

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 AYURCANN HOLDINGS CORP. and  
AYURCANN INC.**

**APPLICATION RECORD OF THE APPLICANTS  
(Returnable January 30, 2026)**

January 29, 2026

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**TO: THE ATTACHED SERVICE LIST**

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Applicants

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Applicants

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## **INDEX**

<b>TAB</b>	<b>DESCRIPTION</b>
<b>1</b>	Notice of Application
<b>2</b>	Affidavit of Igal Sudman sworn January 29, 2026
<b>A</b>	Exhibit “A” – Corporate Profile Report of Ayurcann Holdings Corp.
<b>B</b>	Exhibit “B” – Corporate Profile Report of Ayurcann Inc.
<b>C</b>	Exhibit “C” – Health Canada Standard Processing Licence
<b>D</b>	Exhibit “D” – Excise Cannabis Licence
<b>E</b>	Exhibit “E” – Consolidated Financial Statements
<b>F</b>	Exhibit “F” – PPSA Search Results for Ayurcann Holdings Corp.
<b>G</b>	Exhibit “G” – PPSA Search Results for Ayurcann Inc.
<b>H</b>	Exhibit “H” – Letter from the Canada Revenue Agency dated December 5, 2025
<b>I</b>	Exhibit “I” – Alvarez & Marsal Canada Inc.’s Consent to Act as Monitor
<b>3</b>	Draft Initial Order
<b>4</b>	Redline of Draft Initial Order to Model Order



TAB 1

Court File No.: \_\_\_\_\_

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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Applicants

**NOTICE OF APPLICATION**

**TO THE RESPONDENTS**

**A LEGAL PROCEEDING HAS BEEN COMMENCED** by the Applicants. The claim made by the Applicants appears on the following page.

**THIS APPLICATION** will come on for a hearing before Justice Kimmel presiding over the Commercial List on January 30, 2026 at 8:30 a.m. Eastern at a zoom videoconference link to be circulated in advance of the hearing.

**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 not later than 2:00 p.m. Eastern on the day 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: January 29, 2026

Issued by: \_\_\_\_\_  
Local Registrar

Address of 330 University Avenue, 9th Floor  
court office: Toronto, ON M5G 1R7

TO: **THE SERVICE LIST**

## APPLICATION

### THE APPLICANTS MAKE THIS APPLICATION FOR:

1. An Order substantially in the form attached as Tab 3 of this Application Record to be filed, (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the “**CCAA**”), *inter alia*:

- (a) abridging the time for service and filing of this notice of application and dispensing with service on any person other than those served;
- (b) declaring that Ayurcann Holdings Corp. (“**Ayurcann Parent**”) and Ayurcann Inc. (“**Ayurcann**”) (each individually, an “**Applicant**”, and collectively, the “**Applicants**” or the “**Company**”) are companies to which the CCAA applies;
- (c) appointing Alvarez & Marsal Canada Inc. (“**A&M**” or in such capacity, the “**Proposed Monitor**”, and if appointed, the “**Monitor**”) as an officer of this Court to monitor the assets, business and financial affairs of the Applicants;
- (d) staying, for an initial period of ten (10) days (the “**Stay Period**”), all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the former, current or future directors and officers of the Applicants, or affecting the Applicants’ business or the Applicants’ respective current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”), except with the written consent of the Applicants and the Monitor, or with leave of the Court (the “**Stay of Proceedings**”);
- (e) extending the benefit of the Stay of Proceedings to Ayurcann Holding Corp. and Can Ayurcann Merger Sub Inc. (collectively, the “**Non-Applicant Stay Parties**” and together with the Applicants, the “**Ayurcann Entities**”);
- (f) seeking relief from certain securities reporting obligations under federal, provincial or other laws until further Order of this Court;

- (g) approving the continued use of the Cash Management System (as defined and described in the affidavit of Igal Sudman to be filed, the “**Sudman Affidavit**”); and
- (h) granting the following priority charges against the Property:
  - (i) an “**Administration Charge**” in the initial amount of \$250,000, as security for the payment of the professional fees and disbursements incurred and to be incurred by the Proposed Monitor, counsel to the Proposed Monitor, and counsel to the Applicants, in connection with these CCAA proceedings (the “**CCAA Proceedings**”), both before and after the making of the Initial Order; and
  - (ii) a “**Directors’ Charge**” in the initial amount of \$625,000, as security for the Applicants’ obligation to indemnify their respective directors and officers in such capacities after the commencement of the CCAA Proceedings, including with respect to unremitted sales, good and services and excise taxes which may have accrued prior to the commencement of the CCAA Proceedings, but which may become due and payable after the commencement of these proceedings, except to the extent that such obligation or liability was incurred as a result of a directors’ or officers’ gross negligence or willful misconduct.

2. The Applicants intend to return before the Court at a hearing on February 9, 2026 (the “**Comeback Hearing**”) to seek additional relief including, among other things, an extension of the Stay of Proceedings, approval of a sale process and a key employee retention plan. At the Comeback Hearing the Applicants may also seek approval of debtor-in-possession financing.

**THE GROUNDS FOR THIS APPLICATION ARE:**

***General***

- (a) the Applicants are insolvent and are companies to which the CCAA applies;
- (b) each of the Applicants is a Canadian company;

- (c) Ayurcann Parent is a reporting issuer listed on the Canadian National Stock Exchange (the “CSE”) under the symbol “AYUR”, and cross-listed on the Frankfurt Stock Exchange (the “FRA”) under the symbol “3ZQ0”. It is the ultimate parent company to the other Applicant (Ayurcann). The Applicants’ business focuses on the production and sale of cannabis products. Through Ayurcann, the Company holds certain cannabis licences with Health Canada and the Canada Revenue Agency (the “CRA”);
- (d) the Company, through Ayurcann, is a cannabis producer servicing recreational use markets across Canada. All of the Applicants’ cannabis production, processing, distribution and packaging takes place at a licenced facility leased by Ayurcann in Pickering, Ontario;
- (e) the Applicants are in a liquidity crisis and will not be able to meet their normal course obligations as they fall due without the benefit of the Stay of Proceedings. Accordingly, there is significant urgency to this CCAA application and the relief sought pursuant to the Initial Order;
- (f) the Applicants are seeking protection under the CCAA to, among other things, obtain the Stay of Proceedings and to implement a sale process that would see the Applicants restructured and/or a sale of all or a portion of the Applicants’ business and assets through a value maximizing transaction for the benefit of creditors, which, depending on the outcome of the proposed sale process, may result in a going-concern outcome for the business. The relief in respect of the sale process is intended to be sought at the Comeback Hearing. No relief related to the sale process is being sought at this time;
- (g) the CCAA filing is intended to benefit all of the Applicants’ stakeholders, including the Applicants’ employees, customers, suppliers, secured creditors, other contracting parties, Health Canada, and the relevant provincial cannabis regulators;
- (h) the boards of directors of each of the Applicants resolved to commence these CCAA Proceedings;

- (i) A&M has consented to act as the Monitor in the CCAA Proceedings;

***Urgent Need for the Stay of Proceedings***

- (j) the Applicants' liabilities are primarily comprised of trade payables to vendors and certain statutory obligations. As of January 26, 2026, Ayurcann owed the CRA approximately \$10,556,517 consisting primarily of outstanding statutory remittances, interest and penalties (collectively, the "**Tax Arrears**");
- (k) although the Applicants were in compliance with an agreed informal payment plan with CRA, on December 5, 2025, the CRA sent a letter (the "**CRA Correspondence**") imposing a new payment plan in respect of the Tax Arrears with immediate effect. This new arrangement required Ayurcann to make a total of six monthly "catch-up" payments in the amount of \$1,055,830.91 each, which would be required to be paid in addition to the Company's ongoing excise tax obligations. Under the previously agreed payment plan, the Company was required to pay approximately \$165,000 per month in respect of the Tax Arrears (meaning the new payment plan created an additional monthly expense of approximately \$890,830). Under the new payment plan imposed by the CRA Correspondence, an additional excise payment of approximately \$2,582,868, consisting of the \$1,055,830.91 "catch-up" payment plus the ongoing excise liability for December 2025, will be due January 31, 2026. The Company does not have sufficient financial resources to satisfy the new payment plan imposed by the CRA Correspondence, and has not been able to obtain additional financing outside of an insolvency process;
- (l) the Applicants also owe Health Canada approximately \$285,649 primarily related to regulatory and licencing fees. Amounts owing to Health Canada are subject to an agreed payment arrangement, pursuant to which the Company is making regular monthly payments of approximately \$47,000;
- (m) as of January 23, 2026, approximately \$1,613,566 was owing to third-party suppliers, excluding certain insurance and licensing fees. The Applicants are not

aware of any enforcement actions commenced against the Company and there have been no instances of creditor forbearance;

- (n) the Applicants urgently require a broad stay of proceedings to prevent enforcement action by creditors, including the CRA, and to provide the Applicants with breathing space while they attempt to effect a restructuring, and pursue a value maximizing transaction, all while continuing to operate in the ordinary course in order to preserve enterprise value;
- (o) the Applicants are both cash flow and balance sheet insolvent and are concerned about their failure to meet certain obligations, including those imposed by the CRA Correspondence, as they become due. The Applicants have no feasible refinancing options available at this time and no other way to repay their significant excise liabilities and ongoing operating costs in the circumstances. It would be detrimental to the Applicants' business if proceedings were commenced or continued, or rights and remedies were executed, against the Applicants;
- (p) the Stay of Proceedings will stabilize and preserve the value of the Applicants' business and ultimately provide the Applicants with the breathing space needed to continue to develop and negotiate the terms of a sale process;
- (q) the Stay of Proceedings is in the best interests of the Applicants and their stakeholders, meets the statutory requirements under the CCAA, and is appropriate in the circumstances;

***Extending the Stay of Proceedings to the Non-Applicant Stay Parties***

- (r) the Applicants are seeking to extend the Stay of Proceedings to the Non-Applicant Stay Parties. Both of the Non-Applicant Stay Parties are wholly owned subsidiaries of Ayurcann Parent (and accordingly, their shares will be assets that will fall under the purview and may be acquired as part of a potential sale process). The Non-Applicant Stay Parties both have registered offices at the same location as the Applicants, and share the same directors and officers as Ayurcann;



