowledges that any security interest in this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that the Debtor acquires rights in such after-acquired Collateral.

3. Limitation on Grant of Security Interest.

(a) To the extent the grant of the security interest in respect of any contract, permit, lease, licence, instrument, document or other agreement entered into by the Debtor would result in the breach or termination of or cause a default under such contract, permit, lease, licence, instrument, or other agreement (each an "**Excluded Asset**"), each such Excluded Asset shall not be subject to the security interest created hereby while such restriction applies but shall be held in trust by the Debtor in favour of the Secured Party,

but only for so long as such prohibition or requirement for consent is not terminated, rendered unenforceable or otherwise deemed ineffective by the *Personal Property Security Act* (Ontario) ("**PPSA**") or any other applicable law; provided however that Excluded Assets shall not include any Proceeds, products, substitutions or replacements of any Excluded Asset (unless such Proceeds, products, substitutions, or replacements would themselves otherwise constitute Excluded Assets) and provided further that if any Excluded Asset would have otherwise constituted Collateral, when such asset shall cease to be an Excluded Asset, such asset shall be deemed at all times from and after the date hereof to constitute Collateral subject to the security interest created hereby. The Debtor will use all commercially reasonable efforts to obtain the consent of each other party to any and all Excluded Assets to the assignment of such Excluded Assets to the Secured Party in accordance with this Agreement. The Debtor will also use all commercially reasonable efforts to ensure that no material agreement entered into on or after the date of this Agreement shall expressly prohibit assignment of the benefits of such agreement as collateral security to the Secured Party.

(b) The security interest with respect to trademarks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Secured Party, but does not constitute an assignment of such Collateral to the Secured Party.

4. Secured Obligations. The Collateral secures the payment and performance of all present and future obligations of the Debtor to the Secured Party from time to time including, without limitation, all present and future obligations of the Debtor arising under the Promissory Note, any other amounts owed by the Borrowers to the Lender from time to time, and this Agreement, whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, whether the indebtedness is reduced and thereafter increased or entirely extinguished and thereafter incurred again, whether incurred by the Debtor alone or with another or others and whether as a principal or surety, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, together with all fees, costs, legal fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities related thereto (all such obligations, covenants, duties, debts, liabilities, sums and expenses set forth in this Section 4 being herein collectively called the "**Secured Obligations**").

5. Intellectual Property. The Debtor hereby further authorizes the Secured Party to file with the Canadian Intellectual Property Office this Agreement and other documents for the purpose of recording, perfecting, confirming, continuing, enforcing or protecting the security interests in all Intellectual Property granted by the Debtor hereunder. "**Intellectual Property**" means any intellectual or intangible property and proprietary rights (whether owned or licensed) including, without limitation, trademarks, trademark applications and registrations, service marks, trade styles, trade names, patents, patent applications and registrations, copyrights, copyright registrations and applications, works of authorship, industrial designs, industrial design applications and registrations, integrated circuit topographies, know-how and processes, trade secrets, inventions, formulas, processes, mask works, other business or technical confidential or proprietary information, software and computer hardware programs and systems, source codes, object codes, databases and documentation related to the foregoing, all domain names, internet addresses, internet sites and social media, including all related accounts, names and content and other proprietary information, and all rights to sue at law or in equity for any past, present, or future infringement, violation, misuse, misappropriation or other impairment thereof, whether arising under the laws of Canada, the laws of any Canadian province or territory or foreign laws or otherwise, including the right to receive injunctive relief and all proceeds and damages therefrom.

6. Representations and Warranties. The Debtor represents and warrants as follows:

(a) The Debtor's place or places of business and the location or locations of the Collateral, including all books and records in respect of Accounts, are set out in Schedule B hereto.

(b) The Debtor is the sole, direct, legal and beneficial owner of, and has good marketable title to, all existing Collateral and shall be the sole, direct, legal and beneficial owner of, and have good marketable title to, each item of after-acquired Collateral free and clear of any mortgages, charges, hypothecs, pledges, trusts, liens, security interests and other claims except for the security interests created by this Agreement and other encumbrances permitted by the Promissory Note.

(c) The Debtor has been incorporated and validly exists under the laws of its jurisdiction of incorporation and has full power, capacity, authority and legal right to borrow, grant a security interest in the Collateral, execute and deliver this Agreement and perform its obligations under this Agreement, and the full and correct name of the Debtor and the location of its executive office is as set forth on the first page of this Agreement.

(d) This Agreement has been duly authorized, executed and delivered by the Debtor and constitutes a legal, valid and binding obligation of the Debtor enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).

(e) The Securities (including those listed in Schedule A) and other Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable and subject to no options to purchase or similar rights. No Person (other than the Debtor) has any right to acquire or cause to be issued to them any of the Securities or other Equity Interests.

(f) The Collateral does not include any certificated securities that the Debtor has not delivered to the Secured Party.

(g) The Debtor has taken all action required on its part for control to have been obtained by the Secured Party over all Collateral with respect to which such control may be obtained pursuant to the PPSA and, to the extent applicable the *Securities Transfer Act* (Ontario). No person other than the Secured Party has control or possession of all or any part of the Collateral.

7. Covenants. The Debtor covenants as follows:

(a) The Debtor will not, without providing at least 20 days' prior written notice to the Secured Party, change its legal name, jurisdiction of incorporation corporate structure, province, or territory in which its registered office, chief executive office or its principal place of business is located. The Debtor will, prior to any such change, take all actions requested by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(b) The Collateral will be kept at those locations listed in Schedule B and, except for Inventory sold or leased in the ordinary course of business, the Debtor will not remove the Collateral from such locations without obtaining the Secured Party's prior written consent or as otherwise permitted in the Promissory Note. The Debtor will, prior to any such change, take all actions required by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(c) The Debtor will not sell, dispose of, lease, assign or otherwise transfer any of the Collateral except as expressly provided for in the Promissory Note, in the ordinary course of business, or with the prior written consent of the Secured Party. The Debtor will not amend or terminate any chattel paper, document of title, instrument, security, investment property or intangible, without the prior written consent of the Secured Party.

(d) The Debtor will not grant, create, permit or suffer to exist any mortgage, hypothec, pledge, lien, security interest, option, right of first offer, right of first refusal, encumbrance, statutory lien or trust (including any conditional sale or other title retention agreement or finance lease) or other restriction or limitation of any nature whatsoever on the Collateral except as expressly provided for in the Promissory Note or with the prior written consent of the Secured Party.

(e) The Debtor will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party.

(f) The Debtor will not use the Collateral in violation of this Agreement, or any other agreement relating to the Collateral or any policy of insurance thereon, or any Applicable Law. The Debtor will keep all licences, permits, agreements, registrations and applications relating to the Intellectual Property used by Debtor in good standing. The Debtor shall, at its own cost and expense, defend title to the Collateral and the security interests of the Secured Party therein against the claim or demand of any person claiming against or through the Debtor and shall maintain and preserve such perfected security interests for so long as this Agreement shall remain in effect.

(g) The Debtor will pay promptly when due all Indebtedness to the Secured Party subject to the terms of the Promissory Note.

(h) The Debtor will permit the Secured Party, and its representatives, agents, consultants and advisors, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. The Debtor shall, upon request by the Secured Party, provide the Secured Party with any information concerning the Collateral, the Debtor and its business, as the Secured Party may reasonably request, including access to the Debtor's senior executives, accountants and auditors to discuss any information concerning the Collateral.

(i) The Debtor will make and maintain all filings, registrations and recordals necessary to maintain its right in the patents, trademarks, copyrights and industrial designs included in the Intellectual Property.

8. Survival. All representations, warranties and covenants made by the Debtor shall survive the execution and delivery of this Agreement and remain in full force and effect until the payment in full of the Secured Obligations.

9. Power of Attorney. The Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or employee of the Secured Party as the Debtor's true and lawful attorney, with full power of substitution and with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, from time to time, during the continuance of an Event of Default (as defined in the Second Amended and Restated Credit Agreement between 2675970 Ontario Inc. as Borrower and the Bank of Montreal as Administrative Agent to the Lenders, dated the date hereof), in the Secured Party's discretion to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Debtor representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same, to transfer, endorse, negotiate and sign on behalf of the Debtor any of the Equity Interests, to complete the blanks in any transfers of shares, bonds or debentures, any power of attorney or other documents delivered to it, to provide instructions or entitlement orders to any securities intermediary which maintains any securities account in which any Collateral is maintained, and to delegate its powers and for any delegate to sub-delegate the same (but the Secured Party shall not be obligated to and shall have no liability to the Debtor or any third party for failure to do so or take any action). Such appointment, being coupled with an interest, shall be irrevocable until the full and final discharge of the security interests created by this Agreement. The Debtor hereby ratifies all acts that such attorneys shall lawfully do or cause to be done by virtue hereof.

10. Receivables. After an Event of Default has occurred and is continuing, the Secured Party may, or at the request and option of the Secured Party, the Debtor shall: (i) notify account debtors of the Secured Party's security interests in any account, chattel paper, intangible, instrument or other Collateral; and (ii) direct that payment thereof is to be made directly to the Secured Party.

11. Secured Party May Perform. If the Debtor fails to perform any obligation contained in this Agreement, the Secured Party may itself perform, or cause performance of, such obligation, and the costs and expenses of the Secured Party incurred in connection therewith shall be payable by the Debtor; provided that the Secured Party shall not be required to perform or discharge any obligation of the Debtor and the performance by the Secured Party shall not waive the rights of the Secured Party to enforce this Agreement.

12. Set-Off. Upon the occurrence of an Event of Default, the Secured Party may, without notice to the Debtor or any other person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit

of the Debtor from the Secured Party or any of the Secured Party's affiliates, in any currency, against and on account of all or any part of the Secured Obligations, as the Secured Party may see fit (in its sole discretion), whether or not the Secured Obligations are due and payable. The Secured Party's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, the Secured Party will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Secured Party.

13. Remedies. Upon the occurrence of an Event of Default that is continuing, the Secured Party may, by notice, terminate any further advances and declare any or all of the Secured Obligations to be immediately due and payable and the Secured Party may proceed to realize upon the Collateral and immediately enforce its rights and remedies, including the following:

(a) the Secured Party may assert all rights and remedies of a secured party under the PPSA or other applicable law;

(b) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;

(c) the Secured Party can take possession of the Collateral by requiring the Debtor to assemble and deliver the Collateral, or make the Collateral available, to the Secured Party at a place and time designated by the Secured Party;

(d) the Secured Party may take possession of the Collateral by carrying on all or any part of the business of the Debtor and may, to the exclusion of all others, including the Debtor, enter upon, occupy and use any of the land and premises, buildings, plants and undertakings owned, occupied or used by the Debtor and may use any of the tools, machinery, equipment, intangibles (including Intellectual Property) of the Debtor for such time as the Secured Party sees fit, free of charge and without liability, in order to carry on the business of the Debtor or to manufacture or complete the manufacture of Inventory and to pack and ship finished products; and the Secured Party will not be liable to any Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on their part thereof as determined by a final non-appealable judgment of a court of competent jurisdiction) or in respect of any rent, charges, depreciation or damages in connection with such actions;

(e) the Secured Party may borrow money required for the maintenance, preservation or protection of the Collateral, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Agreement;

(f) the Secured Party may exercise and enforce all rights and remedies of the Debtor with respect to the Collateral, including collecting or compromising all or any of the Debtor's Accounts;

(g) the Secured Party may sell, lease, licence, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions as the Secured Party may deem commercially reasonable;

(h) the Secured Party may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Secured Party or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, "**Receiver**"), of the Collateral or any part of the Collateral and remove or replace any person so appointed. Any Receiver so appointed shall (i) have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for the Debtor and not the Secured Party, and the Secured Party shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed at the discretion of the Secured Party and a replacement appointed by the Secured Party;

(i) the Secured Party may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall (i) have, in addition to any

other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for the Debtor and not the Secured Party, and the Secured Party shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed at the discretion of the Secured Party and a replacement appointed by the Secured Party;

(j) the Secured Party may retain the Collateral in satisfaction of the Secured Obligations.

The Secured Party shall not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral.

14. Distribution of Proceeds. Any cash held by the Secured Party as Collateral and all cash Proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Secured Party to the payment of expenses incurred by the Secured Party in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Party hereunder, including reasonable legal and Receivers' fees, and the balance of such proceeds shall be applied or set off against all or any part of the Secured Obligations in such order as the Secured Party shall elect, in its sole discretion. Any surplus of such cash or cash Proceeds held by the Secured Party and remaining after payment in full of all the Secured Obligations shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive such surplus. The Debtor shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any solicitor employed by the Secured Party to collect such deficiency.

15. Defined Terms. Capitalized terms not otherwise defined in this Agreement shall have the respective meanings assigned to such terms in the Promissory Note. Unless otherwise defined herein or in the Promissory Note, terms used herein that are defined in the PPSA shall have the meanings assigned to them in the PPSA or the regulations made under the PPSA.

16. Acknowledgement and Waiver. The Debtor acknowledges receipt of a fully executed copy of this Agreement. To the extent permitted by law, the Debtor hereby waives its right to receive a copy of any financing statement, financing change statement or verification or confirmation statement registered or received by or on behalf of the Secured Party in connection with the Secured Party's interest in the Collateral.

17. No Waiver and Cumulative Remedies. The Secured Party shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

18. Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Debtor therefrom shall be effective unless the same shall be in writing and signed by the Secured Party and the Debtor, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

19. Notices. All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the parties at the addresses set forth in the Promissory Note and shall be given in the manner and become effective as set forth in the Promissory Note.

20. Continuing Security Interest; Assignment. This Agreement creates a general and continuing security interest in the Collateral and shall (a) remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon the Debtor, its successors and permitted assigns, and (c) enure to the benefit of the Secured Party and its successors, transferees and assigns; provided that the Debtor may not assign

or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Secured Party. The Secured Party may assign or transfer any of its rights under this Agreement without the consent of the Debtor.

21. Amalgamation. The Debtor acknowledges that, if it amalgamates with another person, the term Debtor, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any Collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Secured Party at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Secured Party thereafter arising.

22. Governing Law. This Agreement and all matters arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable in that province and the parties irrevocably attorn to the non-exclusive jurisdiction of the courts of Ontario. Where any Collateral affected by this Agreement is located in another jurisdiction the Personal Property Security Act or similar legislation of that jurisdiction shall govern.

23. Counterparts and Electronic Transmission. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement. The word "executed" and words of like import shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity, or enforceability as a manually executed signature or the use of a paper based recordkeeping system, as the case may be, to the extent and as provided for in any Law, including Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada) and other similar federal or provincial laws based on the *Uniform Electronic Commerce Act* of the Uniform Law Conference of Canada or its *Uniform Electronic Evidence Act*, as the case may be.

24. Conflict with Promissory Note. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Promissory Note, the terms of the Promissory Note shall govern to the extent necessary to remove the conflict or inconsistency.

25. Further Assurances. The Debtor agrees that, at any time and from time to time, at the expense of the Debtor, the Debtor will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Secured Party may reasonably request to create and maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder or under any other Loan Document with respect to any Collateral.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Debtor has executed this Agreement.

2675970 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2733181 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2161907 ALBERTA LTD.

By: Jürgen Schreiber
Name: Jürgen Schreiber
Title: Chief Executive Officer

2733182 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2737503 ONTARIO INC.

By: Justin Farbstein

Name: Justin Farbstein

Title: President

TS-IP HOLDINGS LTD.

By: Shawna K. Vogel

Name: Shawna Vogel
Title: Secretary

TS PROGRAMS LTD.

By: Justin Farbstein

Name: Justin Farbstein
Title: Secretary

2826475 ONTARIO INC.

By: Justin Farbstein

Name: Justin Farbstein
Title: President

2197130 ALBERTA LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2699078 ONTARIO INC.

By: Justin Farbstein
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Title: President

2708540 ONTARIO CORPORATION

By: Justin Farbstein
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2734082 ONTARIO INC.

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Title: President

TS WELLINGTON INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2742591 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2796279 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

10006215 MANITOBA LTD.

By: _____
Name: Andy Williams
Title: President

80694 NEWFOUNDLAND & LABRADOR INC.

By: _____
Name: Andy Willams
Title: President

14284585 CANADA INC.

By: _____
Name: Andy Williams
Title: President

1000541354 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

1000541353 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

2385816 ALBERTA LTD.

By: _____
Name: Andy Williams
Title: President

SCHEDULE A

PLEDGED SECURITIES

Issuer	Class/Type of Security	Certificate Number (if certificated)	Number of Securities
NIL			

SCHEDULE B

LOCATION OF THE COLLATERAL

1. 1180 Queen Street West
   Toronto, ONTARIO M6J 1J4

2. 666 Wonderland Road N, Unit 6B
   London, ON N6H 4K9

3. 1082 Memorial Ave
   Thunder Bay, ON P7B 4A3

4. 570 Bloor St W
   Toronto, ON M6G 1K1

5. 8 Lebovic Avenue, Unit B5, Eglinton Town Centre
   Scarborough, ON M1L 4V9

6. 80 Marketplace Avenue
   Ottawa, K2J 5G3

7. 545 Queen St W
   Toronto, ON M5V 2B6

8. 979 Bloor St W
   Toronto, ON M6H 1L7

9. Unit 665-500 655 Erb St W Waterloo Commons
   Waterloo, ON N2L 1W3

10. 572 Arthur St W
    Thunder Bay, ON P7E 5R8

11. 400 King St W , Unit 7
    Oshawa, ON L1J 2J9

12. 1303 Queen Street East
    Toronto, ON M4L 1C2

13. Unit 3, 390 Lakeshore
    Drive, North Bay, ON P1A 2C7

14. 1000 Wellington Street West, Suite 101
    Ottawa, ON K1Y 2X9

15. 590 King St. W, Suite 400
    Toronto, ON M5V 1M3

16. 1450 South Main Street, Unit D011,
    Dauphin, MB R7N 3H4

17. 2705 Victoria Ave.,
    Brandon, MB R7B 0N1

18. 309 Saskatchewan Ave. E,
    Portage la Prairie, MB R1B 0L6

19. 120 Osborne Street, Unit 1,
    Winnipeg, MB R2L 1Y5

20. 1592 Regent Ave. W, Unit 2,
    Winnipeg, MB R2C 3B4

21. 628 18th Street,
    Brandon, MB R7A 5B4

22. 915 18th Street, Unit 3,
    Brandon, MB R7A 7S1

23. Unit A- 195 La Verendrye Blvd,
    Morden, MB R6M 0C9

24. 264 McDermot Ave., Unit 101,
    Winnipeg, MB R2B 0S8

25. 2-437 Stradbrook Ave.,
    Winnipeg, MB R2L 0J7

26. 55B Goulet Street,
    Winnipeg, MB R2H 0R5

27. 3393 Portage Ave., Unit 150,
    Winnipeg, MB R2K 2C9

28. 50 Commonwealth Ave, Unit 5,
    Mount Pearl, NL A1N 1W8

29. 81 Conception Bay Highway South, Suite 3,
    Conception Bay South, NL A1W 3A3

30. 27 Aspen Drive,
    Happy Valley-Goose Bay, NL A0P 1C0

31. 101 Centre Street,
    Meadowlake, SK S9X 1L2

32. 1919A 8th Ave., Unit R20,
    Humboldt, SK S0K 2A1

33. 3012 8th Street East Bay 30,
    Saskatoon, SK S7H 0W2

34. B-3735 Quance Street E,
    Regina, SK S4V 3A4

35. 241B Broadway Street E,
    Fort Qu'Appelle, SK S0G 1S0

36. 290 Prince William Drive,
    Melville, SK S0A 2P0

37. 1501 Albert Street,
    Regina, SK S4P 2S5

38. 141-143 2Nd Ave. N, Saskatoon, SK
    S7K 2A9

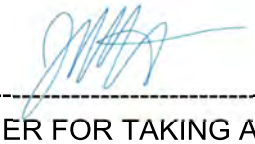
39. 2257 Rymal Road E, Unit D-1
    Stoney Creek, ON L8J 2V8

40. 701 Memorial Avenue, Unit 2
    Thunder Bay, ON P7E 3Z7

41. 540 Arthur Street West, Suite 2021
    Thunder Bay, ON P7E 5R7

42. 6455 Macleod Trail SW, Store
    Number 0175, Calgary, AB T2H 0K8

THIS IS **EXHIBIT "R"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

GUARANTEE

DATE: October 7, 2022, as first amended at December 30, 2022, February 21, 2023, May 31, 2024, and August 2, 2024

To: TS Investments Corp. ("**Lender**")

1. Guarantee.

For good and valuable consideration, each of the undersigned (hereafter called the "**Guarantors**") guarantee the payment of all present and future obligations of the parties listed in Schedule A hereto, (hereafter called the "**Borrowers**") to the Lender, in principal, interest, and costs, arising under or in connection with that certain grid promissory note entered into on the date hereof (as may be amended, supplemented, restated, modified and/or replaced from time to time, the "**Promissory Note**") and any other amounts owed from the Borrowers to the Lender from time to time (collectively, the "**Indebtedness**").

2. Joint and Several Liability.

This guarantee shall bind the Guarantors jointly and severally with the Borrowers and with any other guarantor. The Guarantors shall be liable for all obligations of the Borrowers to the Lender, including, without limitation, those arising under or in connection with the Promissory Note.

3. Continuing Guarantee.

This guarantee is a continuing guarantee and shall subsist notwithstanding occasional repayment of the Borrowers' obligations in whole or in part under the Promissory Note. It shall guarantee all debts and obligations of the Borrowers to the Lender that are referenced in the Promissory Note, present and future, direct and indirect, of any nature whatsoever, whether these debts and obligations have been contracted by the Borrowers alone or with others and the Indebtedness. The Guarantors shall also pay to the Lender all costs and disbursements incurred by the Lender for the recovery of the debts and obligations of the Borrowers.

4. Time of Payment.

This guarantee shall oblige the Guarantors to pay any amount claimed by the Lender hereunder on demand. The Lender shall not be required to exercise its recourses against the Borrowers or any other person liable for the Borrowers' obligations, nor to realize any security whatsoever, nor to await the results of any liquidation of property; the Guarantors waives all benefits of division and discussion.

5. Demand for Payment.

Any demand for payment may be mailed or emailed to the Guarantors' last address or email address (as applicable) known to the Lender and such demand shall be deemed to have been made from the date of its mailing or the sending of such email (as applicable).

6. Scope of Guarantor's Obligations.

This guarantee shall remain in effect notwithstanding any change in the constitution, business or objects of the Borrowers and any corporation resulting from the amalgamation of any Borrower or Borrowers with another corporation shall continue to be bound by this guarantee. The Guarantors also waive all rights to invoke causes of nullity of the debts and obligations of the Borrowers or the excess or absence of authority of persons acting on behalf of the Borrowers.

7. Liability of Guarantor.

The liability of the Guarantors shall not be reduced or modified if, without the consent of the Guarantors, the Lender grants extensions of time to the Borrowers or to any other person liable for the Borrowers' obligations. The Guarantors shall remain liable for the debts and obligations of the Borrowers even if the Borrowers are released from such debts and obligations by reason of bankruptcy, a proposal, an arrangement or any other reason.

8. Rights of the Lender.

This guarantee is in addition to and not in substitution for any other security or guarantee which the Lender now or hereafter holds. The Lender may apply any payment received by it and the proceeds of realization of any security as it deems appropriate. The Guarantors shall not exercise any right of subrogation in the rights of the Lender until the Lender shall have received payment in full of the debts and obligations of the Borrowers.

9. Termination.

This guarantee shall bind the Guarantors together with the Guarantors' successors until termination by notice in writing served on the Lender. Such termination shall not be effective and shall not terminate the liability of the Guarantors in respect of obligations incurred prior to the said notice or obligations incurred subsequently if such subsequent obligations arise from commitments, whether express or tacit, made by the Lender in favour or for the account of the Borrowers prior to the notice of termination.

10. Change in Circumstances.

This guarantee shall remain in effect notwithstanding any change in the circumstances which led the Guarantors to execute this guarantee and notwithstanding the termination of the office or duties of the Guarantors or a change in same or in any relationship between the Guarantors and the Borrowers.

11. Waiver of Defences

The Guarantors agree that their obligations under this Guarantee are irrevocable, continuing, absolute, and unconditional and shall not be discharged or impaired or otherwise affected by, and the Guarantors hereby irrevocably waive any defences to enforcement they may have (now or in the future) by reason of one or more of the following:

a) Any illegality, invalidity, or unenforceability of any obligation, the Indebtedness;

b) Any change in the amount, time place or manner of payment or performance of, or in any other term of the obligations, or any waiver, release, assignment, amendment or other modification of the Indebtedness;

c) Any taking, substitution, release, impairment, loss in value, amendment, waiver, or non-perfection of any collateral or any other guarantee for the Indebtedness;

d) Any manner of sale, disposition or application of proceeds of any collateral or other assets to all or part of the Indebtedness;

e) Any default, failure or delay, wilful or otherwise, in the performance of the obligations;

f) Any change in the name, object, capital, ownership or control, or constitution of the Guarantors or the Borrowers or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrowers, any Guarantors or their assets or any resulting restructuring, compromise, release or discharge of any obligations;

g) Any merger, amalgamation, consolidation or other fundamental change of the Borrowers or the Guarantors;

h) Any failure of the Lender to disclose to the Guarantors any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrowers now or hereafter known to the Lender and the Guarantors hereby waive any duty of the Lender to disclose such information;

i) The failure of the Lender to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of the Promissory Note or otherwise;

j) Any defence, set-off or counterclaim (other than a defence of payment or performance) that may at any time be available to, or be asserted by, the Borrowers against the Lender; and

k) Any other circumstance, act, or omission that might vary the risk of the Guarantors or otherwise operate as a defence available to, or a legal or equitable discharge of, the Guarantors.

12. Successor of the Lender.

This guarantee shall bind the Guarantors to the Lender and to the Lender's successors and assigns by way of amalgamation or otherwise. Any security given to the Lender by the Guarantor shall benefit the Lender's successors and assigns.

13. Applicable Law.

This guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario. The Guarantors acknowledge the jurisdiction of the courts of that province regarding this guarantee and the recourses hereunder.

[signature page follows]

IN WITNESS WHEREOF the undersigned have executed and delivered this Guarantee on the 2nd of August, 2024.

2675970 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2733181 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2161907 ALBERTA LTD.

By: Jürgen Schreiber
Name: Jürgen Schreiber
Title: Chief Executive Officer

2733182 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2737503 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS-IP HOLDINGS LTD.

By: Shawna K. Vogel
Name: Shawna Vogel
Title: Secretary

TS PROGRAMS LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2826475 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2197130 ALBERTA LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2699078 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2708540 ONTARIO CORPORATION

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2734082 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS WELLINGTON INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2742591 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2796279 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2385816 ALBERTA LTD.

By: _____
Name: Andy Williams
Title: President

10006215 MANITOBA LTD.

By: _____
Name: Andy Williams
Title: President

80694 NEWFOUNDLAND & LABRADOR INC.

By: _____
Name: Andy Willams
Title: President

14284585 CANADA INC.

By: _____
Name: Andy Williams
Title: President

100045353 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

100045354 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

SCHEDULE A – BORROWERS

2733181 ONTARIO INC.

2675970 ONTARIO INC.

2161907 ALBERTA LTD.

2733182 ONTARIO INC.

2737503 ONTARIO INC.

TS-IP HOLDINGS LTD.

TS PROGRAMS LTD.

2826475 ONTARIO INC.

2197130 ALBERTA INC.

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10006215 MANITOBA LTD.

80694 NEWFOUNDLAND & LABRADOR INC.

14284585 CANADA INC.

100045353 ONTARIO INC.

100045354 ONTARIO INC.

2385816 ALBERTA LTD.

THIS IS **EXHIBIT "S"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

10006215 MANITOBA LTD.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
MANITOBA Search currency date: August 19, 2024					
2023-04-18	BMO	n/a	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	202306010206
2024-02-27, 3:49pm	2675970 Ontario Ltd.	n/a	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	202403242707
2024-02-27, 3:56pm	TS Investments Corp.	n/a	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	202403243509 Amendment: ➢ 202413655414 on 2024-08-07 (Changing Secured Party Name)
ONTARIO Search currency date: August 15, 2024					
2023-04-18	BMO	All exc. Cons. Goods	n/a	n/a	File 792464733; Registration 20230418 1606 9234 7702
2022-09-23 (this debtor added 2024-02-27)	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)

10006215 MANITOBA LTD.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
2022-09-23 (this debtor added 2024-02-27)	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)
[Discharged as against this Debtor] Debtor added on 2022-12-09 and released on 2023-01-05	Wilmington Trust, National Association, as Collateral Agent	All exc. Cons. Goods	n/a	n/a	File 770540229; Registration 20210312 1622 1590 6290 Amendments: ➢ 20210317 1522 1590 6618 (Adding Debtor) ➢ 20210401 1856 1590 8002 (Changing Debtor Names) ➢ 20210720 1327 9234 7948 (Adding Debtors) ➢ 20211105 1351 1590 3218 (Adding Debtors) ➢ 20220427 1438 1590 9520 (Releasing Debtors) ➢ 20220518 1056 1590 2977 (Adding Debtors) ➢ 20220725 0949 9234 3879 (Deleting Debtor) ➢ 20220908 0955 9234 4566 (Adding Debtor) ➢ 20221028 1234 9234 5254 (Amending Debtor Names)

10006215 MANITOBA LTD.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
					➢ 20221114 1017 9234 5452 (Deleting Debtors) ➢ 20221209 1152 1590 2350 (Adding Debtor) ➢ 20230105 1419 9234 6285 (Deleting Debtors) ➢ 20230125 0819 1590 8344 (Deleting Debtor) ➢ 20230329 1548 1590 6693 (Deleting Debtors) ➢ 20230404 1208 1590 7643 (Deleting Debtors) ➢ 20230424 1044 1590 0152 (Removing Debtor and Changing Debtor Names) ➢ 20230613 1228 1590 7495 (Removing Debtor) ➢ 20230718 1523 1590 2540 (Removing Debtor) ➢ 20230727 1225 1590 3824 (Removing Debtors) ➢ 20231220 0809 1590 3558 (Removing Debtor) ➢ 20240201 1206 1590 9088 (Removing Debtors and Changing Debtor Names) ➢ 20240425 0944 1590 9910 (Removing Debtor)

14284585 CANADA INC.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
ALBERTA Search currency date: August 19, 2024					
2022-09-23	2675970 Ontario Ltd.	Security Agreement	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	Registration 22092301783 Amendments: ➢ 24022732336 on February 27, 2024 (Adding Debtors) ➢ 24061005898 on June 10, 2024 (Adding Debtors)
2022-09-23	TS Investments Corp.	Security Agreement	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	Registration 22092301915 Amendments: ➢ 24022732340 on February 27, 2024 (Adding Debtors) ➢ 24061005907 on June 10, 2024 (Adding Debtors) ➢ 24080718205 on August 7, 2024 (Changing Secured Party Name)
2023-04-18	BMO	Security Agreement	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	Registration 23041831328
2023-04-18	BMO	Land Charge	n/a	n/a	Registration 23041834671
SASKATCHEWAN Search currency date: August 21, 2024					
2023-04-18	BMO	Personal Property Security Agreement	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	Registration 302409241

14284585 CANADA INC.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
2024-02-27	2675970 Ontario Ltd.	Personal Property Security Agreement	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	Registration 302520470
2024-02-27	TS Investments Corp.	Personal Property Security Agreement	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	Registration 302520496 Amendment: ➢ 302520496 (Changing Secured Party Name)
ONTARIO Search currency date: August 20, 2024					
[Discharged as against this Debtor] Debtor added on 2022-09-08 and released on 2023-01-05	Wilmington Trust, National Association, as Collateral Agent	All exc. Cons. Goods	n/a	n/a	File 770540229; Registration 20210312 1622 1590 6290 Amendments: ➢ 20210317 1522 1590 6618 (Adding Debtor) ➢ 20210401 1856 1590 8002 (Changing Debtor Names) ➢ 20210720 1327 9234 7948 (Adding Debtors) ➢ 20211105 1351 1590 3218 (Adding Debtors) ➢ 20220427 1438 1590 9520 (Releasing Debtors) ➢ 20220518 1056 1590 2977 (Adding Debtors) ➢ 20220725 0949 9234 3879 (Deleting Debtor) ➢ 20220908 0955 9234 4566

14284585 CANADA INC.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
					(Adding Debtor) ➢ 20221028 1234 9234 5254 (Amending Debtor Names) ➢ 20221114 1017 9234 5452 (Deleting Debtors) ➢ 20221209 1152 1590 2350 (Adding Debtor) ➢ 20230105 1419 9234 6285 (Deleting Debtors) ➢ 20230125 0819 1590 8344 (Deleting Debtor) ➢ 20230329 1548 1590 6693 (Deleting Debtors) ➢ 20230404 1208 1590 7643 (Deleting Debtors) ➢ 20230424 1044 1590 0152 (Removing Debtor and Changing Debtor Names) ➢ 20230613 1228 1590 7495 (Removing Debtor) ➢ 20230718 1523 1590 2540 (Removing Debtor) ➢ 20230727 1225 1590 3824 (Removing Debtors) ➢ 20231220 0809 1590 3558 (Removing Debtor) ➢ 20240201 1206 1590 9088 (Removing Debtors and Changing Debtor Names)

14284585 CANADA INC.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
					➢ 20240425 0944 1590 9910 (Removing Debtor)
2022-09-23 (this debtor added 2024-02-27)	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)
2022-09-23 (this debtor added 2024-02-27)	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2023-04-18	BMO	All exc. Cons. Goods	n/a	n/a	File 792464823; Registration 20230418 0609 9234 7703

2161907 ALBERTA LTD.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
ALBERTA Search currency date: August 19, 2024					
2020-02-06	BMO	Security Agreement	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	Registration 20020619332
2020-02-14	DAK Capital Inc.	Security Agreement	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY	n/a	Registration 20021424093
2020-02-18	BMO	Land Charge	n/a	n/a	Registration 20021814223
2020-02-20	DAK Capital Inc.	Land Charge	n/a	n/a	Registration 20022020527
2022-09-23	2675970 Ontario Ltd.	Security Agreement	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	Registrations 22092301735 & 22092301783 Amendments: ➢ 24022732336 on February 27, 2024 (Adding Debtors) ➢ 24061005898 on June 10, 2024 (Adding Debtors)
2022-09-23	TS Investments Corp.	Security Agreement	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	Registration 22092301915 Amendments: ➢ 24022732340 on February 27, 2024 (Adding Debtors) ➢ 24061005907 on June 10, 2024 (Adding Debtors) ➢ 24080718205 on August 7, 2024 (Changing Secured Party Name)

2161907 ALBERTA LTD.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
ONTARIO Search currency date: August 19, 2024					
2020-02-06	BMO	All exc. Cons. Goods	n/a	n/a	File 759930939; Registration 20200206 1457 9234 0319
2020-02-14	DAK Capital Inc.	All exc. Cons. Goods	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY	n/a	File 760142781; Registration 20200214 1537 1793 7060
[Discharged as of 2024-07-16] 2022-09-13	Ontario Minister of Finance	All exc. Cons. Goods & Motor Vehicle	n/a	$56,904	File 786648663; Registration 20220913 1301 1031 3512 Discharged by 20240716 0944 1031 8277
2022-09-23	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-09-23	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951702; Registration 20220923 0856 1590 1218 File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors)

2161907 ALBERTA LTD.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
					➢ 20240610 1130 1793 3193 (Adding Debtor)

2197130 ALBERTA LTD.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
ALBERTA Search currency date: August 19, 2024					
2020-10-26	BMO	Land Charge	n/a	n/a	20102633831
2020-10-27	BMO	Security Agreement	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	20102727833
2022-09-23	2675970 Ontario Ltd.	Security Agreement	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	22092301735 22092301783 Amendments: ➢ 24022732336 on February 27, 2024 (Adding Debtors) ➢ 24061005898 on June 10, 2024 (Adding Debtors)
2022-09-23	TS Investments Corp.	Security Agreement	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	22092301915 Amendments: ➢ 24022732340 on February 27, 2024 (Adding Debtors) ➢ 24061005907 on June 10, 2024 (Adding Debtors) ➢ 24080718205 on August 7, 2024 (Changing Secured Party Name)
ONTARIO Search currency date: August 19, 2024					
2020-10-27	BMO	All exc. Cons. Goods	n/a	n/a	File 767118177; Registration 20201027 1529 1793 0210

2197130 ALBERTA LTD.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
2022-09-23	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-09-23	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951702; Registration 20220923 0856 1590 1218 File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)

2385816 ALBERTA LTD.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
ALBERTA Search currency date: August 19, 2024					
2022-09-23	2675970 Ontario Ltd.	Security Agreement	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	Registration 22092301783 Amendments: ➢ 24022732336 on February 27, 2024 (Adding Debtors) ➢ 24061005898 on June 10, 2024 (Adding Debtors)
2022-09-23	TS Investments Corp.	Security Agreement	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	Registration 22092301915 Amendments: ➢ Amended by 24022732340 on February 27, 2024 (Adding Debtors) ➢ 24061005907 on June 10, 2024 (Adding Debtors) ➢ 24080718205 on August 7, 2024 (Changing Secured Party Name)
2024-04-10	BMO	Security Agreement	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR	n/a	Registration 24041019601
2024-04-10	BMO	Land Charge	n/a	n/a	Registration 24041021223
ONTARIO Search currency date: August 14, 2024					
2022-09-23	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments:

2385816 ALBERTA LTD.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
					➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-09-23 (this debtor added 2024-06-10)	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)
2024-04-10	BMO	All exc. Cons. Goods	n/a	n/a	File 504319896; Registration 20240410 1440 9234 3378

2675970 ONTARIO INC. Search currency date: August 18, 2024					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
2020-02-06	BMO	Accounts & Other only; Amended 2022-08-25 to all exc. Cons. Goods	n/a	n/a	File 759930948; Registration 20200206 1457 9234 0320 Amendment: ➢ 20220825 1455 9234 4408 (Amending Collateral Classification)
2022-09-23	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-10-06	DAK Capital Inc.	All exc. Cons. Goods	n/a	n/a	File 787373937; 20221006 1431 1590 3361

2699078 ONTARIO INC.

Search currency date: August 18, 2024

Date of Registration (yyyy-mm-dd)	Name of Creditor	Coll. Class.	Collateral Description	Registered Amount	File/Registration Number & Amendments
2020-05-22	BMO	All exc. Cons. Goods	n/a	n/a	File 762043914; Registration 20200522 1053 1590 4069
2020-10-16	2733181 Ontario Inc.	All exc. Cons. Goods	n/a	n/a	File 766813905; Registration 20201016 1522 1590 3957
2022-09-23	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-09-23	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)

2733181 ONTARIO INC.

Search currency date: August 18, 2024

Date of Registration (yyyy-mm-dd)	Name of Creditor	Coll. Class.	Collateral Description	Registered Amount	File/Registration Number & Amendments
2020-02-06	BMO	All exc. Cons. Goods	n/a	n/a	File 759930993; Registration 20200206 1458 9234 0323
2022-09-23	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-09-23	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951702; Registration 20220923 0856 1590 1218 File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)

2708540 ONTARIO CORPORATION

Search currency date: August 18, 2024

Date of Registration (yyyy-mm-dd)	Name of Creditor	Coll. Class.	Collateral Description	Registered Amount	File/Registration Number & Amendments
2019-11-12	2161907 Alberta Ltd.	All exc. Cons. Goods	ALL OF THE PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR PERTAINING TO, ARISING FROM OR USED IN CONNECTION WITH, THE LICENSED BUSINESS (AS SUCH TERM IS DEFINED IN THE LOAN AGREEMENT BETWEEN THE DEBTOR AND THE SECURED PARTY DATED NOVEMBER 7, 2019, AS MAY BE AMENDED, RESTATED OR REPLACED FROM TIME TO TIME), OTHER THAN CANNABIS OR CANNABIS PRODUCTS.	n/a	File 757524051; Registration 20191112 1637 1590 0076
2020-08-24	BMO	All exc. Cons. Goods	n/a	n/a	File 765037971; Registration 20200824 1328 1590 0177
2022-09-23	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-09-23	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951702; Registration 20220923 0856 1590 1218

2708540 ONTARIO CORPORATION

Search currency date: August 18, 2024

Date of Registration (yyyy-mm-dd)	Name of Creditor	Coll. Class.	Collateral Description	Registered Amount	File/Registration Number & Amendments
					File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)

2734082 ONTARIO INC.

Search currency date: August 18, 2024

Date of Registration (yyyy-mm-dd)	Name of Creditor	Coll. Class.	Collateral Description	Registered Amount	File/Registration Number & Amendments
2021-03-02	BMO	All exc. Cons. Goods	n/a	n/a	File 770247045; Registration 20210302 1711 9234 6021
2022-09-23	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-09-23	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951702; Registration 20220923 0856 1590 1218 File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)

2733182 ONTARIO INC.

Search currency date: August 19, 2024

Date of Registration (yyyy-mm-dd)	Name of Creditor	Coll. Class.	Collateral Description	Registered Amount	File/Registration Number & Amendments
2019-10-21 (this debtor added 2021-07-12)	2161907 Alberta Ltd.	All exc. Cons. Goods	ALL OF THE PERSONAL PROPERTY NOW OWNED OR HEREAFTER ACQUIRED BY THE DEBTOR, OTHER THAN PRE-EXISTING PROPERTY (AS SUCH TERM IS DEFINED IN THE LOAN AGREEMENT BETWEEN THE DEBTOR AND THE SECURED PARTY DATED SEPTEMBER 24, 2019, AS MAY BE AMENDED, RESTATED OR REPLACED FROM TIME TO TIME), CANNABIS OR CANNABIS PRODUCTS	n/a	File 756717183; Registration 20191021 1555 1590 7938 Amendments: ➢ 20210712 1233 1590 7184 (Adding Debtor) ➢ 20221005 1554 1793 9815 (Renewal)
2020-02-06	BMO	All exc. Cons. Goods	n/a	n/a	File 759930984; Registration 20200206 1458 9234 0322
2020-10-16	2733181 Ontario Inc.	All exc. Cons. Goods	n/a	n/a	File 766814004; Registration 20201016 1522 1590 3958
2022-09-23	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951702; Registration 20220923 0856 1590 1218 File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors)

2733182 ONTARIO INC. Search currency date: August 19, 2024					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
					➢ 20240610 1130 1793 3193 (Adding Debtor)
2022-09-23	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2023-11-08	2161907 Alberta Ltd.	All exc. Cons. Goods & MoVe	Assets and fixtures	n/a	File 500149251; Registration 20231108 1728 1793 4286

2737503 ONTARIO INC. Search currency date: August 18, 2024					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
2020-02-06	BMO	All exc. Cons. Goods	n/a	n/a	File 759930975; Registration 20200206 1458 9234 0321
2022-09-23	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ Amended by 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-09-23	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951702; Registration 20220923 0856 1590 1218 File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)

2742591 ONTARIO INC. Search currency date: August 18, 2024					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
2022-02-03	BMO	All exc. Cons. Goods	n/a	n/a	File 780161931; Registration 20220203 1235 9234 1251
2022-09-23	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-09-23	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)

2796279 ONTARIO INC. Search currency date: August 18, 2024					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
2021-01-22	2733181 Ontario Inc.	All exc. Cons. Goods	n/a	n/a	File 769396599; Registration 20210122 1436 1590 2203
2022-01-19	BMO	All exc. Cons. Goods	n/a	n/a	File 779761827; Registration 20220119 1124 9234 0949
2022-09-23	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-09-23	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)

2826475 ONTARIO INC. Search currency date: August 18, 2024					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
2021-05-12	BMO	All exc. Cons. Goods	n/a	n/a	File 772439877; Registration 20210512 1355 9234 7094
2022-09-23	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-09-23	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951702; Registration 20220923 0856 1590 1218 File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)

80694 NEWFOUNDLAND & LABRADOR INC.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
NEWFOUNDLAND AND LABRADOR Search currency date: August 20, 2024					
2024-02-27	TS Investments Corp.	PPSA Financing Statement	ALL PRESENT AND AFTER- ACQUIRED PERSONAL PROPERTY OF THE DEBTOR		Registration 21525985 Amendment: ➢ 22007223 on 2024-08-07 (Changing Secured Party Name)
2024-02-27	2675970 Ontario Ltd.	PPSA Financing Statement	ALL PRESENT AND AFTER- ACQUIRED PERSONAL PROPERTY OF THE DEBTOR		Registration 21525993
2024-04-03	Bank of Montreal	PPSA Financing Statement	A SECURITY INTEREST IS TAKEN IN ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR		Registration 20707030 Amendment: ➢ 21618095 (Changing Debtor Name)
ONTARIO Search currency date: August 19, 2024					
2022-09-23 (this debtor added as of 2024-02-27)	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor)

80694 NEWFOUNDLAND & LABRADOR INC.					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
					➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-09-23 (this debtor added as of 2024-02-27)	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)
2023-04-18	BMO	All exc. Cons. Goods	n/a	n/a	File 792464985; Registration 20230418 1614 9234 7706 Amendments: ➢ 20240403 1445 9234 3249 (Changing Debtor Name)

TS WELLINGTON INC. Search currency date: August 18, 2024					
Date of Registration (yyyy-mm-dd)	**Name of Creditor**	**Coll. Class.**	**Collateral Description**	**Registered Amount**	**File/Registration Number & Amendments**
2021-04-14	BMO	All exc. Cons. Goods	n/a	n/a	File 771550515; Registration 20210414 1741 1793 0736 Amendments: ➢ 20210503 1034 1793 2266 (Remove Collateral Description)
2022-09-23	TS Investments Corp.	All exc. Cons. Goods	n/a	n/a	File 786951693; Registration 20220923 0854 1590 1217 Amendments: ➢ 20240227 1643 1793 3316 (Adding Debtors) ➢ 20240610 1131 1793 3194 (Adding Debtor) ➢ 20240807 1335 1793 9192 (Changing Secured Party Name)
2022-09-23	2675970 Ontario Ltd.	All exc. Cons. Goods	n/a	n/a	File 786951702; Registration 20220923 0856 1590 1218 File 786951711; Registration 20220923 0857 1590 1219 Amendments: ➢ 20240227 1642 1793 3315 (Adding Debtors) ➢ 20240610 1130 1793 3193 (Adding Debtor)

***

THIS IS **EXHIBIT "T"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

ACCOMMODATION AGREEMENT

October 7, 2022

2675970 ONTARIO LTD.
as Lender
AND
2733181 ONTARIO INC.
AND
2161907 ALBERTA LTD.
AND
2733182 ONTARIO INC.
AND
2737503 ONTARIO INC.
AND
TS-IP HOLDINGS LTD.
AND
2197130 ALBERTA INC.
AND
2708540 ONTARIO CORPORATION
AND
2826475 ONTARIO INC.
AND
2734082 ONTARIO INC.
AND
TS WELLINGTON INC.
collectively, as Borrowers

ACCOMMODATION AGREEMENT

THIS AGREEMENT is dated October 7, 2022,

RECITALS

A. The Borrowers acknowledge that, as of the date of this accommodation agreement ("**Accommodation Agreement**"), the Borrowers are each indebted to the Lender, including without limitation, in the amounts set out in **Schedule 1** to this Accommodation Agreement plus all costs and interest (the "**Existing Indebtedness**").

B. The Borrowers require further extensions of credit to continue in business and to satisfy all of the Borrowers' current indebtedness, including but not limited to the Existing Indebtedness, in full.

C. The Lender and the Borrowers are in the process of renegotiating a credit facility with the Bank of Montreal ("**BMO**") pursuant to which BMO will provide a credit facility to the Lender and the Lender will on-lend funds to the Borrowers. BMO has required that the Lender or an affiliate of Lender contribute funds to the Borrowers for general working capital purposes as a condition to funds being extended by BMO.

D. The Lender is only willing to extend any further funds to the Borrowers (the "**New Indebtedness**") upon the Borrowers agreeing to extend Security, as defined below, on the Existing Indebtedness. The Lender confirms that it is unwilling to provide the New Indebtedness in the absence of obtaining the Security.

E. The Borrowers have considered all available options for obtaining further credit. Having reviewed the various options for obtaining further credit, the Borrowers are of the opinion that the only commercially reasonable source of additional credit is BMO and the Lender, with the New Indebtedness being provided substantially in the form of the grid promissory note entered into between the Lender, as lender, and the Borrowers, as borrowers, on October 7, 2022.

FOR VALUE RECEIVED, the parties agree as follows:

1. The Borrowers and the Lender (collectively, the "**Parties**") hereby acknowledge and declare that the foregoing recitals are true and correct in substance and in fact.

2. The Borrowers shall cause to be executed and delivered to the Lender as general and continuing security for the payment and performance of all obligations arising under the Existing Indebtedness (the "**Obligations**"):

    a. A general security agreement executed by the Borrowers in favour of the Lender, pursuant to which the Borrowers create a first priority security interest in all of the Borrowers' present and after acquired personal property, substantially in the form attached as **Schedule 2**; and

b. An unlimited mutual guarantee of all of the Borrowers' several obligations under the Existing Indebtedness, executed by all of the Borrowers, in favour of the Lender, substantially in the form attached as **Schedule 3** (collectively, the Security).

3. The Borrowers shall not grant, create, permit, or suffer to exist any mortgage, hypothec, pledge, lien, security interest, encumbrance, statutory lien or other restriction or limitation of any nature whatsoever on its property and assets without the prior written consent of the Lender, except that the prior written consent of the Lender shall not be required to subordinate the Security to any security required by the Bank of Montreal or by affiliates of the Lender.

4. Nothing herein shall obligate the Lender to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness or liability of the Borrowers to the Lender.

5. Any notice, request, demand or other communication to be given hereunder by either Party shall be duly given or made on the date of receipt when communicated by registered mail, courier, email or personal delivery to the following addresses, or such other addresses as a Party may notify the other Party of in writing:

   to the Lender:

   590 King St. W, Suite 400
   Toronto, ON M5V 1M3
   Attention: Paul Marcaccio
   pmarcaccio@katzgroup.ca

   to the Borrowers:

   590 King St. W, Suite 400
   Toronto, ON M5V 1M3
   Attention: Justin Farbstein
   jfarbstein@tyosmoke.ca

6. The Borrowers shall from time to time do or cause to be done such further acts and execute and deliver or cause to be executed and delivered such further documents as shall be reasonably required by the Lender in order to perform and carry out the intentions of the Parties and the terms of this Accommodation Agreement.

7. Nothing in this Accommodation Agreement shall be construed as in any way creating a partnership between Parties.

8. Time shall be of essence of this Accommodation Agreement.

9. No term or provision of this Accommodation Agreement may be changed, waived, amended or varied except by agreement executed by the Parties.

10. Failure by the Lender to insist upon the strict performance, observance or satisfaction of any of the covenants or conditions contained in this Accommodation Agreement shall not be construed as a waiver of any such covenant or condition.

11. Except as expressly provided for in this Accommodation Agreement, this Accommodation Agreement and the Security constitute the entire agreement between the Parties relating to the subject matter hereof.

12. This Accommodation Agreement may not be assigned by the Borrower without the prior written consent of the Lender. The Lender may assign this Accommodation Agreement and the Existing Indebtedness without the consent of the Borrowers.

13. If any one or more of the provisions of this Accommodation Agreement, or any part thereof, is determined to be invalid or unenforceable, the same shall be severed as to the unenforceable portion only. All other parts of such provision and all other provisions shall remain effective and enforceable to the fullest extent permitted by law.

14. This Accommodation Agreement shall enure to the benefit of the Lender, its successors and assigns, and shall be binding upon the Borrower, successors and permitted assigns.

15. This Accommodation Agreement and any amendments, waivers, consents, or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Accommodation Agreement by facsimile or by electronic mail shall be as effective as delivery of a manually executed counterpart of this Agreement.

Remainder of Page Intentionally Left Blank

IN WITNESS WHEREOF, the Parties have executed this Accommodation Agreement as of the date first noted above.

2675970 ONTARIO LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2733181 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2161907 ALBERTA LTD.

By: Jürgen Schreiber
Name: Jürgen Schreiber
Title: Chief Executive Officer

2733182 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2737503 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS-IP HOLDINGS LTD.

By: Shawna K. Vogel
Name: Shawna Vogel
Title: Secretary

2197130 ALBERTA LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2708540 ONTARIO CORPORATION

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2826475 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2734082 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

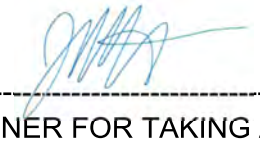
TS WELLINGTON INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

SCHEDULE 1 – EXISTING INDEBTEDNESS AS OF AUGUST 2, 2022

Party:	Existing Indebtedness to Lender:
2733181 ONTARIO INC.	$5,209,294.06
2161907 ALBERTA LTD.	$10,694,576.61
2733182 ONTARIO INC.	$ 40,196,024.18
2737503 ONTARIO INC.	$ 2,555,979.93
TS-IP HOLDINGS LTD.	$ 46,600.00
2197130 ALBERTA LTD.	$227,615.46
2708540 ONTARIO CORPORATION	$ 1,422,498.69
2826475 ONTARIO INC.	$ 167.80
2734082 ONTARIO INC.	$898,546.46
TS WELLINGTON INC.	$ 1,351,696.70

THIS IS **EXHIBIT "U"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

GRID PROMISSORY NOTE TO 2675970 ONTARIO INC.

TORONTO, ONTARIO

DATE: October 7, 2022, as amended December 30, 2022, February 21, 2023, and May 31, 2024

1. Promise to Pay

FOR VALUE RECEIVED, each of the undersigned (each a **"Borrower"** and collectively the **"Borrowers")** unconditionally promises to pay on demand to 2675970 Ontario Inc., a corporation governed by the laws of the Province of Ontario (the **"Lender"),** its successors and assigns, or to its order, at its offices at 590 King St. W Suite 400, Toronto, ON M5V 1M3 (or at such other address as the Lender shall notify the Borrowers), the amount outstanding (the **"Principal Amount"),** as set forth on the grid attached as Schedule A hereto (as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof, the **"Grid),** together with interest on the Principal Amount outstanding from time to time. Except as otherwise stated herein, all amounts are stated in Canadian currency.

2. Interest

The unpaid principal amount hereof from time to time outstanding shall bear interest at a rate equal to the rate as may be agreed upon in writing from time to time by the Lender and Borrowers and recorded in the Grid. Interest and principal shall be due and payable at such times as may be agreed upon from time to time by the Lender and relevant Borrower or Borrowers. Upon demand for payment of any principal amount hereof, accrued but unpaid interest on such principal amount shall also be due and payable. Interest shall be paid in any lawful currency as may be agreed upon by the Lender and relevant Borrower or Borrowers and in immediately available funds.

3. Loan Administration Interest

In addition to the payments of principal and interest set forth above, the Borrowers shall pay the Lender annually, beginning with the twelve month period ending June 30, 2023, and continuing through to the date of full payment of all obligations contained in this note, an additional annual interest amount (the "**Administration Fee**") which shall be equal to the initial sum of $200.00 per annum and may be amended annually to a sum deemed reasonable by the Lender at the Lender's sole discretion. The Administration Fee shall be non-refundable and shall be payable to the Lender as of the date hereof and shall be payable thereafter on the last day of June each subsequent year, provided that the individual named Borrower was indebted to the Lender at any time during the fiscal year as noted in the Grid. The Borrowers shall execute such additional instruments, assurances, or supporting documents and shall do all things and take all steps as may be requested by the Lender to carry out the intent hereof and to give such further assurances as the Lender may request. The existence or payment of the Administration Fee shall in no way alter or diminish the obligation to pay principal, interest, or any other fees or charges imposed under this note or any other agreement or note between the Lender and Borrowers or any guarantors.

4. Prepayment

Prior to demand, the Borrower or Borrowers shall be entitled to prepay all or any portion of the Principal Amount without notice, bonus or penalty. All payments made by the Borrower to the Lender pursuant to this Section 3 shall be recorded by the Lender on the Grid and the Principal Amount shall be reduced accordingly. Any payments in respect of amounts due under this Note

shall be applied first in satisfaction of any accrued and unpaid interest, and then to the Principal Amount outstanding.

5. Grid

The entries made by the Lender in the Grid shall be prima facie evidence of the existence and amounts of the obligations of the Borrower or Borrowers, as applicable, therein recorded; provided, however, that the failure of the Lender to record such payments or prepayments, or any inaccuracy therein, shall not in any manner affect the obligation of the Borrower or Borrowers, as applicable, to repay (with applicable interest) the Lender in accordance with the terms of this promissory note.

The Lender will give the undersigned written confirmation upon request of all notations made by it on the Grid, provided that the failure by the Lender to give such confirmation shall not impair the validity of any notation. The Grid may be so amended, supplemented, restated or otherwise modified from time to time by means of an instrument in writing signed by the Lender and the Borrowers.

6. Security

As security for the Borrowers' payment and performance of its obligations hereunder, the Borrower shall deliver to the Lender, or shall cause to be delivered to the Lender: (a) a general security agreement (the "GSA") granted by the Borrower in favour of the Lender whereby the Borrower grants a security interest in all of the **"Collateral"** as that term is defined in the GSA, and (b) a guarantee of the Borrowers in favour of the Lender.

7. Waiver by the Borrower

The Borrowers waive presentment for payment, notice of non-payment, notice of dishonour and notice of protest of this Note and waives any defences based upon indulgences which may be granted by the Lender to any party liable hereon. The Borrowers also waive the benefits of division and discussion and the right to assert in any action or proceeding with regard to this Note any set• offs or counterclaims which the Borrowers may have against the Lender.

8. No Waiver by the Lender

Neither the extension of time for making any payment that is due and payable under this Note at any time or times, nor the failure, delay or omission of the Lender to exercise or enforce any of its rights or remedies under this Note, shall constitute a waiver by the Lender of its right to enforce any such rights and remedies subsequently. The single or partial exercise of any such right or remedy shall not preclude the Lender's further exercise of such right or remedy or any other right or remedy.

9. Governing Law and Successors

This Note is made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall enure to the benefit of the Lender and its successors and assigns and shall be binding on the Borrowers and their successors and permitted assigns.

[The remainder of this page has been intentionally left blank.

2733181 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: Secretary

2161907 ALBERTA LTD.

By: _____
Name: Jürgen Schreiber
Title: Chief Executive Officer

2733182 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

2737503 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

2733181 ONTARIO INC.

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By: _____
Name: Justin Farbstein
Title: President

2737503 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

TS-IP HOLDINGS LTD.

By: _____
Name: Shawna Vogel
Title: Secretary

TS PROGRAMS LTD.

By: _____
Name: Justin Farbstein
Title: Secretary

2826475 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

2197130 ALBERTA LTD.

By: _____
Name: Justin Farbstein
Title: President

[Signature Page to Grid Promissory Note to 2675970 Ontario Inc.]

TS-IP HOLDINGS LTD.

By: _____
Name: Shawna Vogel
Title: Secretary

TS PROGRAMS LTD.