- (s) the extension of the Stay of Proceedings to the Non-Applicant Stay Parties is necessary to ensure stability and preserve enterprise value throughout the CCAA Proceedings. Such extension is intended to prevent uncoordinated realization and enforcement attempts being made against any of the Ayurcann Entities during the Stay Period;
- (t) any proceeding commenced against the Non-Applicant Stay Parties will act as a distraction to the Applicants' good faith restructuring efforts. The Applicants having to defend claims against the Non-Applicant Stay Parties would (i) severely strain the Applicants' limited financial and human resources, (ii) divert the attention of the Applicants' directors and officers away from the CCAA Proceedings, and (iii) jeopardize the Applicants' restructuring efforts, including the timely administration of any sale process;

***Appointment of A&M as Monitor***

- (u) A&M has consented to act as the Court-appointed Monitor of the Applicants, subject to Court approval;
- (v) 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 as to who may be appointed as Monitor set out in section 11.7(2) of the CCAA;

***Priority Charges***

- (w) the Applicants are seeking the following charges in the following priority with respect to the Property:  
  
First – Administration Charge (up the maximum amount of \$250,000); and  
  
Second – Directors' Charge (up to the maximum amount of \$625,000);
- (x) 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;

- (y) the Directors' charge seeks to indemnify the Applicants' directors and officers in respect of liabilities they may incur in such capacities during the CCAA Proceedings;
- (z) while the Applicants maintain directors' and officers' liability insurance, the same may include contractual contingencies and uncertainty associated with possible coverage related issues;
- (aa) the relief sought in the Initial Order in respect of the charges is limited to what is reasonably necessary to stabilize the Applicants' business during the initial Stay Period;
- (bb) the Proposed Monitor is supportive of the granting of each of the charges and their quantum;

***Relief from Reporting and Filing Obligations***

- (cc) Ayurcann Parent is seeking to be relieved from incurring any further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by any rules, regulations or policies of the CSE and/or the FRA. This relief is necessary given Ayurcann Parent's status as a publicly traded company and reporting issuer listed on the CSE and the FRA;
- (dd) in addition to being relieved from having to make any of the Securities Filings, Ayurcann Parent and the Monitor and their respective directors, officers, employees and other representatives are seeking to be relieved from any personal liability resulting from a failure to make any Securities Filings;
- (ee) Ayurcann Parent is also seeking to be relieved from any obligation to call and hold an annual meeting of its shareholders until further Order of this Court;

- (ff) it would be a distraction and unnecessary expense for Ayurcann Parent to make the Securities Filings, and hold the annual meeting of its shareholders in the circumstances where it is insolvent;
- (gg) the shareholders and stakeholders of Ayurcann Parent will have the benefit of a significant amount of financial and other information that is being, and will continue to be, disclosed in the CCAA Proceedings;

***Other Grounds***

- (hh) the provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
- (ii) rules 1.04, 2.01, 2.03, 3.02, 14.05(2), 16, 38 and 39 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Reg. 194, as amended and sections 106 and 137(2) of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and
- (jj) 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 for the Initial Order:

- (a) the Sudman Affidavit, to be filed and the exhibits attached thereto;
- (b) the consent of A&M to act as Monitor;
- (c) the Pre-Filing Report of the Proposed Monitor, to be filed; and
- (d) such further and other evidence as counsel may advise and this Court may permit.

January 29, 2026

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Lawyers for the Applicant

**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 AYURCANN HOLDINGS CORP. and  
AYURCANN INC.**

Court File No.:

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

Proceedings Commenced in Toronto

**NOTICE OF APPLICATION**  
**(Returnable January 30, 2026)**

**BENNETT JONES LLP**

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Lawyers for the Applicants

TAB 2

Court File No.: \_\_\_\_\_

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
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AYURCANN INC.**

Applicants

**AFFIDAVIT OF IGAL SUDMAN  
(Sworn January 29, 2026)**

## TABLE OF CONTENTS

	Page
<b>I. RELIEF REQUESTED .....</b>	<b>2</b>
<b>II. OVERVIEW .....</b>	<b>5</b>
<b>III. CORPORATE STRUCTURE OF THE COMPANY .....</b>	<b>9</b>
A. The Applicants .....	10
B. The Non-Applicant Stay Parties .....	11
<b>IV. BUSINESS OF THE APPLICANTS.....</b>	<b>11</b>
A. The Company's Business.....	11
B. Leased Real Property .....	12
C. Third Party Service Providers .....	13
D. Collaboration Agreement.....	13
E. Distribution & Service Agreements.....	14
F. Cannabis Licences .....	15
G. Employees and Management .....	16
H. Intellectual Property .....	18
I. Cash Management and Credit Cards.....	18
J. Potential Litigation.....	19
<b>V. FINANCIAL POSITION OF THE APPLICANTS.....</b>	<b>19</b>
A. Assets .....	20
B. Liabilities .....	20
C. Secured Obligations .....	21
D. Unsecured Obligations.....	22
<b>VI. URGENT NEED FOR RELIEF .....</b>	<b>25</b>
<b>VII. RELIEF SOUGHT AT THE INITIAL HEARING.....</b>	<b>26</b>
A. Stay of Proceedings.....	26
B. Proposed Monitor.....	28
C. Administration Charge.....	28
D. Directors' Charge.....	29
E. Cash Flow Forecast.....	31
F. Relief from Reporting and Filing Obligations .....	31
<b>VIII. RELIEF TO BE SOUGHT AT THE COMEBACK HEARING .....</b>	<b>32</b>
A. ARIO .....	32
B. Sale Process Approval Order .....	35
<b>IX. CONCLUSION .....</b>	<b>36</b>



Court File No.: \_\_\_\_\_

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF AYURCANN HOLDINGS CORP. and  
AYURCANN INC.**

Applicants

**AFFIDAVIT OF IGAL SUDMAN  
(Sworn January 29, 2026)**

I, Igal Sudman, of the City of Pickering, in the Province of Ontario, **MAKE OATH AND SAY:**

1. This affidavit is made in support of an Application by Ayurcann Holdings Corp. ("**Ayurcann Parent**") and Ayurcann Inc. ("**Ayurcann**") (each individually, an "**Applicant**" and collectively, the "**Applicants**" or the "**Company**") for an initial order (the "**Initial Order**") and related relief pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**" and the proceedings related thereto, the "**CCAA Proceedings**").

2. I am the Co-Founder and Chief Executive Officer of Ayurcann Parent, which wholly-owns Ayurcann. Since the Company's formation in 2018, I have been actively involved in managing the Applicants' business operations and overseeing the Company's strategic direction and growth. As such, I have personal knowledge of the Applicants and the matters to which I depose in this affidavit. Where I have relied on other sources for information, I have so stated and believe them to be true.

3. In preparing this affidavit, I have also relied upon the books and records of the Applicants and consulted with other members of the senior management team. The Applicants do not waive or intend to waive any applicable privilege by any statement herein. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

## **I. RELIEF REQUESTED**

4. I swear this affidavit in support of an urgent Application brought by the Applicants seeking the following relief, among others, as part of the proposed Initial Order:

- (a) declaring that the Applicants are parties to which the CCAA applies;
- (b) appointing Alvarez & Marsal Canada Inc. (“**A&M**” or the “**Proposed Monitor**”) as an officer of the Court to monitor the assets, business, and affairs of the Applicants (once appointed in such capacity, the “**Monitor**”);
- (c) staying, for an initial period of ten days (the “**Stay Period**”), all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the Applicants’ former, current or future directors and officers, or affecting the Applicants’ business or the Property (as defined below), except with the written consent of the Applicants and the Monitor or with leave of the Court (the “**Stay of Proceedings**”);
- (d) extending the benefit of the Stay of Proceedings and other aspects of the Initial Order to Ayurcann Holding Corp. (“**Ayurcann Holding**”) and Can Ayurcann Merger Sub Inc. (“**MergerCo**” and together with Ayurcann Holding, the “**Non-Applicant Stay Parties**”) and their respective directors and officers;

- (e) granting relief from certain securities reporting obligations under federal, provincial or other laws until further Order of this Court;
- (f) approving the continued use of the Cash Management System (as defined below);  
and
- (g) granting the Administration Charge and the Directors' Charge (each as defined below) with respect to the Applicants' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the "**Property**") in the following priorities:
  - (i) First – the Administration Charge up to a maximum amount of \$250,000;  
and
  - (ii) Second – the Directors' Charge up to a maximum amount of \$625,000.

5. If the proposed Initial Order is granted, the Applicants intend to return before the Court on February 9, 2026 (such hearing, the "**Comeback Hearing**"), to seek approval of an Amended and Restated Initial Order (the "**ARIO**"), which, among other things, would:

- (a) extend the Stay of Proceedings, including in favour of the Non-Applicant Stay Parties;
- (b) if debtor-in-possession ("**DIP**") financing is required and secured prior to the Comeback Hearing, (A) approve the Applicants' ability to borrow under a DIP credit facility (the "**DIP Facility**") to finance the Company's critically required working capital requirements and other general corporate purposes, post-filing and

professional expenses and other costs, and (B) grant a corresponding charge on the Property in favour of the Proposed DIP Lender (as defined below) (the “**DIP Lender’s Charge**” and collectively with the Administration Charge and the Directors’ Charge, the “**Charges**”);

- (c) increase the quantum of each of the Administration Charge (to a maximum amount of \$800,000) and the Directors’ Charge (to a maximum amount of \$3,020,000);
- (d) authorize, but not obligate, the Applicants to pay, with the consent of the Monitor, amounts owing for goods and services supplied to the Applicants prior to the CCAA Proceedings, up to a cap to be proposed by the Applicants with the consent of the Monitor;
- (e) approve the KERP (as defined below) and grant the related super-priority KERP Charge (as defined below), ranking subordinate to the Charges but in priority to all other encumbrances;
- (f) seal the KERP Summary (as defined below), to be delivered prior to the Comeback Hearing; and
- (g) approve such other customary relief as may be required to advance the Applicants’ restructuring.