By: _____
Name: Justin Farbstein
Title: Secretary

2826475 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

2197130 ALBERTA LTD.

By: _____
Name: Justin Farbstein
Title: President

[Signature Page to Grid Promissory Note to 2675970 Ontario Inc.]

2699078 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

2708540 ONTARIO CORPORATION

By: _____
Name: Justin Farbstein
Title: President

2734082 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

TS WELLINGTON INC.

By: _____
Name: Justin Farbstein
Title: President

[Signature Page to Grid Promissory Note to 2675970 Ontario Inc.]

2742591 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

2796279 ONTARIO INC.

By: _____
Name: Justin Farbstein
Title: President

[Signature Page to Grid Promissory Note to 2675970 Ontario Inc.]

10006215 MANITOBA LTD.

By: _____
Name: Andy Williams
Title: President

80694 NEWFOUNDLAND & LABRADOR INC.

By: _____
Name: Andy Willams
Title: President

14284585 CANADA INC.

By: _____
Name: Andy Williams
Title: President

1000541354 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

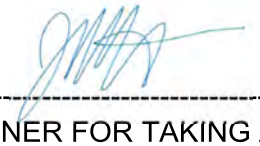
1000541353 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

2385186 ALBERTA LTD.

By: _____
Name: Andy Williams
Title: President

THIS IS **EXHIBIT "V"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

GENERAL SECURITY AGREEMENT – ACCOMMODATION AGREEMENT

This GENERAL SECURITY AGREEMENT dated as of October 7, 2022 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by the undersigned parties located at 590 King St. W – Suite 400, Toronto, ON M5V 1M3 (the "**Debtor**"), in favour of **2675970 Ontario Inc.** located at 590 King St. W – Suite 400, Toronto, ON M5V 1M3 (the "**Secured Party**") in consideration for the Secured Party entering into the accommodation agreement dated as of the date hereof between the Debtor and the Secured Party (the "**Accommodation Agreement**"), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor. The Debtor acknowledges that entering into this General Security Agreement is a condition of the Secured Party agreeing to provide the New Indebtedness.

1. Grant of Security Interest. As security for the payment and performance of the Secured Obligations (as defined below), the Debtor hereby grants, assigns, transfers, sets over, mortgages, charges and pledges to the Secured Party, and hereby creates a general and continuing security interest in favour of the Secured Party in and to all of the Debtor's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

(a) all present and after-acquired property, assets and undertaking of the Debtor of every kind and nature whatsoever, including all Accounts, Goods (including Inventory, Equipment and motor vehicles, but excluding Consumer Goods), Intangibles, Intellectual Property (defined below), Chattel Paper, Documents of Title, Instruments, Securities (including those listed in Schedule A), Securities Accounts and all other Investment Property, Money, and any other contract rights or rights to the payment of money;

(b) all Proceeds and products of each of the foregoing, including any and all Proceeds of any insurance, indemnity, compensation for loss or damage, warranty or guarantee payable to the Debtor from time to time with respect to any of the foregoing;

(c) all books and records relating to the foregoing, including in any form or medium;

(d) all supporting obligations relating the foregoing; and

(e) all additions, accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing.

The last day of the term of any lease, verbal or written, or any agreement to lease, now held or hereafter acquired by the Debtor is hereby excepted out of the security interests hereby created, but should the Secured Party need to enforce against the Collateral, the Debtor shall hold the last date in trust for the Secured Party and shall assign it to any person acquiring the term or that part of the term that is charged in the course of any enforcement or realization of the Collateral.

For greater certainty, (i) a security interest is taken in all of the Debtor's present and after-acquired personal property; and (ii) the Collateral does not include any Consumer Goods.

2. Attachment of Security Interest. The Debtor acknowledges that value has been given, that the Debtor has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Agreement. The Debtor acknowledges that any security interest in this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that the Debtor acquires rights in such after-acquired Collateral.

3. Limitation on Grant of Security Interest.

(a) To the extent the grant of the security interest in respect of any contract, permit, lease, licence, instrument, document or other agreement entered into by the Debtor would result in the breach or termination of or cause a default under such contract, permit, lease, licence, instrument, or other agreement

(each an "**Excluded Asset**"), each such Excluded Asset shall not be subject to the security interest created hereby while such restriction applies but shall be held in trust by the Debtor in favour of the Secured Party, but only for so long as such prohibition or requirement for consent is not terminated, rendered unenforceable or otherwise deemed ineffective by the *Personal Property Security Act* (Ontario) ("**PPSA**") or any other applicable law; provided however that Excluded Assets shall not include any Proceeds, products, substitutions or replacements of any Excluded Asset (unless such Proceeds, products, substitutions, or replacements would themselves otherwise constitute Excluded Assets) and provided further that if any Excluded Asset would have otherwise constituted Collateral, when such asset shall cease to be an Excluded Asset, such asset shall be deemed at all times from and after the date hereof to constitute Collateral subject to the security interest created hereby. The Debtor will use all commercially reasonable efforts to obtain the consent of each other party to any and all Excluded Assets to the assignment of such Excluded Assets to the Secured Party in accordance with this Agreement. The Debtor will also use all commercially reasonable efforts to ensure that no material agreement entered into on or after the date of this Agreement shall expressly prohibit assignment of the benefits of such agreement as collateral security to the Secured Party.

(b) The security interest with respect to trademarks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Secured Party, but does not constitute an assignment of such Collateral to the Secured Party.

4. Secured Obligations. The Collateral secures the payment and performance of all present and future obligations of the Debtor to the Secured Party from time to time including, without limitation, all present and future obligations of the Debtor referenced in the Accommodation Agreement and this Agreement, whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, whether the indebtedness is reduced and thereafter increased or entirely extinguished and thereafter incurred again, whether incurred by the Debtor alone or with another or others and whether as a principal or surety, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, together with all fees, costs, legal fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities related thereto (all such obligations, covenants, duties, debts, liabilities, sums and expenses set forth in this Section 4 being herein collectively called the "**Secured Obligations**").

5. Intellectual Property. The Debtor hereby further authorizes the Secured Party to file with the Canadian Intellectual Property Office this Agreement and other documents for the purpose of recording, perfecting, confirming, continuing, enforcing or protecting the security interests in all Intellectual Property granted by the Debtor hereunder. "**Intellectual Property**" means any intellectual or intangible property and proprietary rights (whether owned or licensed) including, without limitation, trademarks, trademark applications and registrations, service marks, trade styles, trade names, patents, patent applications and registrations, copyrights, copyright registrations and applications, works of authorship, industrial designs, industrial design applications and registrations, integrated circuit topographies, know-how and processes, trade secrets, inventions, formulas, processes, mask works, other business or technical confidential or proprietary information, software and computer hardware programs and systems, source codes, object codes, databases and documentation related to the foregoing, all domain names, internet addresses, internet sites and social media, including all related accounts, names and content and other proprietary information, and all rights to sue at law or in equity for any past, present, or future infringement, violation, misuse, misappropriation or other impairment thereof, whether arising under the laws of Canada, the laws of any Canadian province or territory or foreign laws or otherwise, including the right to receive injunctive relief and all proceeds and damages therefrom.

6. Representations and Warranties. The Debtor represents and warrants as follows:

(a) The Debtor's place or places of business and the location or locations of the Collateral, including all books and records in respect of Accounts, are set out in Schedule B hereto.

(b) The Debtor is the sole, direct, legal and beneficial owner of, and has good marketable title to, all existing Collateral and shall be the sole, direct, legal and beneficial owner of, and have good marketable title to, each item of after-acquired Collateral free and clear of any mortgages, charges, hypothecs, pledges,

trusts, liens, security interests and other claims except for the security interests created by this Agreement and other encumbrances permitted by the Accommodation Agreement.

(c) The Debtor has been incorporated and validly exists under the laws of its jurisdiction of incorporation and has full power, capacity, authority and legal right to borrow, grant a security interest in the Collateral, execute and deliver this Agreement and perform its obligations under this Agreement, and the full and correct name of the Debtor and the location of its executive office is as set forth on the first page of this Agreement.

(d) This Agreement has been duly authorized, executed and delivered by the Debtor and constitutes a legal, valid and binding obligation of the Debtor enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).

(e) The Securities (including those listed in Schedule A) and other Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable and subject to no options to purchase or similar rights. No Person (other than the Debtor) has any right to acquire or cause to be issued to them any of the Securities or other Equity Interests.

(f) The Collateral does not include any certificated securities that the Debtor has not delivered to the Secured Party.

(g) The Debtor has taken all action required on its part for control to have been obtained by the Secured Party over all Collateral with respect to which such control may be obtained pursuant to the PPSA and, to the extent applicable the *Securities Transfer Act* (Ontario). No person other than the Secured Party has control or possession of all or any part of the Collateral.

7. Covenants. The Debtor covenants as follows:

(a) The Debtor will not, without providing at least 20 days' prior written notice to the Secured Party, change its legal name, jurisdiction of incorporation corporate structure, province, or territory in which its registered office, chief executive office or its principal place of business is located. The Debtor will, prior to any such change, take all actions requested by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(b) The Collateral will be kept at those locations listed in Schedule B and, except for Inventory sold or leased in the ordinary course of business, the Debtor will not remove the Collateral from such locations without obtaining the Secured Party's prior written consent or as otherwise permitted in the Accommodation Agreement. The Debtor will, prior to any such change, take all actions required by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(c) The Debtor will not sell, dispose of, lease, assign or otherwise transfer any of the Collateral except as expressly provided for in the Accommodation Agreement, in the ordinary course of business, or with the prior written consent of the Secured Party. The Debtor will not amend or terminate any chattel paper, document of title, instrument, security, investment property or intangible, without the prior written consent of the Secured Party.

(d) The Debtor will not grant, create, permit or suffer to exist any mortgage, hypothec, pledge, lien, security interest, option, right of first offer, right of first refusal, encumbrance, statutory lien or trust (including any conditional sale or other title retention agreement or finance lease) or other restriction or limitation of any nature whatsoever on the Collateral except as expressly provided for in the Accommodation Agreement or with the prior written consent of the Secured Party.

(e) The Debtor will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party.

(f) The Debtor will not use the Collateral in violation of this Agreement, or any other agreement relating to the Collateral or any policy of insurance thereon, or any Applicable Law. The Debtor will keep all licences, permits, agreements, registrations and applications relating to the Intellectual Property used by Debtor in good standing. The Debtor shall, at its own cost and expense, defend title to the Collateral and the security interests of the Secured Party therein against the claim or demand of any person claiming against or through the Debtor and shall maintain and preserve such perfected security interests for so long as this Agreement shall remain in effect.

(g) The Debtor will pay promptly when due all Indebtedness to the Secured Party subject to the terms of the Accommodation Agreement.

(h) The Debtor will permit the Secured Party, and its representatives, agents, consultants and advisors, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. The Debtor shall, upon request by the Secured Party, provide the Secured Party with any information concerning the Collateral, the Debtor and its business, as the Secured Party may reasonably request, including access to the Debtor's senior executives, accountants and auditors to discuss any information concerning the Collateral.

(i) The Debtor will make and maintain all filings, registrations and recordals necessary to maintain its right in the patents, trademarks, copyrights and industrial designs included in the Intellectual Property.

8. Survival. All representations, warranties and covenants made by the Debtor shall survive the execution and delivery of this Agreement and remain in full force and effect until the payment in full of the Secured Obligations.

9. Power of Attorney. The Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or employee of the Secured Party as the Debtor's true and lawful attorney, with full power of substitution and with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, from time to time, during the continuance of an Event of Default (as defined in the Second Amended and Restated Credit Agreement between 2675970 Ontario Inc. as Borrower and the Bank of Montreal as Administrative Agent to the Lenders, dated the date hereof), in the Secured Party's discretion to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Debtor representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same, to transfer, endorse, negotiate and sign on behalf of the Debtor any of the Equity Interests, to complete the blanks in any transfers of shares, bonds or debentures, any power of attorney or other documents delivered to it, to provide instructions or entitlement orders to any securities intermediary which maintains any securities account in which any Collateral is maintained, and to delegate its powers and for any delegate to sub-delegate the same (but the Secured Party shall not be obligated to and shall have no liability to the Debtor or any third party for failure to do so or take any action). Such appointment, being coupled with an interest, shall be irrevocable until the full and final discharge of the security interests created by this Agreement. The Debtor hereby ratifies all acts that such attorneys shall lawfully do or cause to be done by virtue hereof.

10. Receivables. After an Event of Default has occurred and is continuing, the Secured Party may, or at the request and option of the Secured Party, the Debtor shall: (i) notify account debtors of the Secured Party's security interests in any account, chattel paper, intangible, instrument or other Collateral; and (ii) direct that payment thereof is to be made directly to the Secured Party.

11. Secured Party May Perform. If the Debtor fails to perform any obligation contained in this Agreement, the Secured Party may itself perform, or cause performance of, such obligation, and the costs and expenses of the Secured Party incurred in connection therewith shall be payable by the Debtor; provided that the Secured Party

shall not be required to perform or discharge any obligation of the Debtor and the performance by the Secured Party shall not waive the rights of the Secured Party to enforce this Agreement.

12. Set-Off. Upon the occurrence of an Event of Default, the Secured Party may, without notice to the Debtor or any other person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit of the Debtor from the Secured Party or any of the Secured Party's affiliates, in any currency, against and on account of all or any part of the Secured Obligations, as the Secured Party may see fit (in its sole discretion), whether or not the Secured Obligations are due and payable. The Secured Party's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, the Secured Party will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Secured Party.

13. Remedies. Upon the occurrence of an Event of Default that is continuing, the Secured Party may, by notice, terminate any further advances and declare any or all of the Secured Obligations to be immediately due and payable and the Secured Party may proceed to realize upon the Collateral and immediately enforce its rights and remedies, including the following:

(a) the Secured Party may assert all rights and remedies of a secured party under the PPSA or other applicable law;

(b) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;

(c) the Secured Party can take possession of the Collateral by requiring the Debtor to assemble and deliver the Collateral, or make the Collateral available, to the Secured Party at a place and time designated by the Secured Party;

(d) the Secured Party may take possession of the Collateral by carrying on all or any part of the business of the Debtor and may, to the exclusion of all others, including the Debtor, enter upon, occupy and use any of the land and premises, buildings, plants and undertakings owned, occupied or used by the Debtor and may use any of the tools, machinery, equipment, intangibles (including Intellectual Property) of the Debtor for such time as the Secured Party sees fit, free of charge and without liability, in order to carry on the business of the Debtor or to manufacture or complete the manufacture of Inventory and to pack and ship finished products; and the Secured Party will not be liable to any Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on their part thereof as determined by a final non-appealable judgment of a court of competent jurisdiction) or in respect of any rent, charges, depreciation or damages in connection with such actions;

(e) the Secured Party may borrow money required for the maintenance, preservation or protection of the Collateral, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Agreement;

(f) the Secured Party may exercise and enforce all rights and remedies of the Debtor with respect to the Collateral, including collecting or compromising all or any of the Debtor's Accounts;

(g) the Secured Party may sell, lease, licence, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions as the Secured Party may deem commercially reasonable;

(h) the Secured Party may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Secured Party or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, "**Receiver**"), of the Collateral or any part of the Collateral and remove or replace any person so appointed. Any Receiver so appointed shall (i) have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for the Debtor and not the Secured Party, and the Secured Party shall not in any way be responsible

for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed at the discretion of the Secured Party and a replacement appointed by the Secured Party;

(i) the Secured Party may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall (i) have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for the Debtor and not the Secured Party, and the Secured Party shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed at the discretion of the Secured Party and a replacement appointed by the Secured Party;

(j) the Secured Party may retain the Collateral in satisfaction of the Secured Obligations.

The Secured Party shall not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral.

14. Distribution of Proceeds. Any cash held by the Secured Party as Collateral and all cash Proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Secured Party to the payment of expenses incurred by the Secured Party in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Party hereunder, including reasonable legal and Receivers' fees, and the balance of such proceeds shall be applied or set off against all or any part of the Secured Obligations in such order as the Secured Party shall elect, in its sole discretion. Any surplus of such cash or cash Proceeds held by the Secured Party and remaining after payment in full of all the Secured Obligations shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive such surplus. The Debtor shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any solicitor employed by the Secured Party to collect such deficiency.

15. Defined Terms. Capitalized terms not otherwise defined in this Agreement shall have the respective meanings assigned to such terms in the Accommodation Agreement. Unless otherwise defined herein or in the Accommodation Agreement, terms used herein that are defined in the PPSA shall have the meanings assigned to them in the PPSA or the regulations made under the PPSA.

16. Acknowledgement and Waiver. The Debtor acknowledges receipt of a fully executed copy of this Agreement. To the extent permitted by law, the Debtor hereby waives its right to receive a copy of any financing statement, financing change statement or verification or confirmation statement registered or received by or on behalf of the Secured Party in connection with the Secured Party's interest in the Collateral.

17. No Waiver and Cumulative Remedies. The Secured Party shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

18. Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Debtor therefrom shall be effective unless the same shall be in writing and signed by the Secured Party and the Debtor, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

19. Notices. All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the parties at the addresses set forth in the Accommodation Agreement and shall be given in the manner and become effective as set forth in the Accommodation Agreement.

20. Continuing Security Interest; Assignment. This Agreement creates a general and continuing security interest in the Collateral and shall (a) remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon the Debtor, its successors and permitted assigns, and (c) enure to the benefit of the Secured Party and its successors, transferees and assigns; provided that the Debtor may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Secured Party. The Secured Party may assign or transfer any of its rights under this Agreement without the consent of the Debtor.

21. Amalgamation. The Debtor acknowledges that, if it amalgamates with another person, the term Debtor, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any Collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Secured Party at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Secured Party thereafter arising.

22. Governing Law. This Agreement and all matters arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable in that province and the parties irrevocably attorn to the non-exclusive jurisdiction of the courts of Ontario. Where any Collateral affected by this Agreement is located in another jurisdiction the Personal Property Security Act or similar legislation of that jurisdiction shall govern.

23. Counterparts and Electronic Transmission. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement. The word "executed" and words of like import shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity, or enforceability as a manually executed signature or the use of a paper based recordkeeping system, as the case may be, to the extent and as provided for in any Law, including Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada) and other similar federal or provincial laws based on the *Uniform Electronic Commerce Act* of the Uniform Law Conference of Canada or its *Uniform Electronic Evidence Act*, as the case may be.

24. Conflict with Accommodation Agreement. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Accommodation Agreement, the terms of the Accommodation Agreement shall govern to the extent necessary to remove the conflict or inconsistency.

25. Further Assurances. The Debtor agrees that, at any time and from time to time, at the expense of the Debtor, the Debtor will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Secured Party may reasonably request to create and maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder or under any other Loan Document with respect to any Collateral.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Debtor has executed this Agreement.

2733181 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2161907 ALBERTA LTD.

By: Jürgen Schreiber
Name: Jürgen Schreiber
Title: Chief Executive Officer

2733182 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2737503 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS-IP HOLDINGS LTD.

By: Shawna E. Vogel
Name: Shawna Vogel
Title: Secretary

2197130 ALBERTA LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2708540 ONTARIO CORPORATION

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2826475 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2734082 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS WELLINGTON INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

SCHEDULE A

PLEDGED SECURITIES

Issuer	Class/Type of Security	Certificate Number (if certificated)	Number of Securities
NIL			

SCHEDULE B

LOCATION OF THE COLLATERAL

1. 1180 Queen Street West
   Toronto, ONTARIO M6J 1J4

2. 666 Wonderland Road N, Unit 6B
   London, ON N6H 4K9

3. 1082 Memorial Ave
   Thunder Bay, ON P7B 4A3

4. 570 Bloor St W
   Toronto, ON M6G 1K1

5. 8 Lebovic Avenue, Unit B5, Eglinton Town Centre
   Scarborough, ON M1L 4V9

6. 80 Marketplace Avenue
   Ottawa, K2J 5G3

7. 545 Queen St W
   Toronto, ON M5V 2B6

8. 979 Bloor St W
   Toronto, ON M6H 1L7

9. Unit 665-500 655 Erb St W Waterloo Commons
   Waterloo, ON N2L 1W3

10. 572 Arthur St W
    Thunder Bay, ON P7E 5R8

11. 400 King St W , Unit 7
    Oshawa, ON L1J 2J9

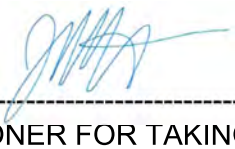
12. 1303 Queen Street East
    Toronto, ON M4L 1C2

13. Unit 3, 390 Lakeshore
    Drive, North Bay, ON P1A 2C7

14. 1000 Wellington Street West, Suite 101
    Ottawa, ON K1Y 2X9

15. 590 King St. W, Suite 400
    Toronto, ON M5V 1M3

THIS IS **EXHIBIT "W"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

DATE: October 7, 2022

To: 2675970 Ontario Inc. ("**Lender**")

1. Guarantee.

For good and valuable consideration, each of the undersigned (hereafter called the "**Guarantors**") guarantee the payment of the Existing Indebtedness (as described in the Accommodation Agreement, defined below) of the parties listed in Schedule A hereto, (hereafter called the "**Borrowers**") to the Lender, in principal, interest, and costs, in connection with that certain accommodation agreement entered into on the date hereof (as may be amended, supplemented, restated, modified and/or replaced from time to time, the "**Accommodation Agreement**").

2. Joint and Several Liability.

This guarantee shall bind the Guarantors jointly and severally with the Borrowers and with any other guarantor. The Guarantors shall be liable for all obligations of the Borrowers to the Lender, including, without limitation, those evidenced in or in connection with the Accommodation Agreement.

3. Continuing Guarantee.

This guarantee is a continuing guarantee and shall subsist notwithstanding occasional repayment of the Borrowers' obligations evidenced in whole or in part under the Accommodation Agreement. It shall guarantee all debts and obligations of the Borrowers to the Lender that are evidenced in the Accommodation Agreement, present and future, direct and indirect, of any nature whatsoever, whether these debts and obligations have been contracted by the Borrowers alone or with others. The Guarantors shall also pay to the Lender all costs and disbursements incurred by the Lender for the recovery of the debts and obligations of the Borrowers.

4. Time of Payment.

This guarantee shall oblige the Guarantors to pay any amount claimed by the Lender hereunder on demand. The Lender shall not be required to exercise its recourses against the Borrowers or any other person liable for the Borrowers' obligations, nor to realize any security whatsoever, nor to await the results of any liquidation of property; the Guarantors waives all benefits of division and discussion.

5. Demand for Payment.

Any demand for payment may be mailed or emailed to the Guarantors' last address or email address (as applicable) known to the Lender and such demand shall be deemed to have been made from the date of its mailing or the sending of such email (as applicable).

6. Scope of Guarantor's Obligations.

This guarantee shall remain in effect notwithstanding any change in the constitution, business or objects of the Borrowers and any corporation resulting from the amalgamation of any Borrower or Borrowers with another corporation shall continue to be bound by this guarantee. The Guarantors also waive all rights to invoke causes of nullity of the debts and obligations of the Borrowers or the excess or absence of authority of persons acting on behalf of the Borrowers.

7. Liability of Guarantor.

The liability of the Guarantors shall not be reduced or modified if, without the consent of the Guarantors, the Lender grants extensions of time to the Borrowers or to any other person liable for the Borrowers' obligations. The Guarantors shall remain liable for the debts and obligations of the Borrowers even if the Borrowers are released from such debts and obligations by reason of bankruptcy, a proposal, an arrangement or any other reason.

8. Rights of the Lender.

This guarantee is in addition to and not in substitution for any other security or guarantee which the Lender now or hereafter holds. The Lender may apply any payment received by it and the proceeds of realization of any security as it deems appropriate. The Guarantors shall not exercise any right of subrogation in the rights of the Lender until the Lender shall have received payment in full of the debts and obligations of the Borrowers.

9. Termination.

This guarantee shall bind the Guarantors together with the Guarantors' successors until termination by notice in writing served on the Lender. Such termination shall not be effective and shall not terminate the liability of the Guarantors in respect of obligations incurred prior to the said notice or obligations incurred subsequently if such subsequent obligations arise from commitments, whether express or tacit, made by the Lender in favour or for the account of the Borrowers prior to the notice of termination.

10. Change in Circumstances.

This guarantee shall remain in effect notwithstanding any change in the circumstances which led the Guarantors to execute this guarantee and notwithstanding the termination of the office or duties of the Guarantors or a change in same or in any relationship between the Guarantors and the Borrowers.

11. Waiver of Defences

The Guarantors agree that their obligations under this Guarantee are irrevocable, continuing, absolute, and unconditional and shall not be discharged or impaired or otherwise affected by, and the Guarantors hereby irrevocably waive any defences to enforcement they may have (now or in the future) by reason of one or more of the following:

a) Any illegality, invalidity, or unenforceability of any obligation, the Indebtedness;

b) Any change in the amount, time place or manner of payment or performance of, or in any other term of the obligations, or any waiver, release, assignment, amendment or other modification of the Indebtedness;

c) Any taking, substitution, release, impairment, loss in value, amendment, waiver, or non-perfection of any collateral or any other guarantee for the Indebtedness;

d) Any manner of sale, disposition or application of proceeds of any collateral or other assets to all or part of the Indebtedness;

e) Any default, failure or delay, wilful or otherwise, in the performance of the obligations;

f) Any change in the name, object, capital, ownership or control, or constitution of the Guarantors or the Borrowers or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrowers, any Guarantors or their assets or any resulting restructuring, compromise, release or discharge of any obligations;

g) Any merger, amalgamation, consolidation or other fundamental change of the Borrowers or the Guarantors;

h) Any failure of the Lender to disclose to the Guarantors any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrowers now or hereafter known to the Lender and the Guarantors hereby waive any duty of the Lender to disclose such information;

i) The failure of the Lender to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of the Promissory Note or otherwise;

j) Any defence, set-off or counterclaim (other than a defence of payment or performance) that may at any time be available to, or be asserted by, the Borrowers against the Lender; and

k) Any other circumstance, act, or omission that might vary the risk of the Guarantors or otherwise operate as a defence available to, or a legal or equitable discharge of, the Guarantors.

12. Successor of the Lender.

This guarantee shall bind the Guarantors to the Lender and to the Lender's successors and assigns by way of amalgamation or otherwise. Any security given to the Lender by the Guarantor shall benefit the Lender's successors and assigns.

13. Applicable Law.

This guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario. The Guarantors acknowledge the jurisdiction of the courts of that province regarding this guarantee and the recourses hereunder.

[signature page follows]

IN WITNESS WHEREOF the undersigned have executed and delivered this Guarantee on the 7th day of October, 2022.

2733181 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2161907 ALBERTA LTD.

By: Jürgen Schreiber
Name: Jürgen Schreiber
Title: Chief Executive Officer

2733182 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2737503 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS-IP HOLDINGS LTD.

By: Shawna K. Vogel
Name: Shawna Vogel
Title: Secretary

2197130 ALBERTA LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2708540 ONTARIO CORPORATION

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2826475 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2734082 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS WELLINGTON INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

SCHEDULE A – BORROWERS

2733181 ONTARIO INC.

2161907 ALBERTA LTD.

2733182 ONTARIO INC.

2737503 ONTARIO INC.

TS-IP HOLDINGS LTD.

2197130 ALBERTA INC.

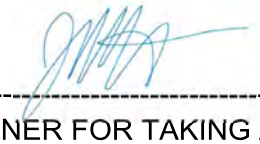
2708540 ONTARIO CORPORATION

2826475 ONTARIO INC.

2734082 ONTARIO INC.

TS WELLINGTON INC.

THIS IS **EXHIBIT "X"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

DATE: October 7, 2022, as first amended at December 30, 2022, February 21, 2023, and May 31, 2024

To: 2675970 Ontario Inc. ("**Lender**")

1. Guarantee.

For good and valuable consideration, each of the undersigned (hereafter called the "**Guarantors**") guarantee the payment of all present and future obligations of the parties listed in Schedule A hereto, (hereafter called the "**Borrowers**") to the Lender, in principal, interest, and costs, arising under or in connection with that that certain grid promissory note entered into on the date hereof (as may be amended, supplemented, restated, modified and/or replaced from time to time, the "**Promissory Note**") and any other amounts owed by the Borrowers to the Lender from time to time (collectively, the "**Indebtedness**").

2. Joint and Several Liability.

This guarantee shall bind the Guarantors jointly and severally with the Borrowers and with any other guarantor. The Guarantors shall be liable for all obligations of the Borrowers to the Lender, including, without limitation, those arising under or in connection with the Promissory Note.

3. Continuing Guarantee.

This guarantee is a continuing guarantee and shall subsist notwithstanding occasional repayment of the Borrowers' obligations in whole or in part under the Promissory Note. It shall guarantee all debts and obligations of the Borrowers to the Lender that are referenced in the Promissory Note, present and future, direct and indirect, of any nature whatsoever, whether these debts and obligations have been contracted by the Borrowers alone or with others and the Indebtedness. The Guarantors shall also pay to the Lender all costs and disbursements incurred by the Lender for the recovery of the debts and obligations of the Borrowers.

4. Time of Payment.

This guarantee shall oblige the Guarantors to pay any amount claimed by the Lender hereunder on demand. The Lender shall not be required to exercise its recourses against the Borrowers or any other person liable for the Borrowers' obligations, nor to realize any security whatsoever, nor to await the results of any liquidation of property; the Guarantors waives all benefits of division and discussion.

5. Demand for Payment.

Any demand for payment may be mailed or emailed to the Guarantors' last address or email address (as applicable) known to the Lender and such demand shall be deemed to have been made from the date of its mailing or the sending of such email (as applicable).

6. Scope of Guarantor's Obligations.

This guarantee shall remain in effect notwithstanding any change in the constitution, business or objects of the Borrowers and any corporation resulting from the amalgamation of any Borrower or Borrowers with another corporation shall continue to be bound by this guarantee. The Guarantors also waive all rights to invoke causes of nullity of the debts and obligations of the Borrowers or the excess or absence of authority of persons acting on behalf of the Borrowers.

7. Liability of Guarantor.

The liability of the Guarantors shall not be reduced or modified if, without the consent of the Guarantors, the Lender grants extensions of time to the Borrowers or to any other person liable for the Borrowers' obligations. The Guarantors shall remain liable for the debts and obligations of the Borrowers even if the Borrowers are released from such debts and obligations by reason of bankruptcy, a proposal, an arrangement or any other reason.

8. Rights of the Lender.

This guarantee is in addition to and not in substitution for any other security or guarantee which the Lender now or hereafter holds. The Lender may apply any payment received by it and the proceeds of realization of any security as it deems appropriate. The Guarantors shall not exercise any right of subrogation in the rights of the Lender until the Lender shall have received payment in full of the debts and obligations of the Borrowers.

9. Termination.

This guarantee shall bind the Guarantors together with the Guarantors' successors until termination by notice in writing served on the Lender. Such termination shall not be effective and shall not terminate the liability of the Guarantors in respect of obligations incurred prior to the said notice or obligations incurred subsequently if such subsequent obligations arise from commitments, whether express or tacit, made by the Lender in favour or for the account of the Borrowers prior to the notice of termination.

10. Change in Circumstances.

This guarantee shall remain in effect notwithstanding any change in the circumstances which led the Guarantors to execute this guarantee and notwithstanding the termination of the office or duties of the Guarantors or a change in same or in any relationship between the Guarantors and the Borrowers.

11. Waiver of Defences

The Guarantors agree that their obligations under this Guarantee are irrevocable, continuing, absolute, and unconditional and shall not be discharged or impaired or otherwise affected by, and the Guarantors hereby irrevocably waive any defences to enforcement they may have (now or in the future) by reason of one or more of the following:

a) Any illegality, invalidity, or unenforceability of any obligation, the Indebtedness;

b) Any change in the amount, time place or manner of payment or performance of, or in any other term of the obligations, or any waiver, release, assignment, amendment or other modification of the Indebtedness;

c) Any taking, substitution, release, impairment, loss in value, amendment, waiver, or non-perfection of any collateral or any other guarantee for the Indebtedness;

d) Any manner of sale, disposition or application of proceeds of any collateral or other assets to all or part of the Indebtedness;

e) Any default, failure or delay, wilful or otherwise, in the performance of the obligations;

f) Any change in the name, object, capital, ownership or control, or constitution of the Guarantors or the Borrowers or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrowers, any Guarantors or their assets or any resulting restructuring, compromise, release or discharge of any obligations;

g) Any merger, amalgamation, consolidation or other fundamental change of the Borrowers or the Guarantors;

h) Any failure of the Lender to disclose to the Guarantors any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of the Borrowers now or hereafter known to the Lender and the Guarantors hereby waive any duty of the Lender to disclose such information;

i) The failure of the Lender to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of the Promissory Note or otherwise;

j) Any defence, set-off or counterclaim (other than a defence of payment or performance) that may at any time be available to, or be asserted by, the Borrowers against the Lender; and

k) Any other circumstance, act, or omission that might vary the risk of the Guarantors or otherwise operate as a defence available to, or a legal or equitable discharge of, the Guarantors.

12. Successor of the Lender.

This guarantee shall bind the Guarantors to the Lender and to the Lender's successors and assigns by way of amalgamation or otherwise. Any security given to the Lender by the Guarantor shall benefit the Lender's successors and assigns.

13. Applicable Law.

This guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario. The Guarantors acknowledge the jurisdiction of the courts of that province regarding this guarantee and the recourses hereunder.

[signature page follows]

IN WITNESS WHEREOF the undersigned have executed and delivered this Guarantee on the 7th day of October, 2022.

2733181 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2161907 ALBERTA LTD.

By: Jürgen Schreiber
Name: Jürgen Schreiber
Title: Chief Executive Officer

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By: Shawna K. Vogel
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TS PROGRAMS LTD.

By: Justin Farbstein
Name: Justin Farbstein
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2826475 ONTARIO INC.

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Name: Justin Farbstein
Title: President

2197130 ALBERTA LTD.

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2699078 ONTARIO INC.

By: Justin Farbstein
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2708540 ONTARIO CORPORATION

By: Justin Farbstein
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2734082 ONTARIO INC.

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Title: President

TS WELLINGTON INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2742591 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2796279 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

10006215 MANITOBA LTD.

By: _____
Name: Andy Williams
Title: President

80694 NEWFOUNDLAND & LABRADOR INC.

By: _____
Name: Andy Willams
Title: President

14284585 CANADA INC.

By: _____
Name: Andy Williams
Title: President

1000541354 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

1000541353 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

2385186 ALBERTA LTD.

By: _____
Name: Andy Williams
Title: President

SCHEDULE A – BORROWERS

2733181 ONTARIO INC.

2675970 ONTARIO INC.

2161907 ALBERTA LTD.

2733182 ONTARIO INC.

2737503 ONTARIO INC.

TS-IP HOLDINGS LTD.

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14284585 CANADA INC.

1000451354 ONTARIO INC.

1000451353 ONTARIO INC.

2385816 ALBERTA LTD.

THIS IS **EXHIBIT "Y"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

GENERAL SECURITY AGREEMENT - 2675970 Ontario Inc.

This GENERAL SECURITY AGREEMENT dated as of October 7,2022 ((as amended by a first amendment dated December 30, 2022, a second amendment dated February 21,2023, and a third amendment dated May 31, 2024, and as may be further amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "Agreement"), is made by the undersigned parties located at 590 King St. W – Suite 400, Toronto, ON M5V 1M3(the "**Debtor**"), in favour of **2675970 Ontario Inc.** located at 590 King St. W – Suite 400, Toronto, ON M5V 1M3 (the "**Secured Party**") in consideration of the Secured Party entering into the grid promissory note dated as of the date hereof between the Debtor and the Secured Party (the "**Promissory Note**"), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor.

1. Grant of Security Interest. As security for the payment and performance of the Secured Obligations (as defined below), the Debtor hereby grants, assigns, transfers, sets over, mortgages, charges and pledges to the Secured Party, and hereby creates a general and continuing security interest in favour of the Secured Party in and to all of the Debtor's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

(a) all present and after-acquired property, assets and undertaking of the Debtor of every kind and nature whatsoever, including all Accounts, Goods (including Inventory, Equipment and motor vehicles, but excluding Consumer Goods), Intangibles, Intellectual Property (defined below), Chattel Paper, Documents of Title, Instruments, Securities (including those listed in Schedule A), Securities Accounts and all other Investment Property, Money, and any other contract rights or rights to the payment of money;

(b) all Proceeds and products of each of the foregoing, including any and all Proceeds of any insurance, indemnity, compensation for loss or damage, warranty or guarantee payable to the Debtor from time to time with respect to any of the foregoing;

(c) all books and records relating to the foregoing, including in any form or medium;

(d) all supporting obligations relating the foregoing; and

(e) all additions, accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing.

The last day of the term of any lease, verbal or written, or any agreement to lease, now held or hereafter acquired by the Debtor is hereby excepted out of the security interests hereby created, but should the Secured Party need to enforce against the Collateral, the Debtor shall hold the last date in trust for the Secured Party and shall assign it to any person acquiring the term or that part of the term that is charged in the course of any enforcement or realization of the Collateral.

For greater certainty, (i) a security interest is taken in all of the Debtor's present and after-acquired personal property; and (ii) the Collateral does not include any Consumer Goods.

2. Attachment of Security Interest. The Debtor acknowledges that value has been given, that the Debtor has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Agreement. The Debtor acknowledges that any security interest in this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that the Debtor acquires rights in such after-acquired Collateral.

3. Limitation on Grant of Security Interest.

(a) To the extent the grant of the security interest in respect of any contract, permit, lease, licence, instrument, document or other agreement entered into by the Debtor would result in the breach or termination of or cause a default under such contract, permit, lease, licence, instrument, or other agreement (each an "**Excluded Asset**"), each such Excluded Asset shall not be subject to the security interest created hereby while such restriction applies but shall be held in trust by the Debtor in favour of the Secured Party,

but only for so long as such prohibition or requirement for consent is not terminated, rendered unenforceable or otherwise deemed ineffective by the *Personal Property Security Act* (Ontario) ("**PPSA**") or any other applicable law; provided however that Excluded Assets shall not include any Proceeds, products, substitutions or replacements of any Excluded Asset (unless such Proceeds, products, substitutions, or replacements would themselves otherwise constitute Excluded Assets) and provided further that if any Excluded Asset would have otherwise constituted Collateral, when such asset shall cease to be an Excluded Asset, such asset shall be deemed at all times from and after the date hereof to constitute Collateral subject to the security interest created hereby. The Debtor will use all commercially reasonable efforts to obtain the consent of each other party to any and all Excluded Assets to the assignment of such Excluded Assets to the Secured Party in accordance with this Agreement. The Debtor will also use all commercially reasonable efforts to ensure that no material agreement entered into on or after the date of this Agreement shall expressly prohibit assignment of the benefits of such agreement as collateral security to the Secured Party.

(b) The security interest with respect to trademarks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Secured Party, but does not constitute an assignment of such Collateral to the Secured Party.

4. Secured Obligations. The Collateral secures the payment and performance of all present and future obligations of the Debtor to the Secured Party from time to time including, without limitation, all present and future obligations of the Debtor arising under the Promissory Note, any other amounts owed by the Borrowers to the Lender from time to time, and this Agreement, whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, whether the indebtedness is reduced and thereafter increased or entirely extinguished and thereafter incurred again, whether incurred by the Debtor alone or with another or others and whether as a principal or surety, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, together with all fees, costs, legal fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities related thereto (all such obligations, covenants, duties, debts, liabilities, sums and expenses set forth in this Section 4 being herein collectively called the "**Secured Obligations**").

5. Intellectual Property. The Debtor hereby further authorizes the Secured Party to file with the Canadian Intellectual Property Office this Agreement and other documents for the purpose of recording, perfecting, confirming, continuing, enforcing or protecting the security interests in all Intellectual Property granted by the Debtor hereunder. "**Intellectual Property**" means any intellectual or intangible property and proprietary rights (whether owned or licensed) including, without limitation, trademarks, trademark applications and registrations, service marks, trade styles, trade names, patents, patent applications and registrations, copyrights, copyright registrations and applications, works of authorship, industrial designs, industrial design applications and registrations, integrated circuit topographies, know-how and processes, trade secrets, inventions, formulas, processes, mask works, other business or technical confidential or proprietary information, software and computer hardware programs and systems, source codes, object codes, databases and documentation related to the foregoing, all domain names, internet addresses, internet sites and social media, including all related accounts, names and content and other proprietary information, and all rights to sue at law or in equity for any past, present, or future infringement, violation, misuse, misappropriation or other impairment thereof, whether arising under the laws of Canada, the laws of any Canadian province or territory or foreign laws or otherwise, including the right to receive injunctive relief and all proceeds and damages therefrom.

6. Representations and Warranties. The Debtor represents and warrants as follows:

(a) The Debtor's place or places of business and the location or locations of the Collateral, including all books and records in respect of Accounts, are set out in Schedule B hereto.

(b) The Debtor is the sole, direct, legal and beneficial owner of, and has good marketable title to, all existing Collateral and shall be the sole, direct, legal and beneficial owner of, and have good marketable title to, each item of after-acquired Collateral free and clear of any mortgages, charges, hypothecs, pledges, trusts, liens, security interests and other claims except for the security interests created by this Agreement and other encumbrances permitted by the Promissory Note.

(c) The Debtor has been incorporated and validly exists under the laws of its jurisdiction of incorporation and has full power, capacity, authority and legal right to borrow, grant a security interest in the Collateral, execute and deliver this Agreement and perform its obligations under this Agreement, and the full and correct name of the Debtor and the location of its executive office is as set forth on the first page of this Agreement.

(d) This Agreement has been duly authorized, executed and delivered by the Debtor and constitutes a legal, valid and binding obligation of the Debtor enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).

(e) The Securities (including those listed in Schedule A) and other Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable and subject to no options to purchase or similar rights. No Person (other than the Debtor) has any right to acquire or cause to be issued to them any of the Securities or other Equity Interests.

(f) The Collateral does not include any certificated securities that the Debtor has not delivered to the Secured Party.

(g) The Debtor has taken all action required on its part for control to have been obtained by the Secured Party over all Collateral with respect to which such control may be obtained pursuant to the PPSA and, to the extent applicable the *Securities Transfer Act* (Ontario). No person other than the Secured Party has control or possession of all or any part of the Collateral.

7. Covenants. The Debtor covenants as follows:

(a) The Debtor will not, without providing at least 20 days' prior written notice to the Secured Party, change its legal name, jurisdiction of incorporation corporate structure, province, or territory in which its registered office, chief executive office or its principal place of business is located. The Debtor will, prior to any such change, take all actions requested by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(b) The Collateral will be kept at those locations listed in Schedule B and, except for Inventory sold or leased in the ordinary course of business, the Debtor will not remove the Collateral from such locations without obtaining the Secured Party's prior written consent or as otherwise permitted in the Promissory Note. The Debtor will, prior to any such change, take all actions required by the Secured Party to maintain the perfection and priority of the Secured Party's security interest in the Collateral.

(c) The Debtor will not sell, dispose of, lease, assign or otherwise transfer any of the Collateral except as expressly provided for in the Promissory Note, in the ordinary course of business, or with the prior written consent of the Secured Party. The Debtor will not amend or terminate any chattel paper, document of title, instrument, security, investment property or intangible, without the prior written consent of the Secured Party.

(d) The Debtor will not grant, create, permit or suffer to exist any mortgage, hypothec, pledge, lien, security interest, option, right of first offer, right of first refusal, encumbrance, statutory lien or trust (including any conditional sale or other title retention agreement or finance lease) or other restriction or limitation of any nature whatsoever on the Collateral except as expressly provided for in the Promissory Note or with the prior written consent of the Secured Party.

(e) The Debtor will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party.

(f) The Debtor will not use the Collateral in violation of this Agreement, or any other agreement relating to the Collateral or any policy of insurance thereon, or any Applicable Law. The Debtor will keep all licences, permits, agreements, registrations and applications relating to the Intellectual Property used by Debtor in good standing. The Debtor shall, at its own cost and expense, defend title to the Collateral and the security interests of the Secured Party therein against the claim or demand of any person claiming against or through the Debtor and shall maintain and preserve such perfected security interests for so long as this Agreement shall remain in effect.

(g) The Debtor will pay promptly when due all Indebtedness to the Secured Party subject to the terms of the Promissory Note.

(h) The Debtor will permit the Secured Party, and its representatives, agents, consultants and advisors, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. The Debtor shall, upon request by the Secured Party, provide the Secured Party with any information concerning the Collateral, the Debtor and its business, as the Secured Party may reasonably request, including access to the Debtor's senior executives, accountants and auditors to discuss any information concerning the Collateral.

(i) The Debtor will make and maintain all filings, registrations and recordals necessary to maintain its right in the patents, trademarks, copyrights and industrial designs included in the Intellectual Property.

8. Survival. All representations, warranties and covenants made by the Debtor shall survive the execution and delivery of this Agreement and remain in full force and effect until the payment in full of the Secured Obligations.

9. Power of Attorney. The Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or employee of the Secured Party as the Debtor's true and lawful attorney, with full power of substitution and with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, from time to time, during the continuance of an Event of Default (as defined in the Second Amended and Restated Credit Agreement between 2675970 Ontario Inc. as Borrower and the Bank of Montreal as Administrative Agent to the Lenders, dated the date hereof), in the Secured Party's discretion to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Debtor representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same, to transfer, endorse, negotiate and sign on behalf of the Debtor any of the Equity Interests, to complete the blanks in any transfers of shares, bonds or debentures, any power of attorney or other documents delivered to it, to provide instructions or entitlement orders to any securities intermediary which maintains any securities account in which any Collateral is maintained, and to delegate its powers and for any delegate to sub-delegate the same (but the Secured Party shall not be obligated to and shall have no liability to the Debtor or any third party for failure to do so or take any action). Such appointment, being coupled with an interest, shall be irrevocable until the full and final discharge of the security interests created by this Agreement. The Debtor hereby ratifies all acts that such attorneys shall lawfully do or cause to be done by virtue hereof.

10. Receivables. After an Event of Default has occurred and is continuing, the Secured Party may, or at the request and option of the Secured Party, the Debtor shall: (i) notify account debtors of the Secured Party's security interests in any account, chattel paper, intangible, instrument or other Collateral; and (ii) direct that payment thereof is to be made directly to the Secured Party.

11. Secured Party May Perform. If the Debtor fails to perform any obligation contained in this Agreement, the Secured Party may itself perform, or cause performance of, such obligation, and the costs and expenses of the Secured Party incurred in connection therewith shall be payable by the Debtor; provided that the Secured Party shall not be required to perform or discharge any obligation of the Debtor and the performance by the Secured Party shall not waive the rights of the Secured Party to enforce this Agreement.

12. Set-Off. Upon the occurrence of an Event of Default, the Secured Party may, without notice to the Debtor or any other person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit

of the Debtor from the Secured Party or any of the Secured Party's affiliates, in any currency, against and on account of all or any part of the Secured Obligations, as the Secured Party may see fit (in its sole discretion), whether or not the Secured Obligations are due and payable. The Secured Party's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, the Secured Party will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Secured Party.

13. Remedies. Upon the occurrence of an Event of Default that is continuing, the Secured Party may, by notice, terminate any further advances and declare any or all of the Secured Obligations to be immediately due and payable and the Secured Party may proceed to realize upon the Collateral and immediately enforce its rights and remedies, including the following:

(a) the Secured Party may assert all rights and remedies of a secured party under the PPSA or other applicable law;

(b) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;

(c) the Secured Party can take possession of the Collateral by requiring the Debtor to assemble and deliver the Collateral, or make the Collateral available, to the Secured Party at a place and time designated by the Secured Party;

(d) the Secured Party may take possession of the Collateral by carrying on all or any part of the business of the Debtor and may, to the exclusion of all others, including the Debtor, enter upon, occupy and use any of the land and premises, buildings, plants and undertakings owned, occupied or used by the Debtor and may use any of the tools, machinery, equipment, intangibles (including Intellectual Property) of the Debtor for such time as the Secured Party sees fit, free of charge and without liability, in order to carry on the business of the Debtor or to manufacture or complete the manufacture of Inventory and to pack and ship finished products; and the Secured Party will not be liable to any Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on their part thereof as determined by a final non-appealable judgment of a court of competent jurisdiction) or in respect of any rent, charges, depreciation or damages in connection with such actions;

(e) the Secured Party may borrow money required for the maintenance, preservation or protection of the Collateral, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Agreement;

(f) the Secured Party may exercise and enforce all rights and remedies of the Debtor with respect to the Collateral, including collecting or compromising all or any of the Debtor's Accounts;

(g) the Secured Party may sell, lease, licence, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions as the Secured Party may deem commercially reasonable;

(h) the Secured Party may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Secured Party or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, "**Receiver**"), of the Collateral or any part of the Collateral and remove or replace any person so appointed. Any Receiver so appointed shall (i) have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for the Debtor and not the Secured Party, and the Secured Party shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed at the discretion of the Secured Party and a replacement appointed by the Secured Party;

(i) the Secured Party may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall (i) have, in addition to any

other powers afforded by the law, the same powers and authorities afforded to the Secured Party under this Agreement; (ii) act as agent for the Debtor and not the Secured Party, and the Secured Party shall not in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors; and (iii) be removed at the discretion of the Secured Party and a replacement appointed by the Secured Party;

(j) the Secured Party may retain the Collateral in satisfaction of the Secured Obligations.

The Secured Party shall not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, the Debtor or any other person, in respect of the Collateral.

14. Distribution of Proceeds. Any cash held by the Secured Party as Collateral and all cash Proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied in whole or in part by the Secured Party to the payment of expenses incurred by the Secured Party in connection with the foregoing or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Party hereunder, including reasonable legal and Receivers' fees, and the balance of such proceeds shall be applied or set off against all or any part of the Secured Obligations in such order as the Secured Party shall elect, in its sole discretion. Any surplus of such cash or cash Proceeds held by the Secured Party and remaining after payment in full of all the Secured Obligations shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive such surplus. The Debtor shall remain liable for any deficiency if such cash and the cash Proceeds of any sale or other realization of the Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any solicitor employed by the Secured Party to collect such deficiency.

15. Defined Terms. Capitalized terms not otherwise defined in this Agreement shall have the respective meanings assigned to such terms in the Promissory Note. Unless otherwise defined herein or in the Promissory Note, terms used herein that are defined in the PPSA shall have the meanings assigned to them in the PPSA or the regulations made under the PPSA.

16. Acknowledgement and Waiver. The Debtor acknowledges receipt of a fully executed copy of this Agreement. To the extent permitted by law, the Debtor hereby waives its right to receive a copy of any financing statement, financing change statement or verification or confirmation statement registered or received by or on behalf of the Secured Party in connection with the Secured Party's interest in the Collateral.

17. No Waiver and Cumulative Remedies. The Secured Party shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

18. Amendments. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Debtor therefrom shall be effective unless the same shall be in writing and signed by the Secured Party and the Debtor, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

19. Notices. All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the parties at the addresses set forth in the Promissory Note and shall be given in the manner and become effective as set forth in the Promissory Note.

20. Continuing Security Interest; Assignment. This Agreement creates a general and continuing security interest in the Collateral and shall (a) remain in full force and effect until payment and performance in full of the Secured Obligations, (b) be binding upon the Debtor, its successors and permitted assigns, and (c) enure to the benefit of the Secured Party and its successors, transferees and assigns; provided that the Debtor may not assign

or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Secured Party. The Secured Party may assign or transfer any of its rights under this Agreement without the consent of the Debtor.

21. Amalgamation. The Debtor acknowledges that, if it amalgamates with another person, the term Debtor, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any Collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Secured Party at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Secured Party thereafter arising.

22. Governing Law. This Agreement and all matters arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable in that province and the parties irrevocably attorn to the non-exclusive jurisdiction of the courts of Ontario. Where any Collateral affected by this Agreement is located in another jurisdiction the Personal Property Security Act or similar legislation of that jurisdiction shall govern.

23. Counterparts and Electronic Transmission. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement. The word "executed" and words of like import shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity, or enforceability as a manually executed signature or the use of a paper based recordkeeping system, as the case may be, to the extent and as provided for in any Law, including Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada) and other similar federal or provincial laws based on the *Uniform Electronic Commerce Act* of the Uniform Law Conference of Canada or its *Uniform Electronic Evidence Act*, as the case may be.

24. Conflict with Promissory Note. To the extent of any conflict or inconsistency between the terms of this Agreement and the terms of the Promissory Note, the terms of the Promissory Note shall govern to the extent necessary to remove the conflict or inconsistency.

25. Further Assurances. The Debtor agrees that, at any time and from time to time, at the expense of the Debtor, the Debtor will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Secured Party may reasonably request to create and maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder or under any other Loan Document with respect to any Collateral.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Debtor has executed this Agreement.

2733181 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2161907 ALBERTA LTD.

By: Jürgen Schreiber
Name: Jürgen Schreiber
Title: Chief Executive Officer

2733182 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2737503 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS-IP HOLDINGS LTD.

By: Shawna L. Vogel
Name: Shawna Vogel
Title: Secretary

TS PROGRAMS LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: Secretary

2826475 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2197130 ALBERTA LTD.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2699078 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2708540 ONTARIO CORPORATION

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2734082 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

TS WELLINGTON INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2742591 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

2796279 ONTARIO INC.

By: Justin Farbstein
Name: Justin Farbstein
Title: President

10006215 MANITOBA LTD.

By: _____
Name: Andy Williams
Title: President

80694 NEWFOUNDLAND & LABRADOR INC.

By: _____
Name: Andy Willams
Title: President

14284585 CANADA INC.

By: _____
Name: Andy Williams
Title: President

1000541354 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

1000541353 ONTARIO INC.

By: _____
Name: Andy Williams
Title: President

2385186 ALBERTA LTD.

By: _____
Name: Andy Williams
Title: President

SCHEDULE A

PLEDGED SECURITIES

Issuer	Class/Type of Security	Certificate Number (if certificated)	Number of Securities
NIL			

SCHEDULE B

LOCATION OF THE COLLATERAL

1. 1180 Queen Street West
   Toronto, ONTARIO M6J 1J4

2. 666 Wonderland Road N, Unit 6B
   London, ON N6H 4K9

3. 1082 Memorial Ave
   Thunder Bay, ON P7B 4A3

4. 570 Bloor St W
   Toronto, ON M6G 1K1

5. 8 Lebovic Avenue, Unit B5, Eglinton Town Centre
   Scarborough, ON M1L 4V9

6. 80 Marketplace Avenue
   Ottawa, K2J 5G3

7. 545 Queen St W
   Toronto, ON M5V 2B6

8. 979 Bloor St W
   Toronto, ON M6H 1L7

9. Unit 665-500 655 Erb St W Waterloo Commons
   Waterloo, ON N2L 1W3

10. 572 Arthur St W
    Thunder Bay, ON P7E 5R8

11. 400 King St W , Unit 7
    Oshawa, ON L1J 2J9

12. 1303 Queen Street East
    Toronto, ON M4L 1C2

13. Unit 3, 390 Lakeshore
    Drive, North Bay, ON P1A 2C7

14. 1000 Wellington Street West, Suite 101
    Ottawa, ON K1Y 2X9

15. 590 King St. W, Suite 400
    Toronto, ON M5V 1M3

16. 1450 South Main Street, Unit D011,
    Dauphin, MB R7N 3H4

17. 2705 Victoria Ave.,
    Brandon, MB R7B 0N1

18. 309 Saskatchewan Ave. E,
    Portage la Prairie, MB R1B 0L6

19. 120 Osborne Street, Unit 1,
    Winnipeg, MB R2L 1Y5

20. 1592 Regent Ave. W, Unit 2,
    Winnipeg, MB R2C 3B4

21. 628 18th Street,
    Brandon, MB R7A 5B4

22. 915 18th Street, Unit 3,
    Brandon, MB R7A 7S1

23. Unit A- 195 La Verendrye Blvd,
    Morden, MB R6M 0C9

24. 264 McDermot Ave., Unit 101,
    Winnipeg, MB R2B 0S8

25. 2-437 Stradbrook Ave.,
    Winnipeg, MB R2L 0J7

26. 55B Goulet Street,
    Winnipeg, MB R2H 0R5

27. 3393 Portage Ave., Unit 150,
    Winnipeg, MB R2K 2C9

28. 50 Commonwealth Ave, Unit 5,
    Mount Pearl, NL A1N 1W8

29. 81 Conception Bay Highway South, Suite 3,
    Conception Bay South, NL A1W 3A3

30. 27 Aspen Drive,
    Happy Valley-Goose Bay, NL A0P 1C0

31. 101 Centre Street,
    Meadowlake, SK S9X 1L2

32. 1919A 8th Ave., Unit R20,
    Humboldt, SK S0K 2A1

33. 3012 8th Street East Bay 30,
    Saskatoon, SK S7H 0W2

34. B-3735 Quance Street E,
    Regina, SK S4V 3A4

35. 241B Broadway Street E,
    Fort Qu'Appelle, SK S0G 1S0

36. 290 Prince William Drive,
    Melville, SK S0A 2P0

37. 1501 Albert Street,
    Regina, SK S4P 2S5

38. 141-143 2nd Ave. N,
    Saskatoon, SK S7K 2A9

39. 2257 Rymal Road E, Unit D-1
    Stoney Creek, ON L8J 2V8

40. 701 Memorial Avenue, Unit 2
    Thunder Bay, ON P7B 3Z7

41. 540 Arthur Street West, Suite 2021
    Thunder Bay, ON P7E 5R7

42. 6455 Macleod Trail SW, Store Number 0175
    Calgary, AB T2H 0K8

THIS IS **EXHIBIT "Z"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

EXECUTION COPY

PROMISSORY NOTE

Dated January 17, 2022

GRANTED BY:

2161907 ALBERTA LTD., an Alberta corporation (the **"Debtor"**)

IN FAVOUR OF

TWEED FRANCHISE INC., a corporation incorporated under the laws of Canada (the "**Secured Party**").

WHEREAS the Debtor has requested that the Secured Party provide financing.

AND WHEREAS the Secured Party has agreed to make certain credit facilities available to the Debtor pursuant to the terms hereof.

NOW THEREFORE in consideration of the credit facilities the Secured Party has agreed to make available to the Debtor, the Debtor has issued this note in favour of the Secured Party and agrees as follows:

1. Definitions.

In this note, in addition to the terms defined above, the following definitions apply:

1.1 **"Advance"** means any borrowing by the Debtor from the Secured Party, from time to time, pursuant to the terms hereof.

1.2 **"Advance Request"** means a written notice signed by a duly authorized representative of the Debtor and delivered to the Secured Party requesting an Advance in accordance with the terms and conditions hereof.

1.3 "**Affiliate**" shall have the meaning given to the term "affiliate" under the Ontario Cannabis Act.

1.4 **"Bankruptcy Event"** means, with respect to any Person, that

(a) the Person fails to pay or perform its obligations generally as they become due or admits its inability to pay its debts generally,

(b) the Person is an insolvent person or commits or threatens to commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada),

(c) a Bankruptcy Proceeding is instituted against (excluding any Bankruptcy Proceeding instituted against that Person that is being contested by that Person in good faith by appropriate proceedings so long as enforcement remains stayed, none of the relief sought is granted (either on an interim or permanent basis), and the Bankruptcy Proceeding is dismissed within thirty (30) days of its commencement), or

(d) the Person takes any action to authorize any of the actions set forth above in this definition.