6. The Applicants are in the process of negotiating an agreement of purchase and sale (the “**Stalking Horse Purchase Agreement**”), with the intention that such Stalking Horse Purchase Agreement will serve as the “**Stalking Horse Bid**” in a Court-approved sale process (the “**Sale Process**”) for the sale of all, or part of, the Applicants’ assets and business. If the Stalking Horse

Purchase Agreement is finalized prior to the Comeback Hearing, the Applicants may also seek an Order (the “**Sale Process Approval Order**”), which, among other things, would:

- (a) authorize and approve the Applicants’ execution of the Stalking Horse Purchase Agreement, including certain bid protections described therein (the “**Bid Protections**”);
- (b) grant a Court-ordered charge over the Property in favour of the stalking horse purchaser as security for payment of the Bid Protections, with the priority set out in the proposed ARIO (the “**Bid Protections Charge**”);
- (c) approve the Sale Process in respect of the Applicants in which the Stalking Horse Purchase Agreement will serve as the Stalking Horse Bid and authorize the Applicants and the Monitor to implement the Sale Process pursuant to its terms; and
- (d) authorize and direct the Applicants and the Monitor to perform their respective obligations and do all things reasonably necessary to perform their obligations under the Sale Process.

## **II. OVERVIEW**

7. Through its operating subsidiary (Ayurcann), the Company is a licenced cannabis producer and manufacturer serving recreational markets across Canada. The parent company, Ayurcann Parent, is a reporting issuer in the provinces of Ontario, British Columbia and Alberta with its shares listed on the Canadian Securities Exchange and Frankfurt Stock Exchange.

8. Since its formation in 2018, the Company has evolved from a business-to-business service provider to a vertically integrated enterprise with its own cannabis brands, manufacturing and processing operations, and distribution networks. With approximately 146 unique stock keeping units available for sale in approximately 2,598 stores across Canada, the Company continues to focus on the development and commercialization of its own cannabis products (including for its core proprietary brands, such as Fuego, Xplor, and Happy & Stoned).

9. As detailed below, each of the Applicants is based in Ontario and its operations are primarily carried out of a leased licenced cannabis facility in Pickering, Ontario. To assist with its day-to-day operations, the Company employs approximately 56 employees, has contractual arrangements with approximately 63 contractors,<sup>1</sup> and has distribution and/or supply arrangements within eight provinces and territories.

10. Until recently, the Company has generated strong revenues and stable cash flow, while managing its working capital position. Like many cannabis companies in Canada, the Company has accumulated material excise tax liabilities payable to the Canada Revenue Agency (the “CRA”), which were historically being re-paid in monthly “catch-up” installments via an informal payment plan that had been agreed to by representatives of the CRA. These monthly installments allowed the Company to incrementally reduce its excise tax balance, while still having sufficient cash-on-hand to satisfy its remaining obligations in the ordinary course.

11. Notwithstanding the Company’s ongoing compliance with the informal payment plan, on December 5, 2025, the CRA unilaterally imposed a new payment plan onto the Company, requiring monthly excise “catch-up” payments in the amount of approximately \$1.056 million

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<sup>1</sup> Contractors are paid by their respective agencies (which invoice the Company directly) and do not form part of the Company’s payroll. They support various business workstreams and provide services on a billable-hour basis.

(instead of approximately \$165,000 under the informal payment plan), which were to be paid in addition to the Applicants' ongoing remittance obligations – totaling approximately \$3 million in aggregate monthly excise tax expenses. The Applicants have insufficient liquidity to comply with the terms of this new CRA mandated payment plan and, as a result, can no longer meet their obligations as they become due.

12. Other than certain vehicle lessors and banking institutions which hold security interests against specific assets and/or the Company's bank account, as the case may be, the Applicants have no secured creditors.

13. Over the past few months, the Company has made several attempts to address its financial challenges by implementing, or attempting to implement, various cash conservation measures. For example, the Company reduced its use of subcontractors and external consultants, implemented stronger controls on material procurement, and reduced its investment in retail data and promotional selling. Collectively, these measures were implemented with a view to lowering operating costs, preserving working capital, and supporting the continuation of core operations while the Company evaluated longer-term solutions for its financial challenges.

14. The Company also attempted to improve its liquidity position through proposed business combinations and by seeking to raise debt capital. For example, in June 2024, the Company entered into a failed merger with Arogo Capital Acquisition Corp., which was expected to provide the Applicants with a cash injection of approximately US\$19.6 million. The business combination was terminated in November 2024, leaving the Applicants with increased liquidity pressures and lower-than-expected capital to operate the business. More recently, the Company explored raising third-

party debt financing with various parties – however, such efforts have been largely unsuccessful due primarily to the Company’s strained liquidity and financial position.

15. The Applicants are seeking protection under the CCAA to, among other things, obtain additional financing to support and continue normal course operations, continue to evaluate options for restructuring the business, and to implement a Court-supervised sale process that would see the Company restructured and/or all, or a portion of, the Applicants’ business and assets sold through a value maximizing transaction for the benefit of their creditors. The CCAA filing and the proposed Sale Process are intended to benefit all of the Company’s stakeholders, including the Company’s many employees, customers, suppliers, creditors, and other contracting parties, by implementing a going-concern transaction that preserves the Applicants’ business and its valuable stakeholder relationships.

16. As discussed above, the CRA’s sudden imposition of an onerous mandatory payment plan has caused the Company to experience a liquidity shortfall such that it cannot satisfy its obligations as they become due. Accordingly, there is significant urgency to this CCAA application and the relief being sought pursuant to the Initial Order.

17. To the extent the cash flows filed by the Applicants in connection with the Comeback Hearing demonstrate that the Applicants require additional liquidity, the Applicants are in discussions with a possible DIP lender (in such capacity, the “**Proposed DIP Lender**”), which could potentially make a DIP facility available to the Applicants during the CCAA Proceedings.

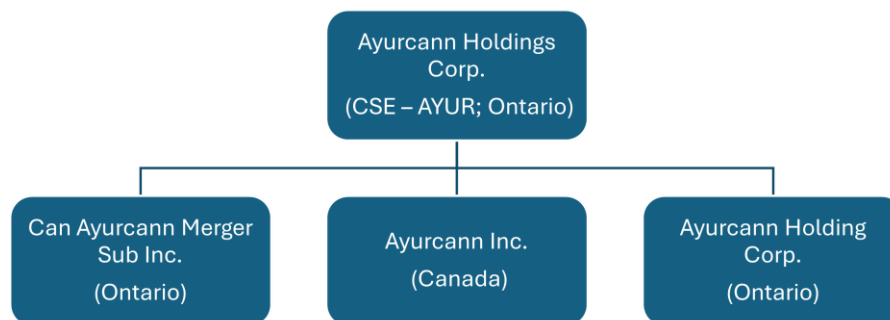
18. If finalized, the DIP Facility is intended to, among other things, provide the Applicants with access to the funding required to maintain operations and preserve the value of the business while the Sale Process is conducted (if ultimately approved). I note the Applicants are not seeking



relief pursuant to the Initial Order in respect of the DIP Facility at this time. As reflected in the Applicants' cash flow forecast for the initial 10-day period ending February 9, 2026 (the "**Cash Flow Forecast**"), which I understand will be attached to the Pre-Filing Report of the Proposed Monitor (the "**Pre-Filing Report**"), the Applicants have sufficient liquidity to fund their operations until the Comeback Hearing. However, additional financing will likely be required during the pendency of the CCAA Proceedings.

### III. CORPORATE STRUCTURE OF THE COMPANY

19. A copy of the Company's current corporate structure is reproduced below:



20. Each of the Applicants and the Non-Applicant Stay Parties is a Canadian entity and maintains its registered office at 1080 Brock Road, Pickering, Ontario L1W 3H3.

21. As illustrated above, each of Ayurcann and the Non-Applicant Stay Parties is directly and wholly owned by Ayurcann Parent. For the purpose of this affidavit and for greater certainty, all references to the Applicants include each of their predecessor entities (as applicable).

## A. The Applicants

### 1. Ayurcann Parent

22. Ayurcann Parent acts as a holding company for its subsidiaries and otherwise has no material assets. Its primary functions are to provide business oversight, management support and strategic guidance to the Company, and to act as a reporting issuer for the Company's publicly traded shares.

23. Ayurcann Parent was incorporated on August 26, 2010, pursuant to the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the "**OBCA**"), under the name "Pacific Coal Corp." (and then subsequently changed its name to "Canada Coal Inc." on April 12, 2011). On March 26, 2021, Ayurcann Parent closed a three-cornered amalgamation with Ayurcann and a numbered company. Following the transaction, Ayurcann Parent delisted from the TSX Venture Exchange, listed on the Canadian Securities Exchange (the "**CSE**"), and changed its name to "Ayurcann Holdings Corp."

24. As discussed above, Ayurcann Parent is a reporting issuer in the provinces of Ontario, British Columbia and Alberta and is listed under the symbols "AYUR" on the CSE and "3ZQ0" on the Frankfurt Stock Exchange (the "**FSE**").<sup>2</sup> As of November 28, 2025, Ayurcann Parent had 194,703,863 Common Shares, 700,000 stock options, and no warrant or restricted share units outstanding.

25. A copy of Ayurcann Parent's corporate profile report is attached hereto as **Exhibit "A"**.

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<sup>2</sup> Ayurcann Parent was delisted from the OTCQB effective October 30, 2025.

## **2. Ayurcann**

26. Ayurcann is incorporated under the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44, as amended, pursuant to a Certificate of Amalgamation dated March 26, 2021.

27. Most of the Company's business operations are conducted through Ayurcann, including all cannabis extraction, manufacturing, processing, sales and other commercial and regulatory activities. Ayurcann is also the contracting party for the majority of the Company's operating and employment contracts.

28. As discussed in greater detail below, Ayurcann holds a standard processing licence with Health Canada and leases the Pickering Facility (as defined below), as tenant.

29. A copy of Ayurcann's corporate profile report is attached hereto as **Exhibit "B"**.

### **B. The Non-Applicant Stay Parties**

30. MergerCo and Ayurcann Holding were incorporated under the OBCA on June 24, 2024 and June 25, 2024, respectively, to facilitate an unsuccessful business combination transaction (as discussed below). The Non-Applicant Stay Parties are shell companies with no known material assets, liabilities or active business operations.

## **IV. BUSINESS OF THE APPLICANTS**

### **A. The Company's Business**

31. The Company, through Ayurcann, is a licenced cannabis producer and extraction company that specializes in the formulation, packaging, distribution, and product development of high-quality cannabis products in the Canadian market. It focuses exclusively on the development and

commercialization of its own cannabis brands, with a strong emphasis on high-growth processed and derivative products such as vapes, pre-rolls and extracts.

32. The Company sells the majority of its cannabis products to consumers in the Canadian recreational adult-market and has approximately 37,315 product listings across Ontario, New Brunswick, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland and Labrador, and Yukon. Its core proprietary brands include Fuego, Xplor, and Happy & Stoned.

33. Its business and administrative operations are conducted primarily out of the Company's leased cannabis facility located at 1080 Brock Road, Pickering, Ontario L1W 3H3 (the "**Pickering Facility**").

#### **B. Leased Real Property**

34. The Pickering Facility is a fully licenced 13,585 square foot extraction and manufacturing facility based in Pickering, Ontario.

35. The Company, through Ayurcann, leases the Pickering Facility pursuant to three lease agreements between Com '53 Ltd., as landlord, and Ayurcann, as tenant (the "**Facility Leases**"). Under the Facility Leases, the aggregate monthly rent is approximately \$24,136.55 (inclusive of HST). None of the Facility Leases are expected to expire during the course of the CCAA Proceedings, with the earliest termination date being in August 2028. Ayurcann is current with its rent obligations under the Facility Leases.

36. The Pickering Facility serves as a manufacturing, processing and storage facility for the Company's cannabis extraction, formulation and manufacturing operations, as well as an office and workspace. The Company's cannabis operations at the Pickering Facility are conducted by

Ayurcann in accordance with its licences with Health Canada and the CRA (as discussed in greater detail below). As of the date hereof, the Pickering Facility is fully operational.

37. Ayurcann is current with its rent obligations under the Facility Leases.

38. The Company also stores certain inventory at a separate warehouse, as required by Cannabis Regulations (as defined below). The warehouse is not leased directly by the Company – rather, it is made available to the Company pursuant to a service agreement with Legacy Supply Chain Services Inc. (the “**Service Agreement**”).<sup>3</sup>

### **C. Third Party Service Providers**

39. The Company relies on various third-party suppliers and service providers for raw materials, data, utilities, and technology that are essential to its operations. Any interruption in services, whether due to an inability or refusal to continue providing services could impair the Company’s ability to operate in the ordinary course and would materially impair the value of the Company’s business. As discussed below, the Company is not current with respect to payments due for certain of these obligations.

### **D. Collaboration Agreement**

40. On October 10, 2019, Ayurcann Parent entered into a collaboration agreement (as amended from time to time, the “**Collaboration Agreement**”) with a third-party equipment operator and

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<sup>3</sup> Pursuant to the Service Agreement, Ayurcann provides to Legacy Supply Chain Services Inc. a prescribed annual amount of dried flower and edible cannabis. The CRA approved the Service Agreement on August 12, 2025, and such approval remains in effect until August 1, 2026.

consultant (the “**Consultant**”), pursuant to which the Consultant makes available certain services, equipment and proprietary information to the Company, including:

- (a) certain equipment and personnel (including on-site consultant managers) to assist with the Company’s daily operations;
- (b) training and industry know-how;
- (c) rights and/or access to various “biomass” supply chains;
- (d) drawings, designs and manufacturing specifications; and
- (e) other technical data and information related to cannabis oil and extract products.

41. Pursuant to the Collaboration Agreement, the Company pays a monthly facility fee and consulting fee to the Consultant calculated based on monthly cannabinoid related production levels. The Collaboration Agreement remains in effect until October 9, 2028 (subject to the early termination rights of both parties).

#### **E. Distribution & Service Agreements**

42. The Company’s distribution network allows Company products to be distributed to approximately 2,598 retail stores across Canada. The Company has supply agreements in place with (i) the British Columbia Liquor Distribution Branch, (ii) Alberta Gaming, Liquor and Cannabis Commission, (iii) Ontario Cannabis Stores, (iv) Cannabis NB, (v) Yukon Liquor Corporation, and (vi) Newfoundland and Labrador Liquor Corporation. It also sells directly to Manitoba Liquor & Lotteries.

43. In addition, Ayurcann has distribution agreements with distributors in Saskatchewan who distribute the Company's products directly to provincial retailers.

## **F. Cannabis Licences**

### **1. Health Canada Licence**

44. Licences to cultivate, process and/or sell cannabis, among other things, are regulated in Canada under the *Cannabis Act*, S.C. 2018, c. 16 and through the *Cannabis Regulations*, SOR/2018-144 (together, the "**Cannabis Regulations**").

45. Ayurcann holds a standard processing licence with Health Canada (the "**Health Canada Licence**"), which authorizes Ayurcann: to (i) possess cannabis; (ii) produce cannabis at the Pickering Facility, other than to obtain it by cultivating, propagating or harvesting; and (iii) sell cannabis in accordance with the Cannabis Regulations.

46. The Health Canada Licence expires on January 18, 2028. A copy of the Health Canada Licence is attached hereto as **Exhibit "C"**.

### **2. Licence with the CRA**

47. Ayurcann holds a licence with the CRA requiring it to apply cannabis excise stamps to its cannabis products in accordance with the Excise Act (as defined below). The licence with the CRA expires on January 18, 2028. A copy of the CRA excise licence is attached hereto as **Exhibit "D"**.

## **G. Employees and Management**

### **1. Employees**

48. The Company employs approximately 38 salaried employees and 18 hourly employees. None of the Company's employees are represented by a union or are parties to a collective bargaining agreement.

49. A summary of the Company's workforce is set out below:

- (a) 54 employees are located in Ontario;
- (b) 2 employees are located in Alberta (each of which is a salesperson); and
- (c) as required under the Cannabis Regulations, certain of the Company's employees are designated responsible persons and/or possess security clearances.

50. The Company processes its payroll on a bi-weekly basis. The aggregate payroll for the Company is approximately \$144,000 per pay-cycle (subject to minor fluctuations), inclusive of employee wages, employer source deductions, and payroll processing fees. Payroll processing is administered by the Company's third-party service provider.

51. Employees are generally eligible for various benefits through the Company's group policy issued by The Empire Life Insurance Company.<sup>4</sup> The group policy offers, among other things, basic life insurance, health and dental expense benefits, long-term disability benefits and certain

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<sup>4</sup> Employees are generally eligible to participate in the group benefits plan upon completing three months of continuous employment, provided that they work a minimum of 20 hours per week.



prescription plans for executives, employees and their dependents. The Company does not maintain any pension, retirement or deferred compensation plans.

52. All employees are entitled to vacation time and pay in accordance with the employment standards and regulations of each applicable province. It is anticipated that active full-time employees will continue to have access to their benefits during the proposed CCAA Proceedings.

53. Ayurcann Parent also has an omnibus incentive plan which was ratified and approved on December 30, 2023 (the “**Incentive Plan**”). The Incentive Plan permits Ayurcann Parent to grant equity-based incentive awards, on a rolling basis, to eligible participants, provided that the maximum number of Common Shares that may be issued under the plan cannot exceed 20% of all Common Shares issued and outstanding. All directors, employees and consultants are eligible to participate in the Incentive Plan.

## **2. Management Services Agreement**

54. The Company has entered into five management services agreements with its directors (or corporations related thereto) and one former director (collectively, the “**Consulting Directors**”). Pursuant to these management services agreements, the Consulting Directors are entitled to certain monthly consulting fees, grants of restricted stock units, and discretionary cash bonuses (each as applicable).

55. During the CCAA Proceedings, the Company intends to continue paying its obligations under the management services agreements in the ordinary course, which total approximately \$73,073,<sup>5</sup> in the aggregate, per month.

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<sup>5</sup> Certain fees are paid on a quarterly basis (rather than per month).

## **H. Intellectual Property**

56. The Company's intellectual property includes, without limitation, certain registered trade names and trademarks. The Company also maintains various proprietary processes, formulations, standard operating procedures, and technical know-how developed and used in connection with its extraction, manufacturing and processing of cannabis. To the extent applicable, the foregoing intellectual property is protected by a combination of trademark registrations or applications.

57. The Company has various proprietary brands, including Fuego, XPLORE and Happy & Stoned.

## **I. Cash Management and Credit Cards**

58. The Company maintains its primary banking relationship with Alterna Savings & Credit Union Limited ("**Alterna**"), which holds the Company's sole operating account. The Company does not operate a centralized cash management center, rather cash disbursements and collections are managed directly through its operating account (the "**Cash Management System**").

59. The Company has a corporate American Express credit card,<sup>6</sup> and an account with Corpay, a payment platform that allows the Applicants to effect payment in multiple currencies.

60. The Cash Management System has several functions, including: (i) collection of accounts receivable from third parties; (ii) administration of disbursements to fund expenses, including payroll and benefits, capital expenditures and rental payments; and (iii) if approved, receipt of draws under the DIP Facility.

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<sup>6</sup> The Company cancelled its Visa corporate credit card in January 2026, as part of ongoing cash management and cost-control efforts.

61. In connection with the proposed CCAA Proceedings, the Applicants are seeking the authority to continue to use the Cash Management System described above in order to maintain the funding and banking arrangements already in place for the Applicants. Any disruption to the Cash Management System would be extremely detrimental to the Applicants' operations.

#### **J. Potential Litigation**

62. The Company is currently in discussions with two potential claimants that have threatened but not yet commenced litigation. The Applicants estimate that, if the claims are not resolved consensually, the aggregate quantum of claims asserted against the Company would total approximately \$290,000. The Company denies any liability in respect of the claims.

#### **V. FINANCIAL POSITION OF THE APPLICANTS**

63. The Applicants do not have sufficient financial resources to satisfy their normal course obligations as they fall due and are therefore insolvent on a cash flow basis. A summary of the Company's financial position, on a consolidated basis, as of December 31, 2025, is set out below.

64. As indicated, the Company's known and reasonably anticipated liabilities exceed the estimated value of the Company's assets. Copies of the Company's condensed interim consolidated financial statements for the three months ended December 31, 2025, as well as its financial statements for the 2025 financial year, are attached hereto as **Exhibit "E"**.