1.5 **"Bankruptcy Proceeding"** means, with respect to any Person, the commencement of any proceeding or the taking of any step, whether voluntary or involuntary or whether

instituted by or against that Person, under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada), or any other similar legislation of any jurisdiction seeking any of the following or resulting, by operation of law, in the bankruptcy of that Person:

(a) any moratorium, reorganization, adjustment, composition, proposal, compromise, arrangement, or other similar relief in respect of any or all of that Person's obligations,

(b) the winding up, liquidation, or dissolution of that Person or all or any part of its businesses, undertaking, properties, and assets,

(c) any order declaring, finding, or adjudging that Person insolvent or bankrupt, or

(d) the appointment (provisional, interim, or permanent) of any receiver, receiver and manager, trustee, monitor, custodian, liquidator, or other Person with similar powers.

1.6 **"Business"** means the business of the Debtor involving the establishment, development and operation of retail cannabis locations in Ontario.

1.7 **"Business Day"** means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Toronto, Ontario are not open for business.

1.8 "**Cannabis Legislation**" means, collectively, the *Cannabis Act* (Canada) and the Cannabis Regulations thereunder, the Ontario Cannabis Act and any other federal or Ontario legislation or regulations relating to and governing the cultivation, processing, sale, distribution, testing or researching of cannabis goods and services.

1.9 **"Cannabis Permits"** means all permits or licences of any nature (including, without limitation, any retail store authorization or retail operator licence granted pursuant to the Ontario Cannabis Act held by the Debtor, as of the date of this note or thereafter, under any Cannabis Legislation that are necessary or desirable to lawfully conduct or maintain, directly or indirectly, its cannabis-related activities and interests in the province of Ontario.

1.10 **"Debt"** means, for the Debtor at any time,

(a) all items (including the Advance) that would then be classified as liabilities on the Debtor's balance sheet or in the notes to the balance sheet, and

(b) without duplication, any item that is then to the Debtor

(i) an obligation in respect of borrowed money, for the deferred purchase price of property or services, or that is evidenced by a note, bond, debenture, or any other similar instrument,

(ii) a transfer with recourse or with an obligation to repurchase, to the extent of the Debtor's liability,

(iii) an obligation secured by any Lien on any of the Debtor's property to the extent attributable to the Debtor's respective interest in that property, even though it has not assumed or become liable for its payment,

(iv) a capital lease obligation,

(v) an obligation arising in connection with an acceptance facility or letter of credit or letter of guarantee,

(vi) the aggregate amount at which any shares in the Debtor's capital that are redeemable or retractable at the option of the holder of those shares (except where the holder is the Debtor) may be redeemed or retracted, or

(vii) any other obligation arising under arrangements or agreements that, in substance, provide financing;

provided, however, that there will not be included for the purpose of this definition any item that is on account of

(i) issued share capital or surplus, subject to paragraph (vi) above,

(ii) reserves for deferred income taxes or general contingencies,

(iii) trade accounts payable and accrued liabilities (including deferred revenues and income taxes payable) incurred in the ordinary course of business, unless any of the trade accounts payable or accrued liabilities under this paragraph remain unpaid more than one hundred and twenty (120) days after the date on which they were incurred,

(iv) any Non-Recourse Advances, as that term is defined in the support agreement among the Debtor, the Secured Party and Tweed Franchise Inc., dated as of February 28, 2019; or

(v) any Support Fees, as that term is defined in the support agreement among the Debtor, the Secured Party and Tweed Franchise Inc., dated as of February 28, 2019.

1.11 **"Debt to Equity Ratio"** means the amount determined in accordance with the formula D/EQ where

(a) "D" is Debt of the Debtor, and

(b) "EQ" is Equity of the Debtor.

1.12 **"Default"** means:

(a) the occurrence of one or more of the following events if the Debtor has failed to remedy the event within 10 days from the date that the Debtor becomes aware or ought to have become aware of the event:

(i) the Debtor defaults in the payment or performance of any obligation under any of the Transaction Documents,

(ii) any representation or warranty made by the Debtor in any Transaction Document was incorrect or misleading in any material respect,

(iii) the failure by the Debtor to comply with any obligation, covenant or agreement contained in this note:

(iv) the Debtor denies its obligations under any Transaction Document or claims that any Transaction Document is invalid or has been withdrawn in whole or in part,

(v) any legislation is enacted or any decree or order of a court, statutory board, or commission is entered into or obtained that renders any of the Transaction Documents or any material provision of any of them unenforceable, unlawful, or otherwise changed, if the Debtor does not, within 30 days of receipt of notice of the Transaction Document or material provision becoming unenforceable, unlawful, or otherwise changed, replace the Transaction Document with a new agreement that is in form and substance satisfactory to the Secured Party acting reasonably, or amend the Transaction Document to the satisfaction of the Secured Party acting reasonably,

(vi) a Bankruptcy Event occurs with respect to the Debtor,

(vii) any act, matter, or thing is done, or any action or proceeding is taken, to terminate the Debtor's existence,

(viii) any lender other than the Secured Party takes possession, by appointment of a receiver of any material portion of the Debtor's property,

(ix) the Debtor ceases to carry on its business or makes, or proposes to make, any sale of its assets in bulk or any sale of its assets out of the usual course of its business,

(x) if any present or future indebtedness, liability or obligation of the Debtor (A) becomes due and payable prior to its date of maturity by reason of occurrence of a default thereunder or (B) is not paid when demanded or due or within any applicable grace period originally provided therefor or within a reasonable period of time for demand loan repayments (as may be applicable);

(xi) any Person takes possession of any of the Debtor's property that is material to its financial condition, business, or operations by way of or in contemplation of enforcement of security, or a distress, execution, or similar process is levied or enforced against that property,

(xii) a final judgment or decree is entered into or obtained for the payment of money due against the Debtor in an amount in excess of $250,000 if that final judgment or decree is not vacated, discharged, or stayed pending appeal within the applicable appeal period,

(xiii) any of the grants, mortgages, charges, pledges, transfers, assignments or other security interests created in favour of the Secured Party pursuant to the Transaction Documents, or any of them, loses its status as a valid and perfected first priority security interest subject only to Permitted Liens,

(xiv) any step is taken to issue any garnishment order or other equivalent process to the Secured Party to recover payment of amounts owing by the Debtor, or

(xv) the Minister of Finance of Canada issues a requirement to pay to the Secured Party in respect of the Debtor.

For certainty, notwithstanding anything in this note to the contrary, cure periods shall not apply to the extent that the Default relates to a breach of Cannabis Legislation, or due to the Debtor making a disposition of its property or issuance of its equity security to or in favour of a Licensed Producer other than the Secured Party.

1.13 **"Equity"** means, for the Debtor, the aggregate amount of

(a) the stated capital of all of the outstanding shares or other ownership interest of the Debtor,

(b) the Debtor's accumulated retained earnings,

(c) the amount, without duplication, of any contributed surplus all as set forth in the financial statements for the Debtor as at the end of its most recently completed fiscal quarter, and

(d) the amount of any loans from the Debtor's shareholders that have been fully subordinated and postponed to the Principal on terms satisfactory to the Secured Party.

1.14 **"First Interest Payment Date"** means March 1, 2022.

1.15 **"Governmental Authority"** means (a) the government of Canada or any other nation, (b) any central bank, court, tribunal, arbitral body, regulatory body (including any stock exchange), commission (including any securities commission), board, bureau, agency, authority, or other entity exercising executive, legislative, judicial, taxing, regulatory, or administrative powers or functions of, or pertaining to, any of the foregoing, and (c) any political or other subdivision of any of the foregoing.

1.16 **"Guarantee"** means that certain guarantee dated on or about the date hereof by DAK Capital Inc. in favour of the Secured Party guaranteeing all obligations of the Debtor to the Secured Party pursuant to the Transaction Documents.

1.17 **"Interest"** means interest equal to the rate of seven percent (7%) per annum, determined as at the relevant Interest Payment Date, calculated monthly in arrears and payable on each Interest Payment Date.

1.18 **"Interest Payment Date"** means the first day of each successive month starting on the First Interest Payment Date.

1.19 **"Investment"** in any Person means any direct or indirect investment in such Person including (i) any advances, loans or other extensions of credit, guarantees, indemnities, capital contributions, assumption of debt, or other contingent liabilities in the nature of a guarantee or indemnity or capital contributions to or in respect of such Person, (ii) any purchase of any equity securities, bonds, notes, debentures or other securities of such Person or (iii) the acquisition of all or substantially all the assets of such Person or of a business carried on by, or a division of, such Person.

1.20 "**Licensed Producer**" shall have the meaning given to the term "licensed producer" under the Ontario Cannabis Act and shall include for the purposes of this note any Affiliate of a Licensed Producer.

1.21 **"Lien"** means (a) any interest in property created by way of mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, conditional sale agreement, sale/lease back transaction, deposit arrangement, title retention, capital lease, or discount, factoring, or securitization arrangement on recourse terms, (b) any statutory deemed trust or lien, (c) any preference, priority, adverse claim, levy, execution, seizure, attachment, garnishment, or other encumbrance that binds property, (d) any right of set-off intended to secure the payment or performance of an obligation, and (e) any agreement to grant any of the rights or interests described in any of the preceding clauses.

1.22 **"Maturity Date**" means January 17, 2024.

1.23 **"Notice"** means any notice, request, direction, or other document that a party can or must make or give under this note.

1.24 "**Ontario Cannabis Act**" means the *Cannabis Licence Act, 2018* (Ontario) and its regulations, as may be amended from time to time.

1.25 **"Permitted Liens"** means

(a) statutory deemed trusts and Liens in connection with claims for unpaid wages, vacation pay, worker's compensation, unemployment insurance, pension plan contributions, employee or non-resident withholding tax source deductions, unremitted sales taxes, goods and services taxes, customs duties, or similar statutory obligations secured on the Debtor's undertaking and property, but only if the obligations secured by those deemed trusts and Liens are paid when due,

(b) statutory liens for assessments or governmental charges or levies that are paid when due or, if overdue, the validity or amount of which is being contested in good faith by appropriate proceedings,

(c) construction, mechanic's, carrier's, warehousemen's, storage, repairer's, and materialmen's liens, but only if the obligations secured by those liens are paid when due and no Lien has been registered against any Collateral or if a Lien has been registered, it is not being vigorously contested by the Debtor in good faith by appropriate proceedings and appropriate action has been taken to prevent any disposal of Collateral,

(d) Liens under other agreements granted in favour of the Secured Party,

(e) any other Liens that may be approved in writing by the Secured Party,

(f) easements, encroachments, rights of way, servitudes, restrictive covenants, or other similar rights in land granted to or reserved by another Person, rights of way for sewers, electric lines, telegraph and telephone lines, or other similar purposes, or zoning or other restrictions as to the use of real properties, provided that they do not, in the aggregate, impair the use by the Debtor of any material property in the conduct of its respective business,

(g) Liens already provided to financial institutions or to be required to be provided to financial institutions,

(h) purchase-money security interests, if any, in an aggregate amount not to exceed at any time $50,000, and

(i) Liens in connection with subordinated debt, if any.

1.26 **"Person"** includes any individual, corporation, company, partnership, Governmental Authority, joint venture, association, trust, or any other entity.

1.27 **"Principal"** means the amount of five million Canadian Dollars (CAD $5,000,000.00).

1.28 **"Retail Stores"** means Debtor owned Tokyo Smoke retail stores in Ontario.

1.29 **"Security"** means any instrument granted, from time to time, by the Debtor in favor of the Secured Party to secure all obligations of the Debtor to the Secured Party pursuant to the Transaction Documents including, without limitation, any general security agreement between the Debtor and the Secured Party.

1.30 **"Transaction Documents"** means this note, the Security, the Guarantee and each other agreement from time to time in effect between the Debtor and the Secured Party.

2. References to specific terms.

2.1 *Accounting principles*. Unless otherwise specified, where the character or amount of any asset or liability, item of revenue, or expense is required to be determined, or any consolidation or other accounting computation is required to be made, that determination or calculation will be made in accordance with accounting standards for private enterprises.

2.2 *Currency*. Unless specified otherwise, all dollar amounts expressed in this note refer to Canadian currency.

2.3 "*Including*." Where this note uses the word "including," it means "including without limitation," and where it uses the word "includes," it means "includes without limitation."

2.4 *"Knowledge."* Where any representation, warranty, or other statement in this note, or in any other document delivered under this note, is expressed by a party to be "to its knowledge," or is otherwise expressed to be limited in scope to facts or matters known to the party or of which the party is aware, it means (i) the current, actual knowledge of directors and officers of that party and (ii) the knowledge that would or should have come to the attention of any of them had they duly investigated the facts related to that statement and made reasonable inquiries of other individuals reasonably likely to have knowledge of facts related to that statement.

2.5 *Statutes, etc*. Unless specified otherwise, any reference in this note to a statute includes the regulations, rules, and policies made under that statute and any provision that amends, supplements, supersedes, or replaces that statute or those regulations, rules, or policies.

3. Indebtedness and Advance of Indebtedness.

3.1 For value received, the Debtor promises to pay to, or to the order of, the Secured Party the Principal in lawful money of Canada in immediately available funds at 1 Hershey Drive, Smith Falls, Ontario K7A 0A8 (or as the Secured Party may otherwise designate in writing from time to time) in the manner provided in this note, together with Interest and other monies that the Debtor may owe from time to time under this note.

3.2 The Debtor may call for the Principal in one Advance by delivery to the Secured Party of an Advance Request in form and substance satisfactory to the Secured Party for each Advance. The Secured Party shall, within 5 Business Days of receipt of an Advance Request, make an Advance to the Debtor in the amount requested by the Debtor, provided that the Advance shall not exceed the Principal.

3.3 Each Advance Request for an Advance shall indicate the amount of the Advance and be delivered with a certificate certified by an officer of the Debtor confirming:

(a) that the representations and warranties made in Section 11 are true and complete as of the date of the Advance Request;

(b) that no Default or Event of Default occurred and is continuing as of the date of the Advance Request; and

(c) that after giving effect to the proposed Advance, the Advance does not exceed five million Canadian Dollars (CAD$5,000,000).

3.4 The Secured Party shall open and maintain books of account evidencing the Advance and all other amounts that the Debtor owes to the Secured Party under this note. The Secured Party shall enter in those books details of all amounts that the Debtor from time to time owes or repays. Absent manifest error, this information will constitute prima facie evidence of the Debtor's obligations to the Secured Party under this note relating to the Advance and all other amounts that the Debtor owes to the Secured Party under this note.

4. Interest.

4.1 The Debtor shall pay the Secured Party Interest on the Principal from the date of this note, both before and after maturity, demand, default, or judgment and until actual payment in full. The first Interest payment will consist of accrued Interest from the date of this note until the First Interest Payment Date.

4.2 If the Debtor fails to pay any instalment of Interest or Principal on the date on which the same is due, the Debtor shall pay interest on such overdue amount in an amount equal to the Interest plus two percent (2%). Interest on overdue amounts shall be payable on demand and shall be calculated on a daily basis and compounded monthly from the date such amount becomes due and payable and for so long as such amount remains unpaid and on the basis of a year of three hundred and sixty-five (365) days.

4.3 The Debtor shall pay the Secured Party interest on any overdue Interest at the same rate, calculated and payable in the same manner, as Interest.

4.4 For the purpose of *the Interest Act* (Canada), the yearly rate of Interest applicable to amounts owing under this note will be calculated on the basis of a three hundred and sixty-five (365) day year.

5. Repayment.

The Debtor shall pay the Secured Party the Principal and all accrued and unpaid Interest by 5:00 p.m. Eastern Time on the Maturity Date. Any payment not received by 5:00 p.m. Eastern Time on a Business Day will be deemed to have been received on the next Business Day and shall bear interest in accordance with Section 4.2.

6. Limitations Act.

The Debtor has issued this note for business purposes; accordingly, this note will be treated as a business agreement for purposes of the *Limitations Act*, *2002* (Ontario). The Debtor agrees that any limitation period applicable to this note, any proceeding relating to a claim in connection with this note, or the Debtor's obligations under this note (other than the ultimate limitation period provided for in section 15 of that Act) is suspended and will not apply to this note or the obligations that it evidences.

7. Prepayment.

At any time prior to the Maturity Date, the Debtor may prepay the Principal either in whole at one time or in part from time to time without penalty or bonus, together with all accrued and unpaid Interest to the date fixed for repayment and, in the case of prepayment in whole, all other monies owing under this note if any.

8. Application of payments.

The Secured Party shall apply any amount paid in satisfaction of any indebtedness under this note first against any accrued and unpaid Interest and second against the outstanding Principal.

9. Acceleration.

When a Default occurs and is continuing, the full unpaid balance of the Principal and all accrued and unpaid Interest will, at the Secured Party's option and on the provision of 10 Business Days' prior written notice from the Secured Party, become immediately due and payable without any other action required of the Secured Party.

10. Cannabis Permits

Upon the occurrence of a Default which is continuing the Debtor shall, upon written request of the Secured Party, immediately (and, in any event, within 1 Business Day following receipt of such written request) withdraw or surrender all Cannabis Permits it may possess at such time, in accordance with applicable Cannabis Legislation. For certainty, to the extent that applicable Cannabis Legislation prohibits or prevents a Person from withdrawing or surrendering a Cannabis Permit within 1 Business Day, the Debtor shall be deemed to have covenanted under this Section 10 to commence an irrevocable process of withdrawing or surrendering all Cannabis Permits it may possess within 1 Business Day following receipt of such written request.

11. Representations and warranties.

The Debtor represents and warrants to the Secured Party, acknowledging that the Secured Party is relying on these representations and warranties in making the Advance to the Debtor, as follows:

11.1 ***Existence.*** It is a corporation, incorporated and existing under the laws of the jurisdiction of its incorporation.

11.2 ***Power and capacity.*** It has the corporate power and capacity to carry on business, to own properties and assets, and to execute, deliver, and perform its obligations under each of the Transaction Documents.

11.3 ***Authorization.*** It has taken all necessary corporate action to authorize its execution and delivery of, and the performance of its obligations under, each of the Transaction Documents.

11.4 ***Execution and delivery*****.** It has duly executed and delivered each of the Transaction Documents.

11.5 ***Enforceability*****.** Each of the Transaction Documents constitutes a legal, valid, and binding obligation of the Debtor, enforceable against it in accordance with its terms, subject to:

(a) bankruptcy, insolvency, reorganization, receivership, moratorium, arrangement, winding-up, and other laws of general application affecting the enforcement of creditors' rights generally, and

(b) general equitable principles including the principle that the granting of equitable remedies, such as injunctive relief and specific performance, is at the court's discretion.

11.6 ***No breach*****.** The execution, delivery, and performance of its obligations under each of the Transaction Documents do not and will not breach or result in a default under:

(a) its articles, by-laws, or any unanimous shareholders agreement,

(b) any law, statute, rule, or regulation to which it is subject,

(c) any judgment, order, or decree of any court, agency, tribunal, arbitrator, or other authority to which it is subject, or

(d) any agreement to which it is a party or by which it is bound.

11.7 ***No regulatory approvals required.*** It is not required to obtain any action, approval, authorization, consent, or order of, or make any filing, registration, qualification, or recording with, any Governmental Authority or any other Person in connection with the execution or delivery of, or the performance of its obligations under each of the Transaction Documents.

11.8 ***Cannabis Permits*****.** No fact or circumstance exists or, but for the requirement for the giving of notice, lapse of time, or both, would exist, which would disqualify the Debtor from being eligible for any applicable Cannabis Permit.

11.9 ***Bankruptcy, etc*****.** No proceedings have been taken or authorized by it or, to its knowledge, by any other Person relating to the bankruptcy, insolvency, liquidation, dissolution, or winding up.

12. Covenants*.*

While any amount owing under this note remains unpaid or the Debtor owes any obligations under this note, the Debtor covenants with the Secured Party as follows:

12.1 It shall preserve and maintain its existence.

12.2 It shall preserve and keep in full force and effect all its rights, powers, licences, permits and goodwill necessary to the proper conduct of its business, following the issuance of the same (if applicable).

12.3 It shall keep accurate and complete books, records, and accounts in connection with all of its business activities in accordance with sound accounting practices and with accounting standards for private enterprises, consistently applied.

12.4 The Debtor shall use the proceeds of each Advance solely to fund build outs of Retail Stores.

12.5 The Debtor shall have received a retail store operator license and a retail store authorization under the Ontario Cannabis Act prior to beginning operations at such Retail Store.

12.6 The Debtor shall ensure that each Retail Store built complies with the Master Franchise Agreement dated March 27, 2020 entered into between the Debtor and the Secured Party.

12.7 The Debtor shall permit the Secured Party and its employees and agents to enter upon and inspect each of the Retail Stores and its property, assets, books and records from time to time, (i) prior to an Event of Default which is continuing, at reasonable times during normal business hours and upon at least 24 hours prior notice and accompanied by a representative of the Debtor, and (ii) following an Event of Default and for so long as it is continuing, at any time with or without notice to the Debtor; and to permit the Secured Party and its employees and agents to examine all computer and other electronic records with respect thereto and to make copies of all books and account and other records.

12.8 It shall maintain a standard system of accounting in accordance with accounting standards for private enterprises and shall promptly provide to the Secured Party any relevant information respecting its business and financial condition that the Secured Party may reasonably request. The Debtor shall, without any request from the Secured Party, provide to the Secured Party

(a) forthwith, a copy of the Debtor's most recent available financial statements (whether those statements cover a monthly, quarterly, or annual reporting period),

(b) as soon as available and in any event within forty-five (45) days after the last day of the Debtor's quarterly and annual accounting periods, a copy of the Debtor's consolidated balance sheet as of the close of that period and the Debtor's consolidated statements of income, retained earnings, and cash flows and accompanying notes for the period then ended, each in reasonable detail,

(c) as soon as available and within one hundred and twenty (120) days after the Debtor's financial year end, a copy of the Debtor's consolidated balance sheet as of the close of that financial year and the Debtor's consolidated statements of income, retained earnings, and cash flows and accompanying notes for the period then ended, each in reasonable detail,

(d) promptly after knowledge of either comes to the attention of any officer or director of the Debtor, written Notice of (A) any threatened or pending litigation or governmental proceeding against the Debtor that, if adversely determined, would either have a material adverse effect or result in any Default or (B) any other event or occurrence that would have a material adverse effect or result in a Default, and

(e) promptly after knowledge of it comes to the attention of any officer or director of the Debtor, written Notice of any (i) material adverse change in the business or financial condition of the Debtor, (ii) material litigation, (iii) proceedings or actions which could, in the Debtor's reasonable judgment, have a material adverse effect on the business or financial condition of the Debtor, and (iv) Default. The

Secured Party acknowledges the ongoing impact of Covid–19, and related governmental measures implemented from time to time, on the business and financial condition of the Debtor and, accordingly, further notification of this event by Debtor is not required pursuant to subsection 12.8(e)(i).

12.9 Unless the Debt to Equity Ratio will be less than or equal to 5.0:1.0 as at the end of the most recent quarterly accounting period, the Debtor shall not, directly or indirectly, make any payment of any

(a) dividends on the shares of its capital,

(b) other distribution in connection with any shares of its capital, and, for certainty, all share capital of and shareholder advances to the Debtor from time to time are expressly postponed and subordinated in right of payment of the Principal and Interest, or

(c) management, consulting, or similar fees outside of the ordinary course of business or any bonus payment or comparable payment, or by way of gift or other gratuity, or by repayment of debt or other obligation to any Person.

12.10 Except for those amounts and other charges the validity or amount of which the Debtor is contesting in good faith by appropriate proceedings, the Debtor shall promptly pay all amounts and other charges that could result in the creation of a Lien in connection with the Debtor's property, or any portion thereof.

12.11 Except as permitted in the relevant Transaction Documents, the Debtor shall not:

(a) consolidate, amalgamate, or merge with any other Person,

(b) enter into any corporate reorganization or other transaction intended to effect or otherwise permit a change in its existing corporate or capital structure, or

(c) liquidate, wind up, or dissolve itself, or permit any liquidation, winding-up, or dissolution.

12.12 Except as permitted pursuant to Section 12.4, the Debtor shall not, directly or indirectly, make any Investments in any Person.

12.13 The Debtor shall deliver to the Secured Party within 60 days following the end of each fiscal quarter, a compliance certificate certified by an executive officer of the Debtor, in form and substance satisfactory to the Secured Party.

12.14 The Debtor shall not:

(a) incur additional Debt (i) in excess of $150,000,000 in the aggregate at any time, and (ii) without first providing a minimum of 5 day's written notice to the Secured Party;

(b) enter into any transactions with Affiliates except on an arm's length basis;

(c) transfer any of its property or assets, except that (i) inventory may be sold in the ordinary course of business, (ii) surplus or obsolete assets may be sold, and (iii) damaged assets may be disposed of in the ordinary course of business;

(d) grant any Liens other than Permitted Liens; and

(e) liquidate or dissolve or enter into any consolidation, merger, amalgamation, partnership, joint venture or other combination; or enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other Person, whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise.

13. Security/Guarantee.

The Debtor acknowledges that the Security secures all present and future indebtedness, liabilities, and obligations evidenced by this note and that the Guarantee guarantees all present and future indebtedness, liabilities, and obligations evidenced by this note.

14. No set-off.

The Debtor shall not exercise any right of set-off in connection with amounts that may be owed to the Debtor from time to time as against any amounts that the Debtor may owe under this note.

15. Further assurances.

The Debtor, at its expense and at the Secured Party's request, shall sign (or cause to be signed) all further documents or do (or cause to be done) all further acts and provide all reasonable assurances as may reasonably be necessary or desirable to give effect to this note.

16. Amendment.

This note may only be amended by a written document signed by each of the parties to this note.

17. Conflict of terms.

If there is any inconsistency between the terms of this note and those in any document entered into under this note, the terms of this note will prevail.

18. Binding effect.

This note enures to the benefit of and binds the parties and their respective successors, and permitted assigns.

19. Assignment.

The Secured Party may assign this note in whole or in part to any Person without Notice to or the consent of the Debtor. Without the prior written consent of the Secured Party which consent may not be unreasonably withheld, the Debtor may not assign this note.

20. Notice.

To be effective, a Notice must be in writing and delivered (a) personally, either to the individual designated below for that party or to an individual having apparent authority to accept deliveries on behalf of that individual at its address set out below, (b) by registered mail, or (c) by electronic mail to the address or electronic mail address set out opposite the party's name below or to any other address or electronic mail address for a party as that party from time to time designates to the other parties in the same manner:

in the case of the Debtor, to:

Suite 4540, 161 Bay Street
Toronto, ON M5J 2S1

Attention: Jürgen Schreiber
Email: jschreiber@katzgroup.ca

with a copy to:

Dentons Canada LLP
2500 Stantec Tower, 10220-103 Ave NW
Edmonton, AB T5J 0K4
Attention: Leah Tolton
Email: leah.tolton@dentons.com

in the case of the Secured Party, to:

Tweed Franchise Inc.
1 Hershey Drive,
Smith Falls, ON K7A 0A8

Attention: Blair Veenema
Email: blair.veenema@canopygrowth.com

with a copy to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, ON M5H 3C2

Attention: Jonathan Sherman
Email: jsherman@cassels.com

Any Notice is effective (i) if personally delivered, as described above, on the day of delivery if that day is a Business Day and it was received before 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day, (ii) if sent by registered mail, on the fourth Business Day following the day on which it is mailed, except that if at any time between the date of mailing and the fourth Business Day thereafter there is a disruption of postal service then, Notice must be given by means other than mail, or (iii) if sent by electronic mail, on the day the sender receives confirmation of receipt by return electronic mail from the recipient if that day is a Business Day and if that confirmation was received before 5:00 p.m. local time in the place of receipt, and otherwise on the next Business Day.

21. Severability.

The invalidity or unenforceability of any particular term of this note will not affect or limit the validity or enforceability of the remaining terms.

22. Waiver.

22.1 General. No waiver of satisfaction of a condition or breach or non-performance of an obligation (including any Default) under this note is effective unless it is in writing and signed by the party granting the waiver. No waiver under this section will be deemed to

extend to a subsequent occurrence, whether or not that occurrence is the same or similar to the original occurrence that was waived nor will it affect the exercise of any other rights or remedies under this note. Any failure or delay in exercising any right or remedy will not constitute, or be deemed to constitute, a waiver of that right or remedy. No single or partial exercise of any right or remedy will preclude any other or further exercise of any right or remedy.

22.2 **Specific.** The Debtor waives presentment for payment, demand, protest, Notice of any kind, and statutory days of grace in connection with this note. The Debtor agrees that it is not necessary for the Secured Party to first bring legal action in order to enforce payment of this note.

23. Governing law.

The laws of Ontario and the laws of Canada applicable in that province, excluding any rule or principle of conflicts of law that may provide otherwise, govern this note.

24. Submission to jurisdiction.

The parties irrevocably attorn to the jurisdiction of the courts of Ontario, which will have non-exclusive jurisdiction over any matter arising out of this note.

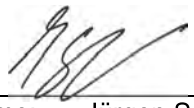
25. Copy of the note.

The Debtor acknowledges receipt of an executed copy of this note.

[Signature Page to Follow]

Dated as of the first date noted above.

2161907 ALBERTA LTD.

By: 

Name: Jürgen Schreiber
Title: Director

TWEED FRANCHISE INC.

By: _____

Name:
Title:

By: _____

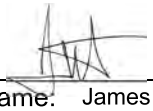
Name:
Title:

Dated as of the first date noted above.

2161907 ALBERTA LTD.

By: _____
Name: Jürgen Schreiber
Title: Director

TWEED FRANCHISE INC.