**A. Assets**

65. As at December 31, 2025, the Company had total consolidated assets with a book value of approximately \$11,041,501,<sup>7</sup> which consisted primarily of the following:

Asset Type	Book Value (Consolidated)
Cash	\$2,205,074
Restricted Cash	\$500,750
Trade & Other Receivables	\$2,905,269
Inventory	\$2,939,757
Prepaid Expenses and Deposits	\$92,344
<b>Current Assets (Total):</b>	<b>\$8,643,194</b>
Property, Plant and Equipment <sup>8</sup>	\$663,875
Right-of-use Assets	\$650,857
Intangible Assets	\$1,083,575
<b>Non-Current Assets (Total):</b>	<b>\$2,398,307</b>
<b>Total</b>	<b>\$11,041,501</b>

**B. Liabilities**

66. As at December 31, 2025, the Company had total consolidated liabilities with a book value owing of approximately \$15,479,863, which consisted primarily of the following:

<sup>7</sup> The net realizable value of the assets may be less than the book value.

<sup>8</sup> The Company's primary assets include various manufacturing, processing, laboratory and quality assurance equipment.

Liability Type	Book Value (Consolidated)
Trade and Other Payables	\$14,664,115
HST payable	\$(49,882)
Current Portion of Lease Liability	\$178,455
Current Portion of Long-Term Debt	\$38,847
<b>Liabilities Assets (Total):</b>	<b>\$14,831,535</b>
Lease Liability	\$573,776
Long-Term Debt	\$74,552
<b>Non-Current Liabilities (Total):</b>	<b>\$648,328</b>
<b>Total Liabilities</b>	<b>\$15,479,863</b>

### C. Secured Obligations

67. The Company has no known general secured creditors. Rather, the Company's secured creditors are derived from its vehicle financing agreements and banking arrangements with Alterna.

68. The Company finances two vehicles from The Bank of Nova Scotia. A summary of the applicable financing agreements is set out below:

- (a) The first financing agreement was entered into on August 16, 2022, for a principal amount of \$108,612.59. The agreement remains effective for a term of 72 months – with the final payment due on August 16, 2028. The monthly payments due under the financing agreement total approximately \$1,774.50 (which includes both interest and principal) and the annual interest rate is 5.50%.

- (b) The second financing agreement was entered into on August 30, 2022, for a principal amount of \$115,392.59. The agreement remains effective for a term of 72 months – with the final payment due on August 30, 2028. The monthly payments due under the agreement total approximately \$1,885.27 (which includes both interest and principal) and the annual interest rate is 5.50%.

69. The Bank of Nova Scotia has registered its security interest in the aforementioned vehicles pursuant to the *Personal Property Security Act*, R.S.O. 1990, c. P.10 (the “PPSA”). Both vehicles are operated by the Company’s co-founders (who are co-borrowers under their respective financing agreements).

70. The Company has also entered into banking agreements with Alterna in connection with the Cash Management System. Alterna has two security interests registered against the Company’s operating bank account, and each registration is secured up to a maximum amount of \$250,000.

71. The registrations detailed above are reflected in the search results conducted against the Applicants under the PPSA and attached hereto as **Exhibits “F” and “G”**. As demonstrated in the attached searches, Ayurcann does not have any other secured obligations.

## **D. Unsecured Obligations**

### **1. Tax and Excise Duty**

72. Cannabis producers in Canada are required to post security pursuant to the *Excise Act*, 2001, S.C. 2002, c. 22 (the “**Excise Act**”). The security provides the CRA with financial assurance for any outstanding excise duty payable. The security can be posted in the form of a surety bond or a deposit with the CRA.

73. Ayurcann has a surety bond in place for \$500,000 with Amynta Surety Solutions. Consistent with the CRA's recent practices, the security posted is calculated as the average amount of cannabis duties payable for a calendar month in the previous twelve calendar months. These duties are calculated, in part, based on the expected number of grams or milligrams of packaged cannabis products expected to be sold.

74. As of January 26, 2026, Ayurcann owed the CRA approximately \$10,556,517,<sup>9</sup> comprised of unpaid excise taxes, statutory remittances, interest and penalties (collectively, the "**Tax Arrears**"). There is also an additional approximately \$648,406 of unremitted excise tax liabilities under dispute with the CRA, due to certain cannabis classifications made by the Company for the period of April 2022 to March 2025. The Company asserts that the classifications were correctly made and that the additional amounts are not owing.

75. As noted above, on December 5, 2025, the CRA sent a letter imposing a new payment plan in respect of the Tax Arrears (the "**CRA Correspondence**"). The proposed arrangement imposed monthly "catch-up" payments in the amount of \$1,055,830.91 for six months, which would be required to be paid in addition to the Company's ongoing monthly excise obligations of approximately \$1,930,075 – a total monthly amount of \$2,985,905.

76. Prior to receiving the CRA Correspondence and since February 2025, the Company had a verbal informal arrangement with the CRA, where it was required to pay approximately \$165,000 per month in respect of the Tax Arrears (meaning the new payment plan created an additional monthly expense of approximately \$890,830.91). Until receipt of the CRA Correspondence and the unilateral imposition of revised payment terms, the Company had been in compliance with the

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<sup>9</sup> This amount includes the Company's excise tax liabilities for the months of December and January, which have accrued but will not become due until January 31, 2026 and February 28, 2026, respectively.

agreed CRA payment plan, and is not aware of any circumstances that caused the CRA to change this arrangement on the terms set out in the CRA Correspondence.

77. A copy of the CRA Correspondence is attached here to as **Exhibit “H”**.

## **2. Unsecured Promissory Notes**

78. In June 2025, prior to receiving the CRA Correspondence, the Company repaid certain unsecured promissory notes held by the Applicants’ Chief Executive Officer and President (each a “**Note**”, and together, the “**Notes**”). The total amount payable under each Note was \$200,000 (inclusive of interest).

79. As of the date of this affidavit, both of the Notes have been satisfied in full and retired pursuant to their terms.

## **3. Health Canada**

80. As of January 23, 2026, the Company owes Health Canada approximately \$285,649, which largely relates to unpaid regulatory and licensing fees. Amounts owing to Health Canada are subject to a consensual payment plan, pursuant to which the Company is making agreed regular monthly payments of approximately \$47,000. The Company intends to continue to make those payments during the CCAA Proceedings.

## **4. Third Party Suppliers**

81. Given the nature of its business, the Company relies on a number of vendors and third-party service providers and, as such, is party to a number of agreements for the provision of certain essential services including, among other things, insurance, phone and internet, security, utilities,



professional costs and other services provided in connection with operating a business in the cannabis industry. The Company has accrued a significant amount of invoices owing to third party suppliers.

82. As of January 23, 2026, approximately \$1,613,566 was owing to third-party suppliers (a portion of which is in arrears), excluding certain insurance and licensing fees. The Applicants are not aware of any enforcement actions commenced against the Company and there have been no instances of creditor forbearance.

## **5. Employee Liabilities**

83. The Company is current with respect to its payroll obligations and source deduction remittances. Notwithstanding the foregoing, an amount of approximately \$30,000 relating to the source deductions for the 2024 taxation year is currently under dispute with the CRA.

## **VI. URGENT NEED FOR RELIEF**

84. The Applicants are both cash flow and balance sheet insolvent and experiencing a critical liquidity crisis.

85. As a result of the amended payment plan imposed by the CRA, among other things, the Applicants can no longer satisfy their obligations as they become due. The Applicants have no feasible refinancing options available at this time and no other way to repay their significant excise liabilities and ongoing operating costs in the circumstances. An additional excise payment of approximately \$2,582,868 will be due January 31, 2026.

86. Any delay in initiating these CCAA Proceedings will cause the Applicants to incur additional excise liabilities and risk enforcement action by the CRA, further eroding the value of the Applicants' business, jeopardizing the Applicants' relationships with their employees, customers, regulators and suppliers, and threatening the success of the proposed Sales Process. The relief being sought pursuant to the Initial Order is the most efficient means of stabilizing the Applicants business in order for the Applicants to pursue a value maximizing, going-concern transaction for the benefit of their stakeholders.

## **VII. RELIEF SOUGHT AT THE INITIAL HEARING**

### **A. Stay of Proceedings**

#### **1. Applicants**

87. The Applicants urgently require a broad Stay of Proceedings to secure the breathing space necessary to stabilize their business and conduct the Sales Process, all while continuing operations in the ordinary course in order to maintain enterprise value.

88. The Applicants are unable to meet their financial obligations as they become due. It would be detrimental to the Applicants' business if proceedings were commenced or continued, or rights and remedies were executed, against the Applicants (especially in connection with any of Ayurcann's cannabis or excise licences – which are required under the Cannabis Regulations to operate the business).

89. In light of the foregoing, the Stay of Proceedings is in the best interests of the Applicants and their stakeholders. I understand that the Proposed Monitor believes that the Stay of Proceedings is appropriate in the circumstances.

## **2. Non-Applicant Stay Parties**

90. I believe that it is in the best interests of the Applicants and their stakeholders to extend the benefits of the Stay of Proceedings to the Non-Applicant Stay Parties. Each of the Non-Applicant Stay Parties is an integrated member of the Ayurcann corporate group, including for the following reasons:

- (a) they are directly and wholly owned subsidiaries of Ayurcann Parent (and accordingly, their shares will be assets that will fall under the purview and may be acquired as part of the potential Sale Process);
- (b) their registered office is located at the Pickering Facility; and
- (c) they share the same directors and officers as Ayurcann.

91. I believe the extension of the Stay of Proceedings to the Non-Applicant Stay Parties is necessary to ensure stability and preserve enterprise value throughout the CCAA Proceedings. Such extension is intended to prevent uncoordinated realization and enforcement attempts from being made against the Company during the proposed Stay Period.

92. Any proceedings commenced against the Non-Applicant Stay Parties will act as a distraction to the Applicants' good faith restructuring objectives. Any such distraction would (i) severely strain the Applicants' limited financial and human resources, (ii) divert my attention and the attention of the President and Chief Operating Officer of the Company (as the directors of the Non-Applicant Stay Parties) away from the CCAA Proceedings, and (iii) jeopardize the Company's restructuring efforts and the timely administration of the Sale Process (if approved).

93. In addition, without the benefit of the Stay of Proceedings, the Applicants' ability to market and sell their interests in the Non-Applicant Stay Parties would be compromised. I understand that the Proposed Monitor believes that the extension of the Stay of Proceedings to the Non-Applicant Stay Parties is appropriate in the circumstances.

**B. Proposed Monitor**

94. The proposed Initial Order contemplates that A&M will act as Monitor in the CCAA Proceedings. I understand that A&M has consented to act as Monitor of the Applicants in the CCAA Proceedings if the proposed Initial Order is granted. A copy of A&M's consent to act as Monitor is attached hereto as **Exhibit "I"**.

95. I am advised by Monitor's 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.

**C. Administration Charge**

96. The Initial Order provides for a Court-ordered charge over the Property in favour of the Proposed Monitor and counsel to the Proposed Monitor and the Applicants (the "**Administrative Charge Beneficiaries**"). The proposed charge will secure payment of the Administrative Charge Beneficiaries' respective fees and disbursements incurred in connection with services rendered in these CCAA Proceedings up to a maximum amount of \$250,000 (the "**Administration Charge**"). The Administration Charge is proposed to rank ahead of and have priority over all other charges and existing security registrations against the Applicants' Property.

97. The Applicants require the expertise, knowledge, and continued participation of the proposed Administrative Charge Beneficiaries during the CCAA Proceedings in order to complete a successful restructuring. Each of the Administrative Charge Beneficiaries will have distinct roles in the Applicants' restructuring.

98. The Applicants and the Proposed Monitor worked collaboratively to estimate the quantum of the Administration Charge, which took into account the limited retainers the professionals currently have and their outstanding fees. I believe that the Administration Charge is fair and reasonable in the circumstances. I understand that the Proposed Monitor is also of the view that the Administration Charge is fair and reasonable in the circumstances.

99. The Applicants intend to seek an increase to the Administration Charge to \$800,000 at the Comeback Hearing. I am advised by Jesse Mighton ("**Mr. Mighton**") of Bennett Jones LLP, and believe that, best commercial efforts will be used to provide notice of the within motion to each of the Applicants' secured creditors that may be affected by the proposed Administration Charge and have registered security interests under the PPSA.

#### **D. Directors' Charge**

100. I am advised by Mr. Mighton, and believe that, in certain circumstances, directors and officers can be held liable for obligations of a company, including those owed to employees and government entities. Among other things, I understand that these obligations may include unpaid accrued wages and unpaid accrued vacation pay, together with unremitted excise, sales, goods and services, and harmonized sales taxes.

101. It is my understanding that the Applicants' present and former directors and officers (the "**Directors and Officers**") are among the potential beneficiaries under the Company's liability insurance policy maintained by HDI Global Specialty SE. However, I understand that these policies have various exceptions, exclusions and carve-outs and that they may not provide sufficient coverage against the potential liability that the Directors and Officers could incur in connection with the CCAA Proceedings.

102. Given the risks related to these CCAA Proceedings and the uncertainty surrounding available indemnities and insurance, I understand that the current Directors' and Officers' involvement in the CCAA Proceedings is conditional upon: (i) the granting of a priority charge in favour of the Directors and Officers in the amount of \$625,000 (the "**Directors' Charge**"); and (ii) the Applicants seeking releases on behalf of the Directors or Officers as part of any plan or plans of arrangement or in respect of any transaction conducted through the Sale Process.

103. The Applicants require the involvement of the Directors and Officers in order to continue their business operations in the ordinary course and to advance the proposed Sale Process. The Directors' Charge would serve as security for the indemnification obligations and potential liabilities that the Directors and Officers may face during the initial ten-day period of the CCAA Proceedings. The proposed Initial Order contemplates that the Directors' Charge will rank subordinate to the Administration Charge.

104. The Applicants intend to seek an increase to the Directors' Charge to \$3,020,000 at the Comeback Hearing. The Applicants believe that the Directors' Charge is reasonable in the circumstances. I understand that the Proposed Monitor is supportive of the Directors' Charge and its quantum.

**E. Cash Flow Forecast**

105. With the assistance of the Proposed Monitor, the Applicants have undertaken a cash flow analysis to determine the Company's expected liquidity over the proposed Stay Period. As reflected in the Cash Flow Forecast, no DIP financing is required for the Stay Period.

106. I understand that the Cash Flow Forecast will be attached to the Pre-Filing Report.

**F. Relief from Reporting and Filing Obligations**

107. Ayurcann Parent is seeking to be relieved from incurring any further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively the "Securities Filings") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada and Germany. The Applicants also seek to relieve Ayurcann Parent from its obligation to call and hold annual meetings of its shareholders until further order of the Court.<sup>10</sup> This relief is necessary given Ayurcann Parent's status as a publicly-traded company and reporting issuer listed on the CSE and the FSE.

108. The proposed CCAA Proceedings are expected to be conducted in a transparent manner, through which Ayurcann Parent's shareholders and other stakeholders will receive information and be kept apprised of Ayurcann Parent's restructuring efforts. Relief from the Securities Filings and annual shareholders' meeting requirements is critical, as it will allow Ayurcann Parent to avoid the additional time and expense associated with maintaining current public filings and preparing meeting materials.

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<sup>10</sup> The last annual general meeting of shareholders was held in June 2025.

109. Ayurcann Parent and the Proposed Monitor and their respective directors, officers, employees and other representatives are also seeking to be relieved from any personal liability resulting from a failure to make any Securities Filings.

## **VIII. RELIEF TO BE SOUGHT AT THE COMEBACK HEARING**

110. As referenced above, the Applicants intend to seek the ARIO and potentially the Sale Process Approval Order at the Comeback Hearing. The relief contemplated by each of the proposed ARIO and Sale Process Approval Order is described below, in order to provide as much notice as possible to stakeholders and interested parties.

### **A. ARIO**

#### **1. Stay Extension**

111. The proposed Initial Order seeks the granting of the Stay of Proceedings to and until February 9, 2026. At the Comeback Hearing, the Applicants intend to seek an extension of the Stay of Proceedings, including in favour of the Non-Applicant Stay Parties. The proposed extension of the Stay of Proceedings will enable the Applicants to continue to operate the business and conduct the Sale Process with a view to implementing a value-maximizing transaction.

#### **2. Increases to Charges**

112. The charges proposed in the Initial Order are intended for the initial Stay Period only. The proposed ARIO is anticipated to provide for the following amendments to the Administration Charge and the Directors Charge, listed in order of priority (not including the proposed DIP Lender's Charge, KERP Charge and Bid Protections Charge, as applicable):



- (a) Administration Charge to increase to a maximum of \$800,000; and
- (b) Directors' Charge to increase to a maximum of \$3,020,000.

113. The Applicants believe the amounts of the proposed charges (both in the Initial Order and the ARIO) are fair and reasonable in the circumstances. I understand that the Proposed Monitor is also supportive of the proposed charges, including as increased and/or granted pursuant to the proposed ARIO.

### **3. DIP Facility Approval**

114. The Applicants will likely require financing in the CCAA Proceedings to continue operating in the ordinary course and fund their restructuring efforts. The Applicants intend to finalize negotiations with the Proposed DIP Lender in the near term and, if required, seek approval of the DIP Facility at the Comeback Hearing.

115. The Proposed DIP Lender has advised that the DIP Facility will be contingent on the granting of a charge over the Property in favour of the Proposed DIP Lender to secure the amounts borrowed under the DIP Facility.

### **4. KERP Approval**

116. The Applicants, in consultation with the Monitor, are developing a key employee retention plan (the “**KERP**”), pursuant to which the Company proposes to make retention payments to a limited number of the Applicants' employees. The payments under the KERP are expected to be modest.

117. I believe certain key employees are essential to the continued operation of the business during these proceedings and will be needed to assist in the Sale Process (if approved) and the closing of any related transaction. The Applicants understand that the Monitor is supportive of the Company seeking approval of the KERP at the Comeback Hearing.

118. The Applicants also intend to seek a charge at the Comeback Hearing securing the maximum amount payable under the KERP (the “**KERP Charge**”).

119. Prior to the Comeback Hearing, the Applicants intend to provide the Court with a schedule containing the names of the proposed KERP recipients, their positions, their current compensation and the proposed amount to be received by each recipient (the “**KERP Summary**”). Given the confidential nature of the information contained in the KERP Summary, the Applicants are expected to seek a sealing order related thereto at the Comeback Hearing.

## **5. Ability to Pay Certain Pre-Filing Amounts**

120. The Applicants will be seeking the authorization (but not obligation) to pay, with the consent of the Monitor, amounts owing for goods and services actually supplied to the Applicants prior to the date of the Initial Order.

121. The Applicants understand that the Proposed Monitor is supportive of the Applicants’ authorization to pay for certain pre-filing goods and services. Further, the Proposed Monitor has advised that it will provide oversight to ensure that any payment of pre-filing liabilities will be limited to the extent reasonably necessary.

## **B. Sale Process Approval Order**

122. As discussed above, subject to the advancement of negotiations in respect of the Stalking Horse Purchase Agreement, the Applicants may seek the Sale Process Approval Order at the Comeback Hearing. The Sale Process Approval Order, if approved, will enable the Applicants to pursue a value-maximizing transaction for the benefit of its stakeholders.

### **1. Stalking Horse Purchase Agreement**

123. The Applicants are in the process of finalizing the Stalking Horse Purchase Agreement, which will serve as the basis for the Stalking Horse Bid in the Sales Process.

124. The Stalking Horse Purchase Agreement is contemplated to be structured as a reverse vesting transaction. In the event that the Stalking Horse Bid is the successful bid in the Sale Process, it is expected that the stalking horse purchaser will acquire the share capital of one or more members of the Company, while vesting out all, or substantially all, of the Applicants' liabilities to a residual company.

125. Further details regarding the Stalking Horse Purchase Agreement and the Stalking Horse Bid will be provided once the agreement is finalized (as applicable).

### **2. Sale Process**

126. The proposed Sale Process provides for the Applicants and the Monitor to solicit interest in a sale of the Company's assets and business operations.

127. It is anticipated that in order for their bid(s) to be evaluated as part of the Sale Process, interested parties will be required to enter into a non-disclosure agreement and submit a binding

offer meeting the requirements enumerated in the Sale Process. Further details regarding the Sale Process will be provided in a subsequent affidavit to be filed in connection with the Applicants' motion to approve the Sale Process Approval Order.

## IX. CONCLUSION

128. In consultation with the Company's professional advisors, I believe that the proposed Initial Order is in the best interests of the Applicants and their stakeholders. The Stay of Proceedings, including as extended to the Non-Applicant Stay Parties, will allow the Applicants to continue ordinary course operations with the breathing space and stability necessary to develop and implement their restructuring.