By:  _____
Name: James Wishart
Title: Director

By: _____
Name:
Title:

EXECUTION COPY

AMENDMENT NO. 1 TO PROMISSORY NOTE

THIS AMENDING AGREEMENT is made as of the 23rd day of September, 2022.

B E T W E E N:

2161907 ALBERTA LTD.
(the "**Debtor**")

- and -

TWEED FRANCHISE INC.
(the "**Secured Party**")

WHEREAS the Debtor and the Secured Party are party to a promissory note dated as of January 17, 2022 (as it may be amended, restated or replaced from time to time, the "**Promissory Note**");

AND WHEREAS the Debtor and the Secured Party have agreed to make certain amendments to the Promissory Note subject to the terms and conditions set out in this Agreement;

NOW THEREFORE in consideration of the premises and the agreements herein set out and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
INTERPRETATION

1.1 Definitions.

Unless otherwise defined herein, capitalized terms used in this amendment agreement (this "**Agreement**"), including in the recitals hereto, shall have the meanings ascribed to such terms in the Promissory Note.

1.2 References to Promissory Note.

Upon execution of this Agreement, the Promissory Note shall be deemed to have been amended as of the date hereof. The terms "hereof", "herein", "this Agreement" and similar terms used in the Promissory Note, shall mean and refer to, from and after the date this Agreement becomes effective, the Promissory Note as amended by this Agreement.

1.3 Continued Effectiveness.

Nothing contained in this Agreement shall be deemed to be a waiver by the Secured Party of compliance by the Debtor with any covenant or agreement contained in the Promissory Note, or a waiver of any Default or Event of Default under the Promissory Note, and each of the parties hereto agrees that the Promissory Note as amended by this Agreement shall remain in full force and effect.

1.4 Benefit of the Agreement.

This Agreement shall enure to the benefit of and be binding upon the Debtor, the Secured Party and their respective successors and permitted assigns.

1.5 Invalidity of any Provisions.

Any provision of this Agreement which is prohibited by the laws of any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition in such jurisdiction without invalidating the remaining terms and provisions hereof and no such invalidity shall affect the obligation of the Debtor to pay the amount owing under the Promissory Note in full.

1.6 Captions and Heading.

The inclusion of headings preceding the text of the sections of this Agreement and the headings following each Article in this Agreement are intended for convenience of reference only and shall not affect in any way the construction or interpretation thereof.

ARTICLE II
AMENDMENTS

2.1 Amendments.

The Promissory Note is hereby amended as follows:

(a) The definition of "Maturity Date" in Section 1.22 of the Promissory Note is hereby amended by replacing the date "January 17, 2024" with the date "April 15, 2025".

(b) The address of the Debtor in Section 20 of the Promissory Note is hereby amended by replacing the address "Suite 4540, 161 Bay Street, Toronto, ON M5J 2S1" with the address "590 King Street W. – Suite 400, Toronto, ON M5J 2S1".

ARTICLE III
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties.

The Debtor hereby represents and warrants to the Secured Party as follows (which representations and warranties shall survive the execution and delivery of this Agreement, acknowledging that the Secured Party is relying thereon without independent inquiry in entering into this Agreement):

(a) it has full corporate (or other) power, authority and capacity to enter into and to perform all its obligations contemplated by this Agreement;

(b) the execution, delivery and performance by it of this Agreement: (i) has been duly authorized by all necessary action; and (ii) does not contravene any provision of the constating documents of the Debtor;

(c) this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms except to the extent such enforcement may be restricted by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally and subject to the discretion of a court in regard to the availability of equitable remedies;

(d) the representations and warranties set forth in the Promissory Note remain true and correct as though they were made on and as of the date hereof (except to the extent that such representation or warranty expressly relates solely to an earlier date or period in which case it is true and correct as of such earlier date or period); and

(e) no Default under the Promissory Note has occurred or is continuing.

ARTICLE IV
MISCELLANEOUS

4.1 Further Assurances.

Each of the parties hereto agrees to execute and deliver or cause to be executed and delivered all such instruments and to take all such action as the other party may reasonably request, and at the expense of such other party in order to more fully effectuate and accomplish the intent and purposes of and to carry out the terms of this Agreement.

4.2 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

4.3 Consent to Jurisdiction.

The Debtor hereby irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario in respect of any action, suit or proceeding arising out of or relating to this Agreement and hereby irrevocably agrees that all claims in respect of any such action, suit or proceeding may be heard and determined in any such Ontario court. The Debtor hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The Debtor agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in another jurisdiction by suit on the judgment or in any other manner provided by law. Nothing in this Section shall affect the right of the Secured Party to bring any suit, action or proceeding against the Debtor or its assets in the courts of any other jurisdiction.

4.4 Time of the Essence.

Time shall be of the essence in this Agreement in all respects.

4.5 Counterparts.

This Agreement may be executed and delivered in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Counterparts may be executed and delivered in original, facsimile or portable document format (pdf) form to the other parties hereto and the parties hereto agree to accept any such executed counterparts as original signed versions of this Agreement.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date first set out above.

2161907 ALBERTA LTD.

By:_____
Name: Jurgen Schreiber
Title: Director

By:_____
Name:
Title:

TWEED FRANCHISE INC.

By:_____
Name:
Title:

By:_____
Name:
Title:

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date first set out above.

2161907 ALBERTA LTD.

By:_____
Name:
Title:

By:_____
Name:
Title:

TWEED FRANCHISE INC.

By:_____
Name: James Wishart
Title: Director

By:_____
Name:
Title:

THIS IS **EXHIBIT "AA"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW
WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE
ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS
28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20,
ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

Electronically issued / Délivré par voie électronique : 15-Aug-2024
Toronto Superior Court of Justice / Cour supérieure de justice

Court File No./N° du dossier du greffe : CV-24-00725744-0000

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

(Court Seal)

CANOPY GROWTH CORPORATION and TWEED INC.

Plaintiffs

- and -

2675970 ONTARIO INC., 2733181 ONTARIO INC. and 14284585 CANADA INC.

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Electronically issued / Délivré par voie électronique : 15-Aug-2024
Toronto Superior Court of Justice / Cour supérieure de justice

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date _____ Issued by _____
Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue, 8th Floor
Toronto ON
M5G 1R7

TO: 2675970 Ontario Inc.
590 King St. W
Suite 400
Toronto, ON M5V 1M3

AND TO: 2733181 Ontario Inc.
4540 TD Canada Trust Tower
161 Bay St.
Toronto, ON M5J 2S1

AND TO: 14284585 Canada Inc.
590 King St. W, Suite 400
Toronto, ON M5V 1M3

Electronically issued / Délivré par voie électronique : 15-Aug-2024
Toronto Superior Court of Justice / Cour supérieure de justice
Court File No./N° du dossier du greffe : CV-24-00725744-0000

CLAIM

1. The Plaintiffs, Canopy Growth Corporation ("**Canopy**") and Tweed Inc. ("**Tweed**"), claim against the Defendants, 2675970 Ontario Inc. ("**267 Ontario**") and 14284585 Canada Inc. ("**142 Canada**"):

   (a) Payment of $1,878,418.93 in respect of unpaid invoices owing under section 4.01(b) of the Transitional Services Agreement between Canopy and Tweed (on the one hand) and 142 Canada and 267 Ontario (on the other hand) dated September 23, 2022 (the "**Original TSA**"), as amended and restated December 30, 2022 (the "**Amended TSA**" and together with the Original TSA, the "**TSA**");

2. The Plaintiffs, Canopy and Tweed, claim against the Defendant, 2733181 Ontario Inc. ("**273 Ontario**"):

   (a) Payment of $835,370.65 in respect of unpaid invoices owing under section 1(c) of the Acknowledgement Agreement between Canopy, Tweed, Tweed Franchise Inc. ("**TweedCo**"), and Tweed Leasing Corporation ("**Tweed Leasing**"), on the one hand, and 267 Ontario, 2161907 Alberta Ltd. ("**216 Alberta**"), and 273 Ontario, on the other hand, dated December 30, 2022 (the "**Acknowledgement Agreement**");

2. The Plaintiffs, Canopy and Tweed, claim against all Defendants:

(a) Pre-judgment and post-judgment interest in accordance with the contractual rate of interest prescribed by the Agreements (defined below), where applicable;

(b) Alternatively, pre-judgment and post-judgment interest in accordance with sections 128 and 129 of the *Courts of Justice Act*, RSO 1990 c. C.43, as amended;

(c) The costs of this proceeding, plus all applicable taxes; and

(d) Such further and other relief as to this Honourable Court may seem just.

Background and Overview of Claim

3. The parties to this action are party to a number of related agreements that govern their relationships with one another. In particular, they are party to the Acknowledgement Agreement and the TSA (together, the "**Agreements**").

4. As detailed herein, the Defendants have repeatedly and seriously breached their obligations to the under the Agreements and the TSA. The Defendants collectively owe but refuse to pay more than $2.7 million owing to the Plaintiffs pursuant to the terms of the Agreements. In doing so, the Defendants have acted in bad faith (and contrary to their duty of good faith).

i. Parties

5. The Plaintiff, Canopy, is a federally incorporated corporation with its registered head office located in Smiths Falls, Ontario. Canopy is a world-leading cannabis and

cannabinoid consumer products company engaged in the production, distribution, and sale of medicinal and recreational cannabis and cannabis accessories through a portfolio of brands. Canopy and Tweed are the previous owners of 142 Canada.

6. The Plaintiff, Tweed is a federally incorporated corporation with its registered head office located in Smiths Falls, Ontario. Tweed is Canopy's flagship cannabis brand and is a producer of cannabis consumer products. Tweed is the successor in interest of TweedCo, which has been dissolved.

7. The Defendant, 142 Canada, is the previous assignee of the "Tokyo Smoke" brand name and its associated trademarks (the "**Tokyo Smoke Marks**"). 142 Canada is a federally incorporated corporation.

8. The Defendant, 267 Ontario is the sole registered and beneficial owner of all of the issued and outstanding shares of 142 Canada. 267 Ontario is a corporation incorporated pursuant to the laws of the province of Ontario.

9. The Defendant, 273 Ontario, is the operator of retail cannabis outlets which use the Tokyo Smoke Marks. 273 is a corporation incorporated pursuant to the laws of the province of Ontario.

ii. Transitional Services Agreement

10. Canopy, Tweed, 142 Canada, and 267 Ontario are all party to the TSA, which provided that Canopy, Tweed, and/or their affiliates would provide specified means of business support to 142 Canada and/or 267 Ontario. These services included, among

other things, operations support (including assistance with human resources and other employment matters), merchandising, assistance with real estate issues (such as negotiating subleases), and IT support.

11. The TSA provided that Canopy and Tweed would provide 142 Canada and 267 Ontario, as applicable, with monthly invoices relating to the services provided under the TSA and their out-of-pocket costs associated with same.

iii. Acknowledgement Agreement

12. Canopy, TweedCo, 273 Ontario, and 216 Alberta were once party to a number of agreements pursuant to which Canopy licensed the Tokyo Smoke Marks to 273 Ontario and 216 Alberta (the "**Licence Agreements**").

13. The Licence Agreements have all been terminated. However, some amounts relating to the Licence Agreements remained outstanding as of the date of termination. Accordingly, Canopy, Tweed, TweedCo, and Tweed Leasing (on the one hand) and 267 Ontario, 273 Ontario, and 216 Alberta (on the other hand) executed the Acknowledgment Agreement to address payment of the outstanding amounts in accordance with an agreed-upon schedule of monthly payments.

14. TweedCo has since dissolved, and all of its assets and rights were transferred to Tweed (including its rights under the Acknowledgment Agreement).

Events Giving Rise to the Action

i. The Defendants Breach their Obligations to the Plaintiffs

15. At all times, the Plaintiffs have complied with all of their obligations under the terms of the Agreements.

16. In the spring of 2023, the Defendants began breaching their financial obligations under the terms of the Agreements to the Plaintiffs (collectively and as further particularized below at paragraphs 19 and 22, their "**Financial Obligations**"), thereby breaching each of the Agreements, all as more fully particularized below.

Breakdown of the Defendants' Unpaid Financial Obligations

i. Unpaid Fees Owed Under the Acknowledgement Agreement

17. Section 1(c) of the Acknowledgment Agreement provides that 273 Ontario shall pay Tweed, as TweedCo's successor and assign, an amount relating certain fees relating to the termination of the Licence Agreements.

18. 273 Ontario stopped making payments as required under section 1 of the Acknowledgement Agreement in or about June 2023.

19. The unpaid fees arising from the Acknowledgement Agreement total $835,370.65, as follows:

(a) $100,000.00 payable in June 2023;

(b) $300,000.00 payable in August 2023;

(c) $312,717.40 payable on September 15, 2023; and

(d) $122,653.25 payable by October 15, 2023, (the "**Unpaid AA Fees**").

The Unpaid AA Fees listed above are exclusive of interest owed pursuant to the terms of the Acknowledgement Agreement.

ii. Unpaid Invoices Owed Under the TSA

20. In accordance with their obligations under the TSA, Canopy and Tweed provided 142 Canada and 267 Ontario with support services during the period covered by the TSA, and provided invoices for their services in accordance with the provisions of the TSA.

21. Section 4.01(b) of the TSA provides that Canopy and Tweed are entitled to receive payment of their monthly invoices for services rendered within 60 days of the date that 267 Ontario receives the invoice. Section 4.04 of the TSA provides that both 142 Canada and 267 Ontario are liable for the taxes to be paid in relation to the services provided under the TSA.

22. However, neither 142 Canada nor 267 Ontario complied with their payment obligations under the Acknowledgement Agreement. More particularly, Canopy and Tweed delivered the following invoices to 142 Canada, all of which went unpaid:

(a) an invoice for $808,177.42 was delivered on February 28, 2023 and due on April 30, 2023;

(b) an invoice for $370,163.30 was delivered on March 31, 2023 and due on May 30, 2023; and

(c) an invoice for $400,078.21 was delivered on August 17, 2023 and due on October 16, 2023

(the "**Unpaid TSA Invoices**").

23. In total, as of the date of this Statement of Claim, the Unpaid TSA Invoices amount to $1,878,418.93.

24. Neither 142 Canada nor 267 Ontario has any contractual or other legal right to withhold any of the Unpaid TSA Invoices from Canopy of Tweed.

25. The TSA provided a dispute mechanism by which 142 Canada or 267 Ontario could dispute an invoice for services rendered, failing which they were deemed to have accepted the amounts and was liable to pay them within 60 days of receiving the invoice. 142 Canada did not dispute any of the Unpaid TSA Invoices (nor was there any basis to dispute them) and accordingly, has been deemed to have accepted them.

iii. Summary

26. Without any valid basis, the Defendants continue to refuse to comply with their Financial Obligations and remit payment to the Plaintiffs.

27. The Defendants are liable to the Plaintiffs for their Financial Obligations in the total amount of $2,713,789.58. Some of these Financial Obligations will continue to accrue, and further particulars will be provided prior to trial.

28. The Defendants' conduct in defaulting in their Financial Obligations owing under the Agreements is in breach of their contractual obligations under the Agreements and constitutes bad faith conduct in breach of their duty of good faith and fair dealing.

29. The Plaintiffs propose that this action be tried at Toronto, Ontario.

(Date of issue)

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Lawyers for the Plaintiffs

Electronically issued / Délivré par voie électronique : 15-Aug-2024
Toronto Superior Court of Justice / Cour supérieure de justice

CANOPY GROWTH CORPORATION et al.
Plaintiffs

and

2675970 ONTARIO INC. et al.
Defendants

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

STATEMENT OF CLAIM

CASSELS BROCK & BLACKWELL LLP
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Lawyers for the Plaintiffs

Electronically issued / Délivré par voie électronique : 15-Aug-2024
Toronto Superior Court of Justice / Cour supérieure de justice

Court File No./N° du dossier du greffe : CV-24-00725741-0000

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N:

(Court Seal)

TWEED LEASING CORPORATION

Plaintiff

- and -

2161907 ALBERTA LTD.

Defendant

STATEMENT OF CLAIM

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Electronically issued / Délivré par voie électronique : 15-Aug-2024
Toronto Superior Court of Justice / Cour supérieure de justice

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date _____ Issued by _____
Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue, 8th Floor
Toronto ON
M5G 1R7

TO: 2161907 Alberta Ltd.
4540 TD Canada Trust Tower
161 Bay St.
Toronto, ON M5J 2S1

CLAIM

1. The Plaintiff, Tweed Leasing Corporation ("**Tweed Leasing**"), claims against the Defendant, 2161907 Alberta Ltd. ("**216 Alberta**"):

(a) Payment of $2,593,002.14 in respect of unpaid rent owing under the Consent to Sublease and Sublease between Tweed Leasing (as Sublessor), 2161907 Alberta Ltd. (as Sublessee), Canopy Growth Corporation (as Indemnifier), and Prime Properties Inc. (as Landlord) dated February 28, 2019 (the "**Sublease**") as of the date of this Statement of Claim;

(b) Payment of any additional rent owed pursuant to the Sublease that accrues between the date of this Statement of Claim and the date that final judgment is rendered;

(c) Pre- and post-judgment interest in accordance with sections 128 and 129 of the *Courts of Justice Act*, RSO 1990 c. C.43, as amended;

(d) The costs of this proceeding, plus all applicable taxes; and

(e) Such further and other relief as to this Honourable Court may seem just.

Parties

2. The Plaintiff, Tweed Leasing, is a federally incorporated corporation with its registered head office located in Smiths Falls, Ontario. Tweed Leasing is a real estate

company and is the tenant and sublessor of a property municipally known as 331-333 Yonge Street, Toronto, Ontario ("**333 Yonge**").

3. The Defendant, 216 Alberta, is a corporation incorporated pursuant to the laws of the province of Alberta. 216 Alberta is the sub-tenant of the 333 Yonge premises.

Background

4. The parties to this action are party to a number of agreements that govern their relationships with one another, which in large part relate to the operation of a retail cannabis outlet using the "Tokyo Smoke" brand name and its associated trademarks (the "**Tokyo Smoke Marks**") at the premises at 333 Yonge pursuant to a licence agreement with an affiliate of Tweed Leasing (the "**Licence Agreement**").

5. At the time that the Licence Agreement was entered into, the Tokyo Smoke Marks were owned or licensed by Tweed Inc. ("**Tweed**"), which is a related company to Tweed Leasing. Tweed subsequently divested its interest in the Tokyo Smoke Marks.

Sublease

6. Tweed Leasing is the tenant of 333 Yonge pursuant to a lease dated January 28, 2019 with 333 Yonge's owner, Prime Properties Inc. (the "**Landlord**") and Canopy Growth Corporation ("**Canopy**") (as an indemnifier of Tweed Leasing) (the "**Lease**"). The term of the Lease commenced on May 1, 2019.

7. Tweed Leasing (as Sublessor), 216 Alberta (as Sublessee), Canopy (as Indemnifier) and the Landlord (as Landlord) are the Sublease, the term of which commenced on May 1, 2019.

8. In turn, 216 Alberta granted a license to use the Tokyo Smoke Marks in connection with the operation of the 333 Yonge Store to an individual licensee (the "**Sub-Licence Agreement**"). In connection with this agreement, 216 Alberta also sub-subleased the ground floor of 333 Yonge to that individual, pursuant to a sub-sublease dated February 28, 2019 (the "**Sub-Sublease**").

9. Pursuant to the terms of the Sublease and the Sub-Sublease, 216 Alberta is liable to Tweed Leasing for monthly rent as follows:

(a) $1,072,500.00 annually, plus applicable taxes, payable monthly, which was to increase on the anniversary of each lease year by 3% per annum on an annual basis ("**Minimum Rent**"); and

(b) the amount, if any, by which 8% of all Gross Revenues as defined in the Sub-Licence Agreement exceeded the Minimum Rent payable for that lease year, plus any applicable taxes (the "**Percentage Rent**" and together with the Minimum Rent, the "**Monthly Rent**").

10. Because the term of the Sublease commenced on May 1, 2019, the Minimum Rent was increased by 3% effective May 1 of 2020, 2021, 2022, 2023, and 2024. As a result, effective May 1, 2024, the Minimum Rent payable by 216 Alberta Inc. to Tweed Leasing is now $117,079.42 per month (inclusive of HST).

216 Alberta Withholds Rent Due Under the Sublease

11. Section 3(d) of the Sublease provides that 216 Alberta was liable to pay Tweed Leasing the Monthly Rent.

12. 216 Alberta began underpaying its Monthly Rent payments to Tweed Leasing and since June of 2023, it has not paid any Monthly Rent to Tweed Leasing.

13. 216 Alberta has no contractual or other legal right to withhold any Monthly Rent payable to Tweed Leasing. 216 Alberta is liable for the discrepancy between the full amount of the Monthly Rent owing under the Sublease and the amount it has actually paid to date.

14. Without any valid basis, the Defendant refuses to comply with its obligation to remit payment of rent due under the Sublease to Tweed Leasing, which refusal constitutes a repeated and serious breach of its obligations to the Plaintiffs under the Sublease.

15. At all times, the Plaintiff has complied with all of its obligations to 216 Alberta under the terms of the Sublease and otherwise.

16. The Defendant is liable to Tweed Leasing for unpaid Monthly Rent in the total amount of $2,593,002.14. This amount will increase as the Defendant's rent obligations continue to accrue, and further particulars will be provided prior to trial.

17. The Defendant's conduct in defaulting in its obligation to pay Monthly Rent owing under the Sublease is in breach of its contractual obligations and constitutes bad faith conduct in breach of its duty of good faith and fair dealing.

18. The Plaintiff proposes that this action be tried at Toronto, Ontario.

(Date of issue)

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Lawyers for the Plaintiffs

THIS IS **EXHIBIT "BB"** REFERRED TO IN THE
AFFIDAVIT OF ANDREW WILLIAMS SWORN REMOTELY BY ANDREW WILLIAMS STATED AS BEING LOCATED IN THE CITY OF TORONTO BEFORE ME AT THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO, THIS 28TH DAY OF AUGUST 2024, IN ACCORDANCE WITH O. REG 431/20, ADMINISTERING OATH OR DECLARATION REMOTELY



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO# 72442W

EXECUTION

DIP FACILITY TERM SHEET

Dated: August 27, 2024

WHEREAS 2675970 Ontario Inc. and its subsidiaries (collectively, "**Tokyo Smoke**") have requested that their parent company, TS Investments Corp. (the "**DIP Lender**") provide them with financing to fund Tokyo Smoke's restructuring efforts pursuant to a debtor-in-possession financing in the context of insolvency proceedings under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") (the "**CCAA Proceedings**") under the jurisdiction of the Ontario Superior Court of Justice (Commercial List) (the "**Court**");

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

DEFINITIONS	Capitalized terms used but not otherwise defined herein shall have the meanings given to them on **Schedule "A"** hereto.
BORROWERS	2675970 Ontario Inc., 10006215 Manitoba Ltd., 14284585 Canada Inc., 2161907 Alberta Ltd., 2733182 Ontario Inc., 2197130 Alberta Ltd., 2699078 Ontario Inc., 2708540 Ontario Corporation, 2733181 Ontario Inc., 2734082 Ontario Inc., 2737503 Ontario Inc., 2742591 Ontario Inc., 2796279 Ontario Inc., 2826475 Ontario Inc., 80694 Newfoundland & Labrador Inc., TS Wellington Inc., and 2385816 Alberta Ltd. (collectively, the "**Borrowers**", and each a "**Borrower**").
DIP LENDER	TS Investments Corp.
JOINT AND SEVERAL	Each of the Borrowers agree, acknowledge and confirm that at their specific request the DIP Facility has been made available to all of them, and, in each case, that each individual Borrower's ability to drawdown the full amount available for DIP Advances under the DIP Facility is not restricted except as specifically provided for in this Agreement. All covenants, agreements and obligations of the Borrowers contained in this Agreement relating to or in connection with the DIP Facility shall be joint and several covenants, agreements and obligations of each of the Borrowers as co-borrowers, and each of the Borrowers shall be jointly and severally liable for and obligated to repay all Obligations under the DIP Facility, in each case without the necessity of restating the words "jointly and severally" or "joint and several" in respect thereof. Such joint and several liability is independent of the duties, obligations and liabilities of each other Borrower. Each of the Borrowers waives all benefits of discussion and division among the Borrowers, and each of the Borrowers acknowledges and confirms that the DIP Lender shall have no obligation to pursue any other Borrower for all or any part of the Obligations

under the DIP Facility before it can recover all such Obligations from it. Each Borrower acknowledges and confirms that it is fully responsible for all such Obligations even though it may not have requested a single DIP Advance.

Each Borrower's liability for payment of the DIP Facility shall be a primary obligation, shall be absolute and unconditional, and shall constitute full recourse obligations of each of the Borrowers, enforceable against each of them to the full extent of their respective assets and properties. Each of the Borrowers expressly waives any right to require the DIP Lender to marshal assets in favour of any Borrower or any other Person or to proceed against any other Borrower or any collateral provided by any Person, and agrees that the DIP Lender may proceed against any Borrower or any collateral in such order as it shall determine in its sole and absolute discretion. To the extent permitted by law, any release or discharge, by operation of law, of any Borrower from the performance or observance of any obligation, covenant or agreement contained in this Agreement shall not diminish or impair the liability of any other Borrower in any respect. Each of the Borrowers unconditionally and irrevocably waives each and every defense, right to discharge, compensation and setoff of any nature which, by statute or under principles of suretyship, guaranty or otherwise, would operate to impair or diminish in any way the obligation of any Borrower under this Agreement, and acknowledges that such waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from each Borrower now or later securing the DIP Facility, and acknowledges that as of the date of this Agreement no such defense or setoff exists. Each of the Borrowers waives any and all rights (whether by subrogation, indemnity, reimbursement, or otherwise) to recover from any other Borrower any amounts paid or the value of any Property given by such Borrower pursuant to this Agreement or otherwise until the DIP Facility are irrevocably paid in full in cash.

BORROWERS' GUARANTEE

To the maximum extent permitted by Applicable Law, each Borrower unconditionally and absolutely, guarantees payment when due, whether by stated maturity, demand, acceleration or otherwise, of the Obligations and all existing and future indebtedness owing hereunder or in connection with the DIP Facility owed by the Borrowers and expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any extension, modification, forbearance, compromise, settlement or variation of any of the terms of the Obligations and the said indebtedness, (b) the discharge or release of the Borrowers (or any of them) or any other Person now or hereafter liable for the Obligations and the said indebtedness, by reason of bankruptcy or

	insolvency laws or otherwise, (c) the acceptance or release by the DIP Lender of any collateral, security or other guaranty from the Borrowers or any other Person, or any settlement, compromise or extension with respect to any such collateral, security or other guaranty, (d) the avoidance, invalidity or unenforceability of any collateral, security or other guaranty from the Borrowers or any other Person, (e) any failure to give any notice, demand, notice of dishonor, protest, presentment or non-payment, or any other notice, (f) any failure to comply with any Applicable Law in connection with any enforcement of any right or remedy against any collateral, security or other guaranty from the Borrowers or any other Person, or (g) any action or inaction of the DIP Lender in any insolvency proceeding involving the Borrowers or any other Person.
DIP FACILITY	A non-revolving loan (the "**DIP Facility**") up to the maximum principal amount of $8 million (the "**Maximum Amount**"), including an initial advance in an amount of $3.3 million (the "**Initial Advance**").
CURRENCY	Unless otherwise noted, the currency of the DIP Facility shall be Canadian Dollars.
MATURITY DATE	Unless accelerated by an Event of Default, the DIP Facility shall be paid in full in cash on the date (the "**Maturity Date**") which is the earliest of: (a) December 6, 2024, or such later date as the DIP Lender in its sole discretion may agree to in writing with the Borrowers, acting reasonably; (b) the date on which (i) the stay of proceedings under the CCAA Proceedings is lifted without the consent of the DIP Lender, or (ii) the CCAA Proceedings are terminated for any reason; (c) the closing of a sale or similar transaction (including pursuant to a subscription agreement and/or a reverse vesting purchase agreement) for all or substantially all of the assets and business, or in respect, of the Borrowers pursuant to the SISP, which has been approved by an order entered by the Court; (d) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a "**Plan**") which has been approved by the requisite majorities of the Borrowers' creditors and by an order entered by the Court; or

(e) the conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada).

The Maturity Date shall be accelerated upon the occurrence of an Event of Default.

The DIP Lender's commitment in respect of the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility including accrued Interest and Legal Fees (collectively, the "**Obligations**") shall be repaid in full on the Maturity Date without the DIP Lender being required to make demand upon the Borrowers or to give notice that the DIP Facility has expired and the Obligations are due and payable.

AVAILABILITY

Subject to the terms and conditions set forth in this Agreement, the Initial Order and the Restated Initial Order, the DIP Lender will make loans (the "**DIP Advances**") to the Borrowers under the DIP Facility in an aggregate principal amount not to exceed the Maximum Amount, as follows:

1. Initial Advance: subject to the provisions hereunder under the heading **CONDITIONS PRECEDENT TO THE DISBURSEMENT OF INITIAL ADVANCE**, upon the issuance of the Initial Order by the Court, the amount of the Initial Advance, or such other lesser amount as may be approved by the Initial Order, will be made available to the Borrowers by the DIP Lender to finance the Borrowers' operating requirements in accordance with the Initial Cash Flow Projections.

2. Subsequent Advances: subject to the provisions hereunder under the heading **CONDITIONS PRECEDENT TO THE DISBURSEMENT OF DIP ADVANCES (OTHER THAN THE INITIAL ADVANCE)**, and except as may be otherwise agreed in writing by the Borrowers and the DIP Lender, any further DIP Advances under the DIP Facility (each an "**Additional Advance**") shall be made available to the Borrowers by the DIP Lender until the Maturity Date in accordance with the then applicable Cash Flow Projections approved by the DIP Lender in its sole discretion, from time to time, subject to duly issued orders of the Court.

Unless otherwise agreed to in writing in advance by the DIP Lender in its sole direction, each Additional Advance shall be made by the DIP Lender to the Borrowers as soon as practicable (and in any event within five (5) Business Days) after delivery to

	the DIP Lender of a drawdown certificate executed by the Borrowers certifying, *inter alia*, that (i) the advance corresponds with the then applicable Updated Cash Flow Projections for the one week period commencing the Monday following the date of the drawdown certificate, (ii) that there is no Default or Event of Default that has occurred and is continuing, and (iii) that the Borrowers are in compliance with the DIP Credit Documentation and the Restated Initial Order. Notwithstanding the foregoing, the Borrowers shall not be required to submit a drawdown certificate to obtain the Initial Advance, the full amount of which shall be made available to the Borrowers by the DIP Lender immediately upon the satisfaction of the conditions precedent listed under the heading **CONDITIONS PRECEDENT TO THE DISBURSEMENT OF INITIAL ADVANCE** hereunder being satisfied by the Borrowers or otherwise waived by the DIP Lender in its sole discretion.
ACCOUNTS	All DIP Advances shall be deposited into accounts acceptable to the Borrowers, the Monitor and the DIP Lender and withdrawn to pay contemplated expenses under the then applicable Cash Flow Projections and otherwise in accordance with the terms hereof.
USE OF PROCEEDS AND CASH FLOW PROJECTIONS	The Initial Advance under the DIP Facility shall be used in accordance with the cash flow projections attached as **Schedule "B"** hereto (the "**Initial Cash Flow Projections**"), which have been prepared by the Borrowers in consultation with the Monitor. Any Additional Advances shall be used in accordance with the Updated Cash Flow Projections (collectively with the Initial Cash Flow Projections, the "**Cash Flow Projections**"), in each case, to fund working capital and general corporate needs of the Borrowers during, and costs and expenses incurred by the Borrowers in connection with, the CCAA Proceedings. No proceeds of the DIP Advances may be used for any purpose other than in accordance with the Cash Flow Projections except with the prior written consent of the DIP Lender.
INTEREST RATE	Interest ("**Interest**") on the principal outstanding amount of the DIP Advances (including the compounded interest referenced below) from the date each such DIP Advance is made (or, in the case of the compounded interest referenced below, the date that such interest is compounded), both before and after maturity, demand, default, or judgment until payment in full at a rate of 13% per annum, compounded and calculated monthly shall accrue and be added to the principal amount of the DIP Advances on the first day of each month.

	All Interest shall be calculated on the basis of a 365-day (or 366 day, as applicable) year, in each case for the actual number of days elapsed in the period during which it accrues. All payments under or in respect of the DIP Facility shall be made free and clear of any withholding, set-off or other deduction. If any provision hereof or the DIP Credit Documentation would obligate the Borrowers to make any payment of interest or other amount payable to the DIP Lender in an amount or calculated at a rate which would be prohibited by law or would result in receipt by the DIP Lender of interest at a criminal rate (as construed under the *Criminal Code* (Canada)) then, notwithstanding that provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by the DIP Lender of interest at a criminal rate.
FEES	The Borrowers shall pay a commitment fee in the amount of $80,000 (the "**Fee**"), representing 1% of the Maximum Amount, which shall be fully earned upon the execution of this Agreement and shall be paid from the Initial Advance. For certainty, the Fee shall be secured by the DIP Lender's Charge.
COSTS AND EXPENSES	The Borrowers shall pay, on a bi-weekly basis, all reasonable and documented costs and expenses of the DIP Lender, and all reasonable and documented fees, expenses and disbursements of outside counsel (including any Legal Fees), appraisers, field auditors, and any financial consultant, related to or in connection with the CCAA Proceedings, including, without limitation, reasonable and documented costs and expenses incurred by the DIP Lender in connection with the enforcement of any of the rights and remedies available hereunder.
DIP SECURITY	All Obligations of the Borrowers under or in connection with the DIP Facility and any of the DIP Credit Documentation shall be secured by a Court Ordered Charge on all present and after-acquired personal and real, tangible or intangible property of the Borrowers, in each case of any kind or nature whatsoever and wheresoever situated (the "**DIP Lender's Charge**") without the need for any further loan or security documentation or any filings or registrations in any public register or system. The DIP Lender's Charge shall be subordinated only to the Administration Charge and any existing Liens in favour of BMO pursuant to the Loan Agreement (the "**BMO Security**"), and rank in priority to the Directors' Charge and any KERP Charge approved by the Court.

CONDITIONS PRECEDENT TO THE DISBURSEMENT OF INITIAL ADVANCE

The DIP Lender's obligation to make the Initial Advance hereunder is subject to, and conditional upon, the satisfaction of all the following conditions precedent:

1. the Borrowers' application materials in connection with their application for the issuance of an initial order under the CCAA (in form and substance satisfactory to the DIP Lender, acting reasonably, the "**Initial Order**") shall have been shared with the DIP Lender in advance, and brought on notice to such parties as are acceptable to the DIP Lender, acting reasonably;

2. the form of Initial Order shall be in form and substance satisfactory to the DIP Lender, acting reasonably;

3. Alvarez & Marsal Canada Inc. shall have been appointed as the Monitor pursuant to the Initial Order;

4. the Initial Order (i) shall have been issued by the Court authorizing and approving this Agreement and the Initial Advance under the DIP Facility and granting the DIP Lender's Charge in respect of the Initial Advance, and (ii) shall be in full force and effect and shall have not been stayed, reversed, vacated, rescinded, modified or amended in any respect adversely affecting the DIP Lender, unless otherwise agreed by the DIP Lender, acting reasonably;

5. except to the extent not permitted by the CCAA, the DIP Lender's Charge shall have priority over all Liens granted by the Borrowers against any of the undertakings, property or assets of the Borrowers (collectively, the "**Property**") except only for: (a) an administration charge on the Property in an aggregate amount not to exceed $400,000 under the Initial Order, which amount shall be increased to $850,000 under the Restated Initial Order (the "**Administration Charge**"); and (b) the BMO Security; and shall rank in priority to (i) the Directors' Charge; and (ii) and any KERP Charge approved by the Court; and

6. the Initial Cash Flow Projections shall be acceptable to the DIP Lender, in its reasonable discretion.

CONDITIONS PRECEDENT TO THE DISBURSEMENT OF DIP ADVANCES (OTHER THAN THE INITIAL ADVANCE)

The DIP Lender's obligation to make any Additional Advances hereunder is subject to, and conditional upon, the satisfaction of all of the following conditions precedent:

1. the Borrowers' application materials in connection with their application for the Restated Initial Order shall be satisfactory to the DIP Lender, acting

reasonably, shall have been shared with the DIP Lender in advance, and brought on notice to such parties as are acceptable to the DIP Lender, acting reasonably;

2. an order amending and restating the Initial Order, in form and substance acceptable to the DIP Lender, acting reasonably, shall have been issued by the Court authorizing and approving this Agreement, the DIP Facility and the increase to the DIP Facility and granting the DIP Lender's Charge (the "**Restated Initial Order**") and the Restated Initial Order shall be in full force and effect and shall have not been stayed, reversed, vacated, rescinded, modified or amended in any respect adversely affecting the DIP Lender, unless otherwise agreed by the DIP Lender, acting reasonably;

3. the DIP Lender's Charge shall have priority over all Liens granted by the Borrowers against any of the Property except for: (a) the Administration Charge; and (b) the BMO Security; and shall rank in priority to (i) the Directors' Charge; and (ii) and any KERP Charge approved by the Court.

4. all amounts requested for a particular Additional Advance shall be consistent with the Initial Cash Flow Projections or Updated Cash Flow Projections for the applicable period, or otherwise expressly agreed by the DIP Lender in advance;

5. the representations and warranties contained herein shall be true and correct; and

6. no Default or Event of Default shall have occurred and be continuing.

Each of the Borrowers agrees to indemnify and hold harmless the DIP Lender, its officers, directors, employees, representatives, advisors, solicitors and agents (collectively, the "**Indemnified Persons**") from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or suited against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the DIP Facility, this Agreement, or the DIP Credit Documentation, except to the extent that such actions, lawsuits, proceedings, claims, losses, damages, liabilities or expenses result from the gross negligence or willful misconduct of such Indemnified Persons.

REPRESENTATIONS AND WARRANTIES

Each of the Borrowers represents and warrants to the DIP Lender, upon which the DIP Lender relies in entering into this Agreement and the other DIP Credit Documentation, that:

1. the transactions contemplated by this Agreement and the other DIP Credit Documentation:

   a. upon the granting of either the Initial Order or the Restated Initial Order, are within the powers of the Borrowers;

   b. have been duly authorized, executed and delivered by or on behalf of the Borrowers; and

   c. upon the granting of either the Initial Order or the Restated Initial Order, constitute legal, valid and binding obligations of the Borrowers;

3. the business operations of the Borrowers have been and will continue to be conducted in compliance with all Applicable Laws of each jurisdiction in which each such business has been or is being carried on;

4. except as reflected in the Cash Flow Projections and as disclosed in **Schedule "C"** hereto, and than those amounts the Borrowers have made known to the DIP Lender to date, the Borrowers have paid where due their obligations for payroll, employee source deductions, sales taxes, value added taxes and are not in arrears in respect of these obligations; and

5. the Borrowers do not have any defined benefit pension plans or similar plans.

AFFIRMATIVE COVENANTS

Each of the Borrowers covenants and agrees to do the following:

1. comply with the Cash Flow Projections, including making payments when scheduled to be made in accordance with the Cash Flow Projections, and their reporting and other obligations to deliver financial information to the DIP Lender hereunder; provided that, such reporting and financial information shall be prepared and delivered under the supervision of the Monitor;

2. allow the DIP Lender, its designated representatives and financial advisors full access to the books and records of the Borrowers on reasonable notice and during normal

business hours and cause management thereof to fully cooperate with any advisors to the DIP Lender;

3. use the proceeds of the DIP Facility only for the purposes set out herein;

4. comply with the provisions of the Court orders made in the CCAA Proceedings;

5. comply with the SISP and SISP Milestones following approval thereof by the Court in the CCAA Proceedings pursuant to the SISP Order;

6. to work cooperatively with the DIP Lender and provide reasonable access to all information required by the DIP Lender to negotiate and enter into the Stalking Horse Agreement;

7. provide the DIP Lender with draft copies of all motions, applications, proposed orders or other material or documents that any of them intends to file within the CCAA Proceedings at least three (3) days prior to any service of such materials or, where it is not practically possible to do so at least three days prior to any such service, as soon as possible prior to such service;

8. maintain all licenses required for the operation of their business in good standing;

9. provide the DIP Lender with all correspondence between the Borrowers and any governmental authority in respect of their cannabis licenses from and after the date of the Initial Order;

10. the Initial Order, the Restated Initial Order and any other Court orders which are being sought by the Borrowers shall be shared in advance with the DIP Lender; provided that any Court order that directly impacts the DIP Facility and the DIP Lender's Charge shall be in a form satisfactory to the DIP Lender, acting reasonably, subject to any amendments that are required by the Court;

11. the terms and conditions of the SISP, including the various relevant milestones of such SISP and an outside date for the completion of the SISP (the "**SISP Milestones**") approved by the Court, shall be in a form and substance satisfactory to the Monitor, and the DIP Lender shall be

satisfied, acting reasonably, with the terms of the SISP and the SISP Order;

12. in connection with the SISP, the applicable Tokyo Smoke entities shall have entered into a stalking horse agreement with the DIP Lender (or its designee), in a form acceptable to the DIP Lender (the "**Stalking Horse Agreement**");

13. subject to any Court ordered limitations and confidentiality restrictions that the Borrowers or the Monitor determine are necessary to protect the integrity of the SISP, keep the DIP Lender reasonably apprised on a timely basis of all developments with respect to the business and affairs of the Borrowers and with respect to the SISP;

14. deliver to the DIP Lender by no later than 5:00 p.m. (Toronto time) on Thursday bi-weekly (or, if Thursday is not a Business Day, the following Business Day), updated 13-week cash flow projections, in form and substance satisfactory to the DIP Lender, acting reasonably, reflecting the projected cash requirements of the Borrowers on a rolling-basis (the "**Updated Cash Flow Projections**"), provided if any Updated Cash Flow Projection is not acceptable to the DIP Lender the previously in effect Cash Flow Projections shall remain in effect until such Updated Cash Flow Projection has been agreed;

15. concurrently with the bi-weekly delivery of Updated Cash Flow Projections, provide a variance report setting out the actual receipts and disbursements compared to those included in the previously delivered Updated Cash Flow Projections (or to the Initial Cash Flow Projections, if applicable);

16. maintain all insurance with respect to the Property in existence as of the date hereof;

17. forthwith notify the DIP Lender of any event or circumstance that, with the passage of time, may constitute an Event of Default;

18. forthwith notify the DIP Lender of the occurrence of any Default or Event of Default, or of any event or circumstance that may constitute a material adverse change from the Cash Flow Projections;

19. duly and punctually pay or cause to be paid to the DIP Lender all principal and interest payable by it under this

Agreement and any other DIP Credit Documentation on the dates, at the places and in the amounts and manner set forth herein;

20. comply in all respects with all Applicable Laws; and

21. comply in all material respects with their obligations under the DIP Credit Documentation.

NEGATIVE COVENANTS

Each of the Borrowers covenants and agrees not to do the following, other than with the prior written consent of the DIP Lender, which consent shall not be unreasonably withheld:

1. sell, assign, transfer, lease or otherwise dispose of all or any part of its assets, tangible or intangible, outside the ordinary course of business, except for the disposition of any obsolete equipment or other assets or as permitted under the Initial Order or Restated Initial Order, or pursuant to the SISP Order;

2. make any payment of principal or interest in respect of existing (pre-filing date) indebtedness except as contemplated by the Cash Flow Projections, or declare or pay any dividends;

3. create or permit to exist indebtedness for borrowed money other than existing (pre-filing date) debt contemplated by this DIP Facility and post-filing trade payables incurred in the ordinary course of business;

4. create or permit to exist any Liens on any of the Property other than Permitted Liens;

5. enter into or agree to enter into any investments (other than cash equivalents) or acquisitions of any kind, direct or indirect, in any business;

6. assume or otherwise agree to be bound by any contingent liabilities or provide any guarantee or financial assistance to any Person;

7. except as contemplated by the Cash Flow Projections, transfer, distribute, lend or otherwise provide any funds (whether arising from DIP Advances or otherwise) to any Affiliate unless such Affiliate is a Borrower;

8. enter into any amalgamation, reorganization, liquidation, dissolution, winding-up, merger or other transaction or series of transactions whereby, directly or indirectly, all or

any significant portion of any Property would become the property of any other Person or Persons unless authorized by the DIP Lender;

9. other than the Court Ordered Charges, seek or support a motion by another party to provide to a third party a charge upon any Property (including, without limitation, a critical supplier's charge) without the prior consent of the DIP Lender;

10. amend or seek to amend the Initial Order or the Restated Initial Order, or without the prior approval of the Monitor, the SISP;

11. other than for cause, terminate the employment of any personnel required to maintain all of its cannabis licenses in good standing unless replaced in due course;

12. terminate or repudiate any agreement with the DIP Lender, solely in its capacity as lender under the DIP Facility; and

13. seek or obtain any order from the Court that materially adversely affects the DIP Lender, except with the prior written consent of the DIP Lender.

EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall constitute an event of default ("**Event of Default**") under this Agreement:

1. failure of the Borrowers to pay principal or interest when due under this Agreement or any other DIP Credit Documentation;

2. any other breach by any Borrower in the observance or performance of any provision, covenant (affirmative or negative) or agreement contained in this Agreement, provided, that, in the case of a breach of any affirmative covenant, such breach remains unremedied for longer than three (3) Business Days following receipt of notice thereof;

3. (i) any order shall be entered reversing, amending, varying, supplementing, staying, vacating or otherwise modifying in any respect in a manner materially affecting the DIP Lender this Agreement, the DIP Lender's Charge, or any DIP Credit Documentation, without the prior written consent of the DIP Lender, (ii) either the Initial Order or the Restated Initial Order shall cease to be in full force and effect in a manner that has a material adverse effect on the interests of the DIP Lender, or (iii) any Borrower shall fail

to comply in any material respect that has an adverse effect on the interests of the DIP Lender with any order granted by the Court in the CCAA Proceedings;

4. this Agreement or any other DIP Credit Documentation shall cease to be effective or shall be contested by any Borrower;

5. any order is issued by the Court (or any other court of competent jurisdiction) that materially adversely affects the DIP Lender;

6. the CCAA Proceedings are terminated or converted to bankruptcy proceeding or any order is granted by the Court (or any court of competent jurisdiction) granting relief from the stay of proceedings during the CCAA Proceedings (as extended from time to time until the Maturity Date), unless agreed by the DIP Lender, acting reasonably;

7. any Plan is filed or sanctioned by the Court in a form and in substance that is not acceptable to the DIP Lender if such Plan does not either provide for the repayment of the obligations, in their entirety including compounded interest added to the principal, under the DIP Facility in full by the Maturity Date;

8. if any of the Borrowers' cannabis licenses are revoked or any Borrower fails to comply with a material condition required to keep such licenses in good standing and such license is not reinstated or such Borrower's failure to comply with such material condition continues for a period of five (5) Business Days;

9. any of the Borrowers makes any material payments of any kind not permitted by this Agreement, the Cash Flow Projections or any order of the Court; or

10. borrowings under the DIP Facility exceed the Maximum Amount.

REMEDIES

Upon the occurrence and continuance of an Event of Default, subject to the DIP Credit Documentation, the DIP Lender may, upon written notice to the Borrowers and the Monitor:

1. terminate the DIP Facility;

2. on prior written notice to the Borrowers and the service list of no less than five (5) days, apply to the Court for

the appointment of an interim receiver, receiver, or receiver and manager of the Property or for the appointment of a trustee in bankruptcy of the Borrowers;

3. exercise the powers and rights of a secured party under any legislation; and

4. exercise all such other rights and remedies under the DIP Credit Documentation and Orders of the Court in the CCAA Proceedings.

DIP LENDER APPROVALS

All consents of the DIP Lender hereunder shall be in writing.

Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by any written instrument, including by way of electronic mail.

FURTHER ASSURANCES

The Borrowers shall at their expense, from time to time execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may reasonably request for the purpose of giving effect to this Agreement, any other DIP Credit Documentation and the DIP Lender's Charge, perfecting, protecting and maintaining the Liens created by the DIP Lender's Charge or establishing compliance with the representations, warranties and conditions of this Agreement or any other DIP Credit Documentation.

ENTIRE AGREEMENT

This Agreement, including the Schedules hereto and the DIP Credit Documentation, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Agreement and any of the other DIP Credit Documentation, this Agreement shall govern. Neither this Agreement nor any other DIP Credit Documentation, nor any terms hereof or thereof, may be amended, unless such amendment is in writing signed by the Borrowers and the DIP Lender.

AMENDMENTS, WAIVERS, ETC.

No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder or under any other DIP Credit Documentation will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of the DIP Lender. Any consent to be provided by the DIP Lender shall be granted or withheld solely in its capacity, and having regard to its interests, as DIP Lender.

ASSIGNMENT	This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The Borrowers may not assign their rights and obligations under this Agreement without the written consent of the DIP Lender. The DIP Lender's rights and obligations under this Agreement are fully assignable to an Affiliate of the DIP Lender without the consent of (but with prior notice to) the Borrowers. In addition, the DIP Lender's rights and obligations under this Agreement are assignable, with the consent of the Borrowers, acting reasonably, before an Event of Default to any other entity, and are freely assignable, without the consent of the Borrowers (but with prior notice to), after an Event of Default has occurred and is continuing. Each of the Borrowers hereby consents to the disclosure of any confidential information in respect of the Borrowers to any potential assignee provided such potential assignee agrees in writing to keep such information confidential. A copy of all notices delivered pursuant to this section shall be delivered promptly to the Monitor.
SEVERABILITY	Any provision in any DIP Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and thereof or affecting the validity or enforceability of such provision in any other jurisdiction.
PRESS RELEASES	The Borrowers shall not issue any press releases or other public disclosure, other than Court documents approved in the manner set out herein, naming the DIP Lender without its prior approval, acting reasonably, unless the Borrowers are required to do so by Applicable Law (on reasonable notice to the DIP Lender).
COUNTERPARTS AND FACSIMILE SIGNATURES	This Agreement may be executed in any number of counterparts and by facsimile or e-mail transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Agreement by signing any counterpart of it.
NOTICES	Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the person as set forth below: In the case of the DIP Lender: TS Investments Corp. Suite 2700 Edmonton Tower, 10111 104 Avenue NW

Edmonton, AB T5J 0J4

Attention: Paul Marcaccio
Email: pmarcaccio@oegi.ca

With a copy to:

Osler Hoskin & Harcourt LLP
First Canadian Place, 100, 1 King St W
Suite 6200,
Toronto, ON M5X 1B8

Attention: Marc Wasserman / Martino Calvaruso
Email: mwasserman@osler.com / mcalvaruso@osler.com

In the case of the Borrowers:

c/o 2675970 Ontario Inc.
590 King St W Suite 400
Toronto, ON M5V 1M3

Attention: Andy Williams
Email: awilliams@tyosmoke.ca

With a copy to:

Reconstruct LLP
Richmond-Adelaide Centre, 120 Adelaide St W
24th Floor
Toronto, ON M5H 1P9

Attention: Caitlin Fell
Email: cfell@reoconllp.com

In either case, with a copy to the Monitor:

Alvarez & Marsal Canada Inc.
Royal Bank Plaza - South Tower, 200 Bay St.
Suite 3501
Toronto, ON M5J 2J1

Attention: Josh Nevsky
Email: jnevsky@alvarezandmarsal.com

In either case, with a copy to the Monitor's counsel:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Lee Nicholson / Maria Konyukhova
Email: leenicholson@stikeman.com / mkonyukhova@stikeman.com

GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the Borrowers irrevocably submits to the non-exclusive courts of the Province of Ontario, waives any objections on the ground of venue or forum *non conveniens* or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS HEREOF, the Borrowers hereby execute this Agreement as of the date first written above.

2675970 ONTARIO INC.

By: _____
Name:
Title:

10006215 MANITOBA LTD.

By: _____
Name:
Title:

14284585 CANADA INC.

By: _____
Name:
Title:

2161907 ALBERTA LTD.

By: _____
Name:
Title:

2733182 ONTARIO INC.

By: _____
Name:
Title:

2197130 ALBERTA LTD.

By: _____
Name:
Title:

IN WITNESS HEREOF, the Borrowers hereby execute this Agreement as of the date first written above.

2699078 ONTARIO INC.

By: _____
Name:
Title:

2708540 ONTARIO CORPORATION

By: _____
Name:
Title:

2733181 ONTARIO INC.

By: _____
Name:
Title:

2734082 ONTARIO INC.

By: _____
Name:
Title:

2737503 ONTARIO INC.

By: _____
Name:
Title:

2742591 ONTARIO INC.

By: _____
Name:
Title:

IN WITNESS HEREOF, the Borrowers hereby execute this Agreement as of the date first written above.

2796279 ONTARIO INC.

By: _____
Name:
Title:

2826475 ONTARIO INC.

By: _____
Name:
Title:

80694 NEWFOUNDLAND & LABRADOR INC.

By: _____
Name:
Title:

TS WELLINGTON INC.

By: _____
Name:
Title:

2385816 ALBERTA LTD.

By: _____
Name:
Title:

IN WITNESS HEREOF, the DIP Lender hereby executes this Agreement as of the date first written above.

TS INVESTMENTS CORP.

By: _____
Name: PAUL MARCACCIO
Title:

SCHEDULE "A"

ADDITIONAL DEFINITIONS

"**Affiliate**" means, in respect of any Person at any date, (i) any corporation, company, limited liability company, association, joint venture or other business entity of which securities, membership interests or other ownership interests representing fifty percent (50%) or more of the voting power of all equity interests are owned or held, directly or indirectly, by such Person; (ii) any partnership, limited liability company or joint venture wherein the general partner, managing partner or operator is, directly or indirectly, such Person; or (iii) any other Person that is otherwise directly or indirectly controlled by such Person.

"**Applicable Laws**" means all federal, provincial, municipal and local laws, statutes, regulations, codes, acts, permits, licenses, ordinances, orders, by-laws, guidelines, notices, protocols, policies, directions and rules and regulations, including those of any governmental or other public authority, which may now, or at any time hereafter, govern, be applicable to or enforceable against or in respect of the Borrowers, the operation of their business or their property, as the case maybe, including Cannabis Laws.

"**BMO**" means Bank of Montreal, in its capacity as agent and lender under the Loan Agreement.

"**Business Day**" means a day on which banks in Toronto, Ontario are open for business.

"**Cannabis Laws**" means the *Cannabis Licence Act, 2018*, S.O. 2018, c.12, Sched. 2, the *Cannabis Act*, S.C. 2018, c. 16 (Canada), the *Cannabis Control Act, 2017*, S.O. 2017, c. 26, Schedule 1 (Ontario), and any other applicable governing legislation and the regulations thereunder, all as may be amended, supplemented or replaced from time to time and those which regulate the sale or distribution of cannabis (in various forms), cannabinoid product or paraphernalia commonly associated with cannabis and/or related cannabinoid products.

"**Court Ordered Charges**" means the Administration Charge, the DIP Lender's Charge, the Directors' Charge, and any KERP Charge approved by the Court.

"**Default**" means any Event of Default or any condition or event which, after notice or lapse of time or both, would constitute an Event of Default.

"**DIP Credit Documentation**" means this Agreement, the orders of the Court approving this Agreement and the DIP Lender's Charge, the DIP Security and any other definitive documentation in respect of the DIP Facility that are in form and substance satisfactory to the DIP Lender.

"**DIP Security**" means the contractual security and contractual hypothecary documents granted by the Borrowers providing for a security interest/hypothec in and lien on all now-owned and hereafter-acquired assets and property of the Borrowers, real and personal, tangible or intangible and all proceeds therefrom, but excluding (i) such assets, if any, as the DIP Lender in its discretion determines to be immaterial or to be assets for which the cost and other burdens of establishing and perfecting a security interest outweigh the benefits of establishing and perfecting a security interest; and (ii) other exceptions to be mutually agreed.

"**Directors' Charge**" means a super-priority Court-ordered charge against the Property securing the indemnity granted by the Borrowers to their respective directors and officers in an amount not to exceed $2.25 million under the Initial Order, which amount is not to exceed $3 million under the Restated Initial Order.

"**KERP Charge**" means a super-priority Court-ordered charge against the Property securing the payments made by the Borrowers under the Court approved key employee retention plan acceptable to the DIP Lender, acting reasonably, in an amount to be agreed by the Borrowers and the DIP Lender, acting reasonably, and set forth in the Restated Initial Order.

"**Legal Fees**" means all reasonable and documented legal fees that the DIP Lender will have to pay to its legal counsel in connection with any and all tasks related to this Agreement, the orders of the Court, the DIP Facility or the DIP Credit Documentation.

"**Liens**" means all mortgages, pledges, charges, encumbrances, hypothecs, liens and security interests of any kind or nature whatsoever.

"**Loan Agreement**" means the second amended and restated credit agreement dated October 7, 2022 between, *inter alia*, 2675970 Ontario Inc., as borrower, its subsidiaries and DAK Capital Inc. as guarantors, and BMO, in its capacity as agent and lender (as amended by a first amendment dated September 26, 2023, and a second amendment dated July 29, 2024).

"**Monitor**" means Alvarez & Marsal Canada Inc., in its capacity as Court-appointed monitor in the CCAA Proceedings.

"**Permitted Liens**" means (i) the Court Ordered Charges; (ii) the BMO Security, (iii) existing intercorporate Liens amongst the Borrowers and their Affiliates as of the date hereof; and (iv) Liens, if any, in respect of amounts payable by a Borrower for wages, vacation pay, deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada), income tax and workers compensation claims.

"**Person**" means an individual, partnership, corporation (including a business trust), joint venture, limited liability company or other entity, or governmental authority.

"**SISP**" means the Court-supervised sales and investment solicitation process to be undertaken by the Borrowers in respect of their business and Property pursuant to the SISP Order.

"**SISP Order**" means an order of the Court approving the SISP, and the Stalking Horse Agreement as the "stalking horse agreement" for purposes of the SISP, in form and substance satisfactory to the DIP Lender, acting reasonably.

SCHEDULE "B"

INITIAL CASH FLOW PROJECTIONS

Attached.

SCHEDULE "C"

OUTSTANDING OBLIGATIONS FOR PAYROLL, EMPLOYEE SOURCE DEDUCTIONS, SALES TAXES AND VALUE ADDED TAXES

NIL.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2675970 ONTARIO INC. et al.

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

AFFIDAVIT OF ANDREW WILLIAMS
(Sworn August 28, 2024)

RECONSTRUCT LLP
120 Adelaide Street West
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Toronto, ON M5H 1T1

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Fax: 416.613.8290

Lawyers for the Applicants

TAB 3

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	WEDNESDAY, THE 28TH
	)	
JUSTICE CAVANAGH	)	DAY OF AUGUST, 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 2675970 ONTARIO INC., 2733181 ONTARIO INC., 2385816 ALBERTA LTD., 2161907 ALBERTA LTD., 2733182 ONTARIO INC., 2737503 ONTARIO INC., 2826475 ONTARIO INC., 14284585 CANADA INC., 2197130 ALBERTA LTD., 2699078 ONTARIO INC., 2708540 ONTARIO CORPORATION, 2734082 ONTARIO INC., TS WELLINGTON INC., 2742591 ONTARIO INC., 2796279 ONTARIO INC., 10006215 MANITOBA LTD., AND 80694 NEWFOUNDLAND & LABRADOR INC. (individually, an "Applicant" and collectively, the "**Applicants**")

INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day by judicial videoconference.