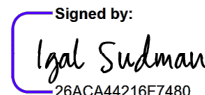
129. In the circumstances, I believe that the CCAA Proceedings are the only viable means of restructuring the Applicants' business for the benefit of their stakeholders and that the relief sought in the Initial Order is limited to what is reasonably necessary to stabilize the Applicants' business in the initial ten-day period.

**SWORN REMOTELY** by Igal Sudman )  
 stated as being located in the City of )  
 Vaughan, in the Province of Ontario, )  
 before me at the City of Toronto, in the )  
 Province of Ontario, on January 29, 2026, )  
 remotely via videoconference in )  
 accordance with O. Reg. 431/20, )  
 Administering Oath or Declaration )  
 Remotely. )



**JAMIE ERNST**

A Commissioner for Taking Affidavits in  
 and for the Province of Ontario

Signed by:  
  
 26ACA44216F7480...

**IGAL SUDMAN**

THIS IS **EXHIBIT "A"** REFERRED TO IN THE AFFIDAVIT  
OF IGAL SUDMAN, SWORN BEFORE ME  
THIS 29TH DAY OF JANUARY, 2026.



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**JAMIE ERNST**

A Commissioner for taking Affidavits  
(or as may be)



## Profile Report

AYURCANN HOLDINGS CORP. as of January 12, 2026

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	AYURCANN HOLDINGS CORP.
Ontario Corporation Number (OCN)	1867863
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Amalgamation	February 23, 2012
Registered or Head Office Address	1080 Brock Street, Unit 6, Toronto, Ontario, M5C 2V9, 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.

Minimum Number of Directors 1  
Maximum Number of Directors 10

**Active Director(s)**

**Name** ROMAN BUZAKER  
**Address for Service** 37 Oakhurst, Thornhill, Ontario, L4J 7V3, Canada  
**Resident Canadian** Yes  
**Date Began** March 26, 2021

**Name** DAVID HACKETT  
**Address for Service** 20 Astley Avenue, Toronto, Ontario, M4W 3B4, Canada  
**Resident Canadian** Yes  
**Date Began** March 26, 2021

**Name** MAOR SHAYIT  
**Address for Service** 7420 Bathurst Street, 1506, Thornhill, Ontario, L4J 6X4, Canada  
**Resident Canadian** Yes  
**Date Began** March 26, 2021

**Name** IGAL SUDMAN  
**Address for Service** 97 Laskin, Maple, Ontario, L6A 5A4, Canada  
**Resident Canadian** Yes  
**Date Began** March 26, 2021

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.

**Active Officer(s)**

<b>Name</b>	ROMAN BUZAKER
<b>Position</b>	President
<b>Address for Service</b>	37 Oakhurst, Thornhill, Ontario, L4J 7V3, Canada
<b>Date Began</b>	March 26, 2021
<b>Name</b>	IGAL SUDMAN
<b>Position</b>	Chief Executive Officer
<b>Address for Service</b>	97 Laskin Drive, Maple, Ontario, L6A 5A4, Canada
<b>Date Began</b>	March 26, 2021
<b>Name</b>	IGAL SUDMAN
<b>Position</b>	Chairman
<b>Address for Service</b>	97 Laskin, Maple, Ontario, L6A 5A4, Canada
<b>Date Began</b>	March 26, 2021
<b>Name</b>	IGAL SUDMAN
<b>Position</b>	Secretary
<b>Address for Service</b>	97 Laskin Drive, Maple, Ontario, L6A 5A4, Canada
<b>Date Began</b>	March 26, 2021
<b>Name</b>	YISROEL ZUCHTER
<b>Position</b>	Chief Financial Officer
<b>Address for Service</b>	100 Mcmorran Crescent, Vaughn, Ontario, L4J 2Y2, Canada
<b>Date Began</b>	December 02, 2024

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.



### Corporate Name History

Name	AYURCANN HOLDINGS CORP.
Effective Date	March 25, 2021
Previous Name	CANADA COAL INC.
Effective Date	February 23, 2012

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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**Amalgamating Corporations**

**Corporation Name**  
**Ontario Corporation Number**

CANADA COAL INC.  
2254954

**Corporation Name**  
**Ontario Corporation Number**

MERCURY CAPITAL LIMITED  
2251395

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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#### Active Business Names

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

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.

### Expired or Cancelled Business Names

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

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.

## Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: IGAL SUDMAN	May 21, 2025
CIA - Notice of Change PAF: IGAL SUDMAN	December 10, 2024
CIA - Notice of Change PAF: IGAL SUDMAN - DIRECTOR	April 09, 2021
CIA - Notice of Change PAF: IGAL SUDMAN - OFFICER	April 07, 2021
BCA - Articles of Amendment	March 25, 2021
Annual Return - 2019 PAF: THOMAS A. FENTON - DIRECTOR	April 20, 2020
Annual Return - 2018 PAF: OLGA NIKITOVIC - OFFICER	August 07, 2019
Annual Return - 2017 PAF: OLGA NIKITOVIC - OFFICER	February 01, 2018
BCA - Articles of Amendment	December 05, 2017
CIA - Initial Return PAF: THOMAS A. FENTON - DIRECTOR	April 15, 2014
Annual Return - 2011 PAF: THOMAS A FENTON - DIRECTOR	August 30, 2012
BCA - Articles of Amalgamation	February 23, 2012

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

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.

THIS IS **EXHIBIT "B"** REFERRED TO IN THE AFFIDAVIT  
OF IGAL SUDMAN, SWORN BEFORE ME  
THIS 29TH DAY OF JANUARY, 2026.



---

**JAMIE ERNST**

A Commissioner for taking Affidavits  
(or as may be)



## Corporate Profile / Profil corporatif

Date and time of Corporate Profile (YYYY-MM-DD)	2026-01-13 4:36 PM	(AAAA-MM-JJ) Date et heure du Profil corporatif
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CORPORATE INFORMATION		RENSEIGNEMENTS CORPORATIFS
Corporate name	Dénomination	
	Ayurcann Inc.	
Corporation number	1287029-1	Numéro de société ou d'organisation
Business number	747549889RC0002	Numéro d'entreprise
Governing legislation	Régime législatif	
	Canada Business Corporations Act (CBCA) - 2021-03-26	
	Loi canadienne sur les sociétés par actions (LCSA) - 2021-03-26	
Status	Statut	
	Active	
	Active	

REGISTERED OFFICE ADDRESS	ADRESSE DU SIÈGE
1080 Brock Road, Unit 6 Pickering ON L1W 3H3 Canada	

ANNUAL FILINGS				DÉPÔTS ANNUELS	
Anniversary date (MM-DD)		03-26		(MM-JJ) Date anniversaire	
Filing period (MM-DD)		03-26 to/au 05-25		(MM-JJ) Période de dépôt	
Status of annual filings				Statut des dépôts annuels	
		Not due	2026	N'est pas dû	
		Filed	2025	Déposé	
		Filed	2024	Déposé	
Date of last annual meeting (YYYY-MM-DD)		2025-04-25		(AAAA-MM-JJ) Date de la dernière assemblée annuelle	
Type					
Non-distributing corporation with 50 or fewer shareholders					
Société n'ayant pas fait appel au public et comptant 50 actionnaires ou moins					

DIRECTORS		ADMINISTRATEURS
Minimum number	1	Nombre minimal
Maximum number	10	Nombre maximal
Current number	2	Nombre actuel
Roman Buzaker	37 Oakhurst Drive, Thornhill ON L4J 7V3, Canada	
Igal Sudman	97 Laskin Drive, Maple ON L6A 5A4, Canada	

INDIVIDUALS WITH SIGNIFICANT CONTROL	PERSONNES AYANT UN CONTRÔLE IMPORTANT
Last updated (YYYY-MM-DD)	2025-04-25 (AAAA-MM-JJ) Dernière mise à jour
<p>The corporation is excluded from providing information about individuals with significant control to Corporations Canada because it is a reporting issuer under provincial securities law or a wholly-owned subsidiary of such a corporation.</p> <p>La société est exclue de l'obligation de fournir à Corporations Canada les renseignements sur les particuliers ayant un contrôle important parce qu'elle est un émetteur assujéti en vertu d'une loi provinciale sur les valeurs mobilières ou une filiale en propriété exclusive d'une telle société.</p>	

CORPORATE HISTORY	HISTORIQUE CORPORATIF
Corporate name history (YYYY-MM-DD)	(AAAA-MM-JJ) Historique de la dénomination
2021-03-26 to present / à maintenant	Ayurcann Inc.
Certificates issued (YYYY-MM-DD)	(AAAA-MM-JJ) Certificats émis
Certificate of Amalgamation Corporations amalgamated	2021-03-26 Certificat de fusion Corporations amalgamated
	10854352 Ayurcann Inc. 12487772 12487772 CANADA INC.
Amendments details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed.	Seuls les renseignements concernant les modifications effectuées après 2010-03-20 sont disponibles. Certains certificats émis avant 2000 pourraient ne pas être listés.
Documents filed (YYYY-MM-DD)	(AAAA-MM-JJ) Documents déposés



The Corporate Profile sets out the most recent information filed with and accepted by Corporations Canada as of the date and time set out on the Profile.

Le Profil corporatif fait état des renseignements fournis et acceptés par Corporations Canada à la date et à l'heure indiquées dans le profil.

THIS IS **EXHIBIT "C"** REFERRED TO IN THE AFFIDAVIT  
OF IGAL SUDMAN, SWORN BEFORE ME  
THIS 29TH DAY OF JANUARY, 2026.



---

**JAMIE ERNST**

A Commissioner for taking Affidavits  
(or as may be)



Licence No. - N° de licence  
LIC-XT9FO3COJ5-2023

**LICENCE**

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

**LICENCE**

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

**Licence Holder / Titulaire de la licence :**  
Ayurcann Inc. d.b.a XTRX Solutions

**Licensed Site / Lieu autorisé :**  
1080 BROCK ROAD  
UNIT 5-7  
PICKERING, ON, CANADA, L1W 3H3

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses.

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes.

Standard Processing

Transformation standard

Activities	Activités
<ul style="list-style-type: none"><li>To possess cannabis</li><li>To produce cannabis, other than obtain it by cultivating, propagating or harvesting it</li><li>To sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations</li></ul>	<ul style="list-style-type: none"><li>Avoir du cannabis en sa possession</li><li>Produire du cannabis, sauf en l'obtenant par la culture, la multiplication et la récolte</li><li>Vendre du cannabis en vertu du paragraphe 17(5) du Règlement sur le cannabis</li></ul>
Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled " <i>Mandatory cannabis testing for pesticide active ingredients - Requirements</i> ".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé « <i>Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences</i> ».
The only cannabis products that the licence holder may sell or distribute to (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis topicals; cannabis extracts; and edible cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut vendre ou distribuer (i) à un titulaire d'une licence de vente et (ii) à une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; cannabis frais; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.
The only cannabis products that the licence holder may send or deliver to the purchaser at the request of (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis topicals; cannabis extracts; and edible cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut expédier ou livrer à l'acheteur à la demande (i) d'un titulaire d'une licence de vente et (ii) d'une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; cannabis frais; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.

Sale for Medical Purposes

Vente à des fins médicales

Activities	Activités
<ul style="list-style-type: none"><li>To possess cannabis</li><li>To sell cannabis products in accordance with section 27 and Part 14, Division 1 of the Cannabis Regulations</li></ul>	<ul style="list-style-type: none"><li>Avoir du cannabis en sa possession</li><li>Vendre des produits du cannabis en vertu de l'article 27 et la section 1 de la partie 14 du Règlement sur le cannabis</li></ul>
Conditions	Conditions
N/A	nd

Acting Director, Licencing and Security, Controlled Substances and Cannabis Branch

Directeur par intérim, Licences et sécurité, Direction générale des substances contrôlées et du cannabis



**Indoor Area(s) / Zone(s) intérieure(s)**

The possession of cannabis and the other activities mentioned above are authorized in the following building(s) / La possession de cannabis et les autres activités mentionnées ci-haut sont autorisées dans les bâtiment(s) suivant(s) :

1080 Brock Rd Unit 5-7

**Effective date of the licence:**

This licence is effective as of **January 19, 2023**

**Date d'entrée en vigueur de la licence:**

Cette licence entre en vigueur à compter du **19 janvier 2023**

**Expiry date of the licence:**

This licence expires on **January 18, 2028**

**Date d'expiration de la licence:**

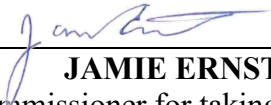
La présente licence expire le **18 janvier 2028**

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Acting Director, Licencing and Security, Controlled Substances and Cannabis Branch

Directeur par intérim, Licences et sécurité, Direction générale des substances contrôlées et du cannabis

THIS IS **EXHIBIT "D"** REFERRED TO IN THE AFFIDAVIT  
OF IGAL SUDMAN, SWORN BEFORE ME  
THIS 29TH DAY OF JANUARY, 2026.



---

**JAMIE ERNST**  
A Commissioner for taking Affidavits  
(or as may be)

March 20, 2023

Roman Buzaker  
Ayurcann Inc.  
o/a XTRX Solutions  
6-1080 Brock Rd  
Pickering, ON L1W 3H3

Dear Roman Buzaker:

**Subject: Renewal of Cannabis Licence under the Excise Act, 2001**

We have reviewed your cannabis licence renewal application, and are pleased to inform you that your cannabis licence under the Excise Act, 2001 has been renewed effective March 24, 2023.

**Cannabis licence number**

The following licence number should be recorded on all correspondence with the CRA:

**747549889RD0001**

**6- 1080 Brock Road Pickering ON L1W 3H3**

Each of the physical business locations included in the licence application has been provided with a separate account number as follows:

<b>Location</b>	<b>Account Identifier</b>	<b>Account Type</b>	<b>Premises Address</b>
1	RD0001	Filing	6- 1080 Brock Road Pickering ON L1W 3H3

**Acknowledgement of Security**

A person renewing a cannabis licence under the Act is required to maintain security in a form satisfactory to the CRA and in an amount determined by the Regulations Respecting Excise Licences and Registrations. Please ensure your posted security remains valid, and is sufficient to ensure payment of the amount referred to in paragraph 160(b) of the Act (highest duty payable on your B300 excise duty return for any month). If you have questions in regards to the security requirement, please contact our office.

## **Renewal of Cannabis Licence**

Information related to renewing a cannabis licence is provided in Excise Duty Notice EDN52, Obtaining and Renewing a Cannabis Licence. Subject to meeting the requirements for maintaining a cannabis licence, the licence will remain in effect for the period specified in the licence.

The expiry date for your licence will be January 18, 2028. In order to renew the cannabis licence, a completed Form L300, Cannabis Licence Application must be submitted to your regional office not later than 30 days before the expiry date.

## **Obligations of a Cannabis Licensee**

### Changes to Information

The CRA must be informed of any changes to the name, legal entity, business or mailing address, location of books and records or changes to any other information provided in the licence application form. The CRA must also be informed if your business/operations have been discontinued or sold.

### Books and Records

All cannabis licensees are required to maintain adequate books and records and provide access to those books and records to excise officers. Denied access to books and records could result in a suspension or the cancellation of a cannabis licence.

### Filing of Returns

A form B300, Cannabis Duty and Information Return, for each filing division under your cannabis licence must be filed for each calendar month whether or not any duty is payable. Your returns are due at the end of the month following the calendar month for the production being reported. It should be noted that a licensee who fails to file a return for a reporting period as and when required will be subject to penalty. Similarly, if payment is not made as and when required, a licensee will be subject to interest on the late payment.

Electronic filing of the monthly B300 Cannabis Duty and Information Return, the B301 Application for a Refund of Cannabis Duty, as well as other account information, such as account transactions and balances, licence status and account maintenance activities, is available at [canada.ca/my-cra-business-account](https://canada.ca/my-cra-business-account). Electronic filing of returns provides immediate confirmation that your return has been received by the CRA. Enrollment can be completed online, and further information is available at [canada.ca/my-cra-business-account](https://canada.ca/my-cra-business-account) or by phone at 1-800-959-5525.

Monthly excise cannabis returns may also be printed from our website at [canada.ca/cannabis-excise](https://canada.ca/cannabis-excise) so that they may be completed and submitted by mail. Please note that should a return and any payment due not be filed or received within the time limits, penalty and interest charges may be applied in accordance with the Act.

### **Methods of Destruction and Analysis**

As a reminder, methods for destruction and analysis of cannabis products must be approved by the Minister. Any changes to the previously approved methods must be submitted in writing to the Regional Manager for Excise Duty for approval, prior to implementation of the revised procedures.

Although we reserve the right to be present during any destruction, mandatory notification and witnessing of destruction is not required for regular, routine destruction. However, unusual destruction or the destruction of packaged goods returned from a purchaser are required to be reported and may require witnessing of the destruction by an officer.

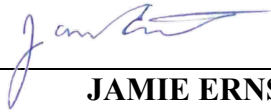
Should you have any questions or require clarification regarding the above information, please do not hesitate to contact Kim Robinson at (289)556-6373. For general information regarding the excise duty on cannabis products please go to [canada.ca/cannabis-excise](https://canada.ca/cannabis-excise) or call 1-866-330-3304 to make an enquiry. To request a ruling or technical interpretation on cannabis excise duty, please email [cannabis@cra-arc.gc.ca](mailto:cannabis@cra-arc.gc.ca).

Sincerely,

Kwasi Henry  
Ontario Regional Manager  
Excise Duties and Specialty Taxes  
Legislative Policy and Regulatory Affairs



THIS IS **EXHIBIT "E"** REFERRED TO IN THE AFFIDAVIT  
OF IGAL SUDMAN, SWORN BEFORE ME  
THIS 29TH DAY OF JANUARY, 2026.



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**JAMIE ERNST**  
A Commissioner for taking Affidavits  
(or as may be)

**Ayurcann Holdings Corp.**

## Condensed Interim Consolidated Statements of Financial Position

As at December 31, 2025 and 2024

(Unaudited - Expressed in Canadian dollars)

<i>As at</i>	December 31, 2025	December 31, 2024
<b>ASSETS</b>		
Cash	\$ 2,205,074	\$ 1,332,690
Restricted cash	500,750	250,000
Trade and other receivables	2,905,269	5,277,127
Prepaid expenses and deposits	92,344	152,533
Income tax receivable	-	21,146
Inventories	2,939,757	6,223,826
<b>Current Assets</b>	<b>8,643,194</b>	<b>13,257,321</b>
Property and equipment	663,875	838,007
Right-of-use assets	650,857	598,108
Intangible assets	1,083,575	1,478,973
<b>Non-Current Assets</b>	<b>2,398,307</b>	<b>2,915,087</b>
<b>Total Assets</b>	<b>11,041,501</b>	<b>16,172,409</b>
<b>LIABILITIES</b>		
Trade and other payables	\$ 14,664,115	\$ 8,715,483
Harmonized sales tax payable	(49,882)	447,006
Current portion of lease liability	178,455	150,073
Current portion of long term debt	38,847	36,784
<b>Current Liabilities</b>	<b>14,831,535</b>	<b>9,681,347</b>
Lease liability	573,776	510,894
Long term debt	74,552	
Other long term liabilities	-	5,813,768
<b>Non-Current Liabilities</b>	<b>648,328</b>	<b>6,324,662</b>
<b>Total Liabilities</b>	<b>15,479,863</b>	<b>16,006,009</b>
<b>SHAREHOLDERS' (DEFICIENCY) EQUITY</b>		
Common share capital	\$ 12,945,769	\$ 12,945,769
Warrant reserve	935,744	955,093
Stock based payments	1,032,391	1,013,042
Accumulated deficit	(19,352,267)	(14,747,505)
<b>Total Shareholders' (Deficiency) Equity</b>	<b>(4,438,363)</b>	<b>166,400</b>
<b>Total Liabilities and Shareholders' (Deficiency) Equity</b>	<b>11,041,501</b>	<b>16,172,409</b>

**Ayurcann Holdings Corp.**

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended December 31, 2025 and 2024

(Unaudited - Expressed in Canadian dollars)

	Three months ended December 31,	
	2025	2024
<b>Gross revenue</b>	<b>\$ 13,643,920</b>	<b>\$ 13,244,224</b>
Excise duties	(5,418,940)	(5,741,876)
<b>Net revenue</b>	<b>8,224,980</b>	<b>7,502,348</b>
Cost of goods