ON READING the affidavit of Andrew Williams sworn August 27, 2024 and the Exhibits thereto (the "**Williams Affidavit**"), and the pre-filing report of Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor of the Applicants (the "**Monitor**"), dated August ●, 2024 and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, counsel for A&M, counsel to Bank of Montreal ("**BMO**"), the Applicants' senior secured lender, counsel for TS Investments Corp. (the "**DIP Lender**") and such other counsel as were present, no one appearing for any other person although duly served as appears from the affidavit of

service of ● sworn August ●, 2024, and on reading the consent of A&M to act as the Court-appointed Monitor,

SERVICE

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

APPLICATION

2. **THIS COURT ORDERS** that each of the Applicants is a company to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ their employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty, subject to the terms of the Definitive Documents (as hereinafter defined), to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Williams Affidavit or, with the consent of the Monitor and the DIP Lender, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any

Person(s) (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any plan of arrangement or compromise under the CCAA with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that the Applicants, subject to terms of the Definitive Documents, shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and other employee related expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges; and

(c) with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicants prior to the date of this Order up to a maximum aggregate amount of $330,000 if, in the opinion of the Applicants following consultation with the Monitor, such payment is necessary or desirable during these proceedings.

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

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants on or following the date of this Order.

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

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

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

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date other than interest and expenses due and payable to BMO under the BMO Credit Agreement (as defined in the Williams Affidavit); (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business. Notwithstanding the foregoing, the Applicants shall be entitled to continue to operate the Cash Management System.

RESTRUCTURING

10. **THIS COURT ORDERS** that each of the Applicants shall, subject to such requirements as are imposed by the CCAA, and subject to the terms of the Definitive Documents, have the right to:

(a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets outside of the ordinary course of business not exceeding $250,000 in any one transaction or $1,000,000 in the aggregate; and

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

11. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease

pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

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

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

13. **THIS COURT ORDERS** that until and including September 7, 2024, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or their respective employees and representatives acting in such capacities, or affecting their Business or their Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting their Business or their Property are hereby stayed and suspended pending further Order of this Court.

NO PROCEEDINGS AGAINST THE NON-APPLICANT ENTITIES

14. **THIS COURT ORDERS** that during the Stay Period, no Proceeding shall be commenced or continued against or in respect of the TS-IP Holdings Ltd., TS Programs Ltd, 1000451353 Ontario Inc., and 1000451354 Ontario Inc. (collectively, the "**Non-Applicant Entities**"), or their respective employees and representatives acting in such capacities, or affecting their business or their property, except with the written consent of the Non-Applicant Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Non-Applicant Entities or affecting their business or their property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH RIGHTS

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

NO PRE-FILING VS POST-FILING SET-OFF

17. **THIS COURT ORDERS** that, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due from the Applicants in respect of obligations arising on or after the date of this Order; or (b) are or may become due from the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due to the Applicants in respect of obligations arising on or after the date of this Order, in each case without the consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services,

security services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

DIRECTOR'S AND OFFICER'S INDEMNIFICATION AND CHARGE

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

22. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Director's Charge**") on the Property, which charge shall not exceed an aggregate amount of $2.25 million, as security for the indemnity provided in paragraph 21 of this Order. The Directors' Charge shall have the priority set out in paragraphs 40 and 42 herein.

23. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

APPOINTMENT OF MONITOR

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

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

(a) monitor the Applicants' receipts and disbursements and the Applicants' compliance with the Cash Flow Projections (as defined in the DIP Term Sheet (as hereinafter defined)), including the management and deployment/use of funds advanced by the DIP Lender to the Applicants under the Definitive Documents;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and its counsel, on a timely basis of financial and

other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings, including reporting on a basis to be agreed with the DIP Lender or as required pursuant to the Definitive Documents;

(d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, as agreed to by the DIP Lender or as required pursuant to the Definitive Documents;

(e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

(f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(g) perform such other duties as are required by this Order or by this Court from time to time.

26. **THIS COURT ORDERS** that the Monitor shall not occupy, take control, care, charge, possession or management (collectively, "**Possession**") of (or be deemed to take Possession of) or exercise any rights of control over any activities in respect of the Property or any assets, properties or undertakings of any of the Applicants', or the direct or indirect subsidiaries or affiliates of any of the Applicants for which a permit or license is issued or required pursuant to any provision of any federal, provincial, or other law respecting, among other things, the manufacturing, possession, processing, and distribution of cannabis or cannabis products including, without limitation under the *Cannabis Act*, S.C. 2018, c. 16, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the *Criminal Code*, R.S.C. 1985, c. C-46, as amended, the *Excise Act*, 2001, S.C. 2002, c. 22, as amended, the Ontario *Cannabis Licence Act*, 2018, S.O. 2018, c. 12, Sched. 2, as amended, the Ontario *Cannabis Control Act*, 2017, S.O. 2017, c. 26, Sched. 1, as amended, the Ontario *Cannabis Retail Corporation Act*, S.O. 2017, c. 26, Sched. 2, as amended, *The Cannabis Control (Saskatchewan) Act*, S.S. 2018, c. C-2.111, as amended, *The Cannabis Control (Saskatchewan) Regulations*, RRS, c. C-2.111 Reg 1,

as amended, the Manitoba *The Liquor, Gaming and Cannabis Control Act*, C.C.S.M. c. L153, as amended, the Manitoba *Cannabis Regulation*, M.R. 120/2018, as amended, the Newfoundland and Labrador *Cannabis Control Act*, S.N. 2018, c. C-4.1, as amended, the Newfoundland and Labrador *Cannabis Control Regulations*, Nfld. Reg. 93/18, as amended, the Newfoundland and Labrador *Cannabis Licensing and Operations Regulations*, Nfld. Reg. 94/18.or other such applicable federal, provincial or other legislation or regulations (collectively, the "**Cannabis Legislation**"), and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof within the meaning of any Cannabis Legislation or otherwise. For clarity, nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

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

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

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

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings, whether incurred prior to, on, or subsequent to the date of this Order. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis or as otherwise agreed among the parties.

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

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $400,000, as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 40 and 42 hereof.

DIP FINANCING

33. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow, on a joint and several basis, under the DIP Facility Term Sheet dated as of August 27, 2024 and attached to the Williams Affidavit as Exhibit "BB", among the Applicants as borrowers, and the DIP Lender, as lender (as may be amended, restated, supplemented and/or modified from time to time, the "**DIP Term Sheet**"), in order to finance the Applicants' working capital requirements, other general corporate purposes, accrued interest, expenses, and capital expenditures, all in accordance with the Definitive Documents, provided that borrowings under

the DIP Term Sheet shall not exceed $3.3 million plus interest, fees and expenses, unless permitted by further Order of this Court (the "**DIP Facility**").

34. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet and the other Definitive Documents.

35. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (as may be amended, restated, supplemented and/or modified from time to time, and collectively with the DIP Term Sheet, the "**Definitive Documents**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, expenses, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the other Definitive Documents (collectively, the "**DIP Obligations**") as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

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

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

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender may cease making advances to the Applicants and may make demand, accelerate payment and give other notices, and, upon five (5) days notice to the Applicants and the Monitor, may exercise any and all of its other rights and remedies against the Applicants or the Property under or pursuant to the Definitive Documents and the DIP Lender's Charge, including without limitation, to set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender

under the Definitive Documents or the DIP Lender's Charge, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

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

39. **THIS COURT ORDERS** that, notwithstanding anything to the contrary herein, this Order is subject to provisional execution and that if any of the provisions of this Order in connection with the Definitive Documents or the DIP Lender's Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a "**Variation**"), such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Lender, whether under this Order (as made prior to the Variation), under the Definitive Documents with respect to any advances made or obligations incurred prior to the DIP Lender being given notice of the Variation, and the DIP Lender shall be entitled to rely on this Order as issued (including, without limitation, the DIP Lender's Charge) for all advances so made and other obligations set out in the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

First – Administration Charge (to the maximum amount of $400,000);

Second – DIP Lender's Charge (to the maximum amount of the DIP Obligations at the relevant time); and

Third – Director's Charge (to the maximum amount of $2.25 million).

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

42. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person except that the DIP Lender's Charge and Director's Charge will rank subordinate to any and all amounts owed to the BMO under the BMO Credit Agreement (as defined in the Williams Affidavit); provided that the Charges shall rank behind Encumbrances in favour of any Person that has not been served with notice of this Application. The Applicants and the beneficiaries of the Charges (collectively, the "**Chargees**") shall be entitled to seek priority ahead of such Encumbrances on a subsequent motion, including without limitation, on the Comeback Date (as hereinafter defined), on notice to those Persons likely to be affected thereby.

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

44. **THIS COURT ORDERS** that the Charges and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds any of the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Definitive Documents shall create or be deemed to constitute a breach by any of the Applicants of any Agreement to which the applicable Applicant is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Applicants pursuant to this Order or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

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

SERVICE AND NOTICE

46. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in *The Globe and Mail* (National Edition) a notice containing the information prescribed under the CCAA, and (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner or by electronic message to the e-mail addresses as last shown in the Applicants' records, a notice to every known creditor who has a claim against any of the Applicants of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder; provided that the Monitor shall not be required to make the claims, names and addresses of individual creditors publicly available unless otherwise ordered by this Court.

47. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List

website at http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: www.alvarezandmarsal.com/TokyoSmoke (the "**Monitor's Website**").

48. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor's Website, provided that the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

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

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

COMEBACK MOTION

51. **THIS COURT ORDERS** that the comeback motion shall be heard by a judge of the Ontario Superior Court of Justice (Commercial List) on a date to be scheduled by this Court (the "**Comeback Date**").

GENERAL

52. **THIS COURT ORDERS** that the Applicants, the Monitor, BMO or the DIP Lender may, from time to time, apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their respective powers and duties hereunder.

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

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

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

56. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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

_____

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2675970 ONTARIO INC. et al.

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

INITIAL ORDER

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Lawyers for the Applicants

TAB 4

Court File No. ——

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE ——	)	~~WEEKDAY~~WEDNESDAY, THE #28TH
	)	
JUSTICE ——CAVANAGH	)	DAY OF ~~MONTH~~AUGUST, ~~20YR~~2024

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ~~[APPLICANT'S NAME] (the "Applicant")~~2675970 ONTARIO INC., 2733181 ONTARIO INC., 2385816 ALBERTA LTD., 2161907 ALBERTA LTD., 2733182 ONTARIO INC., 2737503 ONTARIO INC., 2826475 ONTARIO INC., 14284585 CANADA INC., 2197130 ALBERTA LTD., 2699078 ONTARIO INC., 2708540 ONTARIO CORPORATION, 2734082 ONTARIO INC., TS WELLINGTON INC., 2742591 ONTARIO INC., 2796279 ONTARIO INC., 10006215 MANITOBA LTD., AND 80694 NEWFOUNDLAND & LABRADOR INC. (individually, an "Applicant" and collectively, the "**Applicants**")

INITIAL ORDER

THIS APPLICATION, made by the ~~Applicant~~Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day ~~at 330 University Avenue, Toronto, Ontario~~by judicial videoconference.

ON READING the affidavit of ~~[NAME]~~Andrew Williams sworn ~~[DATE]~~August 27, 2024 and the Exhibits thereto~~,~~ (the "**Williams Affidavit**"), and the pre-filing report of Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as proposed monitor of the Applicants (the "**Monitor**"), dated August ●, 2024 and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for ~~[NAMES]~~the Applicants, counsel for A&M, counsel to Bank of Montreal ("**BMO**"), the Applicants' senior secured lender, counsel for TS Investments Corp. (the "**DIP Lender**") and such other counsel as were present, no one appearing for ~~[NAME]~~any other person although

~~[1] Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2)~~

duly served as appears from the affidavit of service of ~~[NAME]~~● sworn ~~[DATE]~~August ●, 2024, and on reading the consent of ~~[MONITOR'S NAME]~~A&M to act as the Court-appointed Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated[2] so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS** ~~AND DECLARES~~ that each of the ~~Applicant~~Applicants is a company to which the CCAA applies.

~~**PLAN OF ARRANGEMENT**~~

~~3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").~~

POSSESSION OF PROPERTY AND OPERATIONS

3. ~~4.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall remain in possession and control of ~~its~~their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the ~~Applicant~~Applicants shall continue to carry on business in a manner consistent with the preservation of ~~its~~their business (the

~~may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

~~[2] If service is effected in a manner other than as authorized by the Ontario *Rules of Civil Procedure*, an order validating irregular service is required pursuant to Rule 16.08 of the *Rules of Civil Procedure* and may be granted in appropriate circumstances.~~

"**Business**") and Property. The ~~Applicant is~~Applicants are authorized and empowered to continue to retain and employ ~~the~~their employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by ~~it~~them, with liberty, subject to the terms of the Definitive Documents (as hereinafter defined), to retain such further Assistants as ~~it deems~~they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. ~~5. [~~**THIS COURT ORDERS** that the ~~Applicant~~Applicants shall be entitled to continue to utilize the central cash management system[3] currently in place as described in the Williams Affidavit ~~of [NAME] sworn [DATE] or~~or, with the consent of the Monitor and the DIP Lender, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the ~~Applicant~~Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person(s) (as hereinafter defined) other than the ~~Applicant~~Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under ~~the Plan~~any plan of arrangement or compromise under the CCAA with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.~~]~~

5. ~~6.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants, subject to terms of the Definitive Documents, shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and other employee related expenses payable on or after the date

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[3] ~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

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

(b) the fees and disbursements of any Assistants retained or employed by the ~~Applicant~~Applicants in respect of these proceedings, at their standard rates and charges~~.~~; and

(c) with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicants prior to the date of this Order up to a maximum aggregate amount of $330,000 if, in the opinion of the Applicants following consultation with the Monitor, such payment is necessary or desirable during these proceedings.

6. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein~~, the Applicant~~ and subject to the terms of the Definitive Documents, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the ~~Applicant~~Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the ~~Applicant~~Applicants on or following the date of this Order.

7. ~~8.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) ~~Quebec Pension Plan, and (iv)~~ income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the ~~Applicant~~Applicants in connection with the sale of goods and services by the ~~Applicant~~Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such

Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order~~,~~; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the ~~Applicant~~Applicants.

8. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed ~~**[or resiliated]**~~[4] in accordance with the CCAA, the ~~Applicant~~Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including~~, for greater certainty,~~ common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, the ~~Applicant~~ ~~is~~Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the ~~Applicant~~Applicants to any of ~~its~~their creditors as of this date other than interest and expenses due and payable to BMO under the BMO Credit Agreement (as defined in the Williams Affidavit); (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of ~~its~~their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business. Notwithstanding the foregoing, the Applicants shall be entitled to continue to operate the Cash Management System.

~~[4] The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

RESTRUCTURING

10. ~~11.~~ **THIS COURT ORDERS** that each of the ~~Applicant~~Applicants shall, subject to such requirements as are imposed by the CCAA, and ~~such covenants as may be contained in~~subject to the terms of the Definitive Documents ~~(as hereinafter defined)~~, have the right to:

(a) permanently or temporarily cease, downsize or shut down any of ~~its~~their business or operations~~, [~~ and to dispose of redundant or non-material assets outside of the ordinary course of business not exceeding $~~●~~250,000 in any one transaction or $~~●~~1,000,000 in the aggregate~~]~~[5]; and

(b) ~~[~~terminate the employment of such of ~~its~~their employees or temporarily lay off such of ~~its~~their employees as ~~it deems~~they deem appropriate~~]; and~~,

~~(c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,~~

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

11. ~~12.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall provide each of the relevant landlords with notice of the ~~Applicant's~~Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the ~~Applicant's~~Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the ~~Applicant~~Applicants, or by further Order of this Court upon application by the ~~Applicant~~Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the ~~Applicant disclaims **[or resiliates]**~~Applicants disclaim the lease governing such

[5] ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

leased premises in accordance with Section 32 of the CCAA, ~~it~~they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~**[or resiliation]**~~ of the lease shall be without prejudice to the ~~Applicant's~~Applicants' claim to the fixtures in dispute.

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

NO PROCEEDINGS AGAINST THE ~~APPLICANT~~APPLICANTS OR THE PROPERTY

13. ~~14.~~ **THIS COURT ORDERS** that until and including ~~[DATE – MAX. 30 DAYS]~~September 7, 2024, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the ~~Applicant~~Applicants or the Monitor, or their respective employees and representatives acting in such capacities, or affecting ~~the~~their Business or ~~the~~their Property, except with the written consent of the ~~Applicant~~Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the ~~Applicant~~Applicants or affecting ~~the~~their Business or ~~the~~their Property are hereby stayed and suspended pending further Order of this Court.

NO PROCEEDINGS AGAINST THE NON-APPLICANT ENTITIES

14. **THIS COURT ORDERS** that during the Stay Period, no Proceeding shall be commenced or continued against or in respect of the TS-IP Holdings Ltd., TS Programs Ltd, 1000451353 Ontario Inc., and 1000451354 Ontario Inc. (collectively, the "**Non-Applicant Entities**"), or their respective employees and representatives acting in such capacities, or affecting their business or their property, except with the written consent of the Non-Applicant

Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Non-Applicant Entities or affecting their business or their property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH RIGHTS

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

NO PRE-FILING VS POST-FILING SET-OFF

17. **THIS COURT ORDERS** that, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due from the Applicants in respect of obligations arising on or after the date of this Order; or (b) are or may become due from the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due to the Applicants in respect of obligations arising on or after the date of this

Order, in each case without the consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

19. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of ~~lease~~leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the ~~Applicant~~Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.[6]

~~[6] This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

~~DIRECTORS'~~DIRECTOR'S AND ~~OFFICERS'~~OFFICER'S INDEMNIFICATION AND CHARGE

21. ~~20.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall indemnify ~~its~~their directors and officers against obligations and liabilities that they may incur as directors or officers of any of the ~~Applicant~~Applicants after the commencement of the within proceedings,[7] except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

22. ~~21.~~ **THIS COURT ORDERS** that the directors and officers of the ~~Applicant~~Applicants shall be entitled to the benefit of and are hereby granted a charge (the "~~Directors'~~**Director's Charge**")[8] on the Property, which charge shall not exceed an aggregate amount of $●2.25 million, as security for the indemnity provided in paragraph ~~[20]~~21 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~[38]~~40 and ~~[40]~~42 herein.

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[7] ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

[8] ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

23. ~~22.~~ **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the ~~Applicant's~~Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~[20]~~21 of this Order.

APPOINTMENT OF MONITOR

24. ~~23.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME]~~A&M is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ~~Applicant~~Applicants with the powers and obligations set out in the CCAA or set forth herein and that the ~~Applicant and its~~Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the ~~Applicant~~Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

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

(a) monitor the ~~Applicant's~~Applicants' receipts and disbursements~~;~~ and the Applicants' compliance with the Cash Flow Projections (as defined in the DIP Term Sheet (as hereinafter defined)), including the management and deployment/use of funds advanced by the DIP Lender to the Applicants under the Definitive Documents;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the ~~Applicant~~Applicants, to the extent required by the ~~Applicant, in its~~Applicants, in their dissemination, to the DIP Lender and its counsel, on a ~~[TIME INTERVAL]~~timely basis of financial and other information as agreed to between the ~~Applicant~~Applicants and the DIP Lender which may be used in

these proceedings, including reporting on a basis to be agreed with the DIP Lender or as required pursuant to the Definitive Documents;

(d) advise the ~~Applicant in its~~Applicants in their preparation of the ~~Applicant's~~Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, ~~but not less than [TIME INTERVAL], or as otherwise~~as agreed to by the DIP Lender or as required pursuant to the Definitive Documents;

~~(e) advise the Applicant in its development of the Plan and any amendments to the Plan;~~

~~(f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~

(e) ~~(g)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ~~Applicant~~Applicants, to the extent that is necessary to adequately assess the ~~Applicant's~~Applicants' business and financial affairs or to perform its duties arising under this Order;

(f) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(g) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

26. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not occupy, take control, care, charge, possession ~~of the Property~~or management (collectively, "**Possession**") of (or be deemed to take Possession of) or exercise any rights of control over any activities in respect of the Property or any assets, properties or undertakings of any of the Applicants', or the direct or indirect subsidiaries or affiliates of any of the Applicants for which a permit or license is issued or required pursuant to any provision of any federal, provincial, or other law respecting, among other things, the manufacturing, possession, processing, and distribution of cannabis or cannabis products including, without limitation under the *Cannabis Act*, S.C. 2018, c. 16, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the

Criminal Code, R.S.C. 1985, c. C-46, as amended, the *Excise Act*, 2001, S.C. 2002, c. 22, as amended, the Ontario *Cannabis Licence Act*, 2018, S.O. 2018, c. 12, Sched. 2, as amended, the Ontario *Cannabis Control Act*, 2017, S.O. 2017, c. 26, Sched. 1, as amended, the Ontario *Cannabis Retail Corporation Act*, S.O. 2017, c. 26, Sched. 2, as amended, *The Cannabis Control (Saskatchewan) Act*, S.S. 2018, c. C-2.111, as amended, *The Cannabis Control (Saskatchewan) Regulations*, RRS, c. C-2.111 Reg 1, as amended, the Manitoba *The Liquor, Gaming and Cannabis Control Act*, C.C.S.M. c. L153, as amended, the Manitoba *Cannabis Regulation*, M.R. 120/2018, as amended, the Newfoundland and Labrador *Cannabis Control Act*, S.N. 2018, c. C-4.1, as amended, the Newfoundland and Labrador *Cannabis Control Regulations*, Nfld. Reg. 93/18, as amended, the Newfoundland and Labrador *Cannabis Licensing and Operations Regulations*, Nfld. Reg. 94/18.or other such applicable federal, provincial or other legislation or regulations (collectively, the "**Cannabis Legislation**"), and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof~~.~~ within the meaning of any Cannabis Legislation or otherwise. For clarity, nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

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

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

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

30. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the ~~Applicant~~Applicants shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, by the ~~Applicant~~Applicants as part of the costs of these proceedings~~. The Applicant is~~, whether incurred prior to, on, or subsequent to the date of this Order. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the ~~Applicant on a [TIME INTERVAL] basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of $● [, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time~~Applicants on a weekly basis or as otherwise agreed among the parties.

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

32. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any,~~ and the ~~Applicant's~~Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an

aggregate amount of $●400,000, as security for their professional fees and disbursements incurred at ~~the~~their standard rates and charges ~~of the Monitor and such counsel~~, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~[38]~~40 and ~~[40]~~42 hereof.

DIP FINANCING

33. ~~32.~~ **THIS COURT ORDERS** that the ~~Applicant is~~Applicants are hereby authorized and empowered to obtain and borrow ~~under a credit facility from [DIP LENDER'S NAME] (the "DIP Lender")~~, on a joint and several basis, under the DIP Facility Term Sheet dated as of August 27, 2024 and attached to the Williams Affidavit as Exhibit "BB", among the Applicants as borrowers, and the DIP Lender, as lender (as may be amended, restated, supplemented and/or modified from time to time, the "**DIP Term Sheet**"), in order to finance the ~~Applicant's~~Applicants' working capital requirements ~~and~~, other general corporate purposes, accrued interest, expenses, and capital expenditures, all in accordance with the Definitive Documents, provided that borrowings under ~~such credit facility~~the DIP Term Sheet shall not exceed $●3.3 million plus interest, fees and expenses, unless permitted by further Order of this Court (the "**DIP Facility**").

34. ~~33.~~ **THIS COURT ORDERS** ~~THAT such credit facility~~that the DIP Facility shall be on the terms and subject to the conditions set forth in the ~~commitment letter between the Applicant and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed~~DIP Term Sheet and the other Definitive Documents.

35. ~~34.~~ **THIS COURT ORDERS** that the ~~Applicant is~~Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (as may be amended, restated, supplemented and/or modified from time to time, and collectively with the DIP Term Sheet, the "**Definitive Documents**"), as are contemplated by the ~~Commitment Letter~~DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the ~~Applicant is~~Applicants are hereby authorized and directed to pay and perform all of ~~its~~their indebtedness, interest, fees, expenses, liabilities and obligations to the DIP Lender under and pursuant to the ~~Commitment Letter~~DIP Term Sheet and the other Definitive Documents (collectively, the "**DIP Obligations**") as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

36. ~~35.~~ **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property~~, which~~ as security for any and all DIP Obligations. The DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs ~~[38]~~40 and ~~[40]~~42 hereof.

37. ~~36.~~ **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender may cease making advances to the Applicants and may make demand, accelerate payment and give other notices, and, upon ~~●~~five (5) days notice to the ~~Applicant~~Applicants and the Monitor, may exercise any and all of its other rights and remedies against the ~~Applicant~~Applicants or the Property under or pursuant to the ~~Commitment Letter,~~ Definitive Documents and the DIP Lender's Charge, including without limitation, to ~~cease making advances to the Applicant and~~ set off and/or consolidate any amounts owing by the DIP Lender to the ~~Applicant~~Applicants against the obligations of the ~~Applicant~~Applicants to the DIP Lender under the ~~Commitment Letter, the~~ Definitive Documents or the DIP Lender's Charge~~, to make demand, accelerate payment and give other notices~~, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the ~~Applicant~~Applicants and for the appointment of a trustee in bankruptcy of the ~~Applicant~~Applicants; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the ~~Applicant~~Applicants or the Property.

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

made under the Definitive Documents or the BMO Credit Agreement (as defined in the Williams Affidavit).

39. **THIS COURT ORDERS** that, notwithstanding anything to the contrary herein, this Order is subject to provisional execution and that if any of the provisions of this Order in connection with the Definitive Documents or the DIP Lender's Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a "**Variation**"), such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Lender, whether under this Order (as made prior to the Variation), under the Definitive Documents with respect to any advances made or obligations incurred prior to the DIP Lender being given notice of the Variation, and the DIP Lender shall be entitled to rely on this Order as issued (including, without limitation, the DIP Lender's Charge) for all advances so made and other obligations set out in the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

40. ~~38.~~ **THIS COURT ORDERS** that the priorities of the ~~Directors' Charge, the~~ Administration Charge ~~and~~, the DIP Lender's Charge and the Directors' Charge (collectively, the "**Charges**"), as among them, shall be as follows[9]:

First – Administration Charge (to the maximum amount of $●~~400,000~~);

Second – DIP Lender's Charge (to the maximum amount of the DIP Obligations at the relevant time); and

Third – ~~Directors'~~ Director's Charge (to the maximum amount of $●~~2.25 million~~).

41. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "~~Charges~~")~~ shall not be required, and that the Charges shall be valid and enforceable for all purposes,

~~[9] The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

42. ~~40.~~ **THIS COURT ORDERS** that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein) shall~~Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person~~.~~ except that the DIP Lender's Charge and Director's Charge will rank subordinate to any and all amounts owed to the BMO under the BMO Credit Agreement (as defined in the Williams Affidavit); provided that the Charges shall rank behind Encumbrances in favour of any Person that has not been served with notice of this Application. The Applicants and the beneficiaries of the Charges (collectively, the "**Chargees**") shall be entitled to seek priority ahead of such Encumbrances on a subsequent motion, including without limitation, on the Comeback Date (as hereinafter defined), on notice to those Persons likely to be affected thereby.

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

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

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

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the ~~Commitment Letter or the~~ Definitive Documents shall create or be deemed to constitute a breach by any of the ~~Applicant~~Applicants of any Agreement to which ~~it~~the applicable Applicant is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant~~Applicants entering into the ~~Commitment Letter~~Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the ~~Applicant~~Applicants pursuant to this Order~~, the Commitment Letter~~ or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

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

SERVICE AND NOTICE

46. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~*The Globe and Mail* (National Edition) a notice containing the information prescribed under the CCAA, and (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner or by electronic message to the e-mail addresses as last shown in the Applicants' records, a notice to every known creditor who has a claim against any of the ~~Applicant~~Applicants of more than $~~1000~~1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the

regulations made thereunder; provided that the Monitor shall not be required to make the claims, names and addresses of individual creditors publicly available unless otherwise ordered by this Court.

47. ~~45.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '~~<@>~~': www.alvarezandmarsal.com/TokyoSmoke (the "**Monitor's Website**").

48. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor's Website, provided that the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

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

50. **THIS COURT ORDERS** that the Applicants, the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and Orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. Any such distribution or service shall be deemed to be in satisfaction of a

legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

COMEBACK MOTION

51. **THIS COURT ORDERS** that the comeback motion shall be heard by a judge of the Ontario Superior Court of Justice (Commercial List) on a date to be scheduled by this Court (the "**Comeback Date**").

GENERAL

52. ~~47.~~ **THIS COURT ORDERS** that the ~~Applicant or~~Applicants, the Monitor, BMO or the DIP Lender may, from time to time, apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of ~~its~~their respective powers and duties hereunder.

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

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

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

56. ~~51.~~ **THIS COURT ORDERS** that any interested party (including the ~~Applicant~~Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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

_____

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED **AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2675970 ONTARIO INC. et al.**	**Court File No.**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

INITIAL ORDER

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Summary report: **Litera Compare for Word 11.5.0.74 Document comparison done on 8/27/2024 11:43:42 AM**	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: nd://1376-8492-5966/1/model intitial-order-CCAA-EN.doc	
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Embedded Excel	0
Format changes	0
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 2675970 ONTARIO INC. et al.
Applicants

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
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Proceedings commenced at Toronto

APPLICATION RECORD
(Returnable August 28, 2024)

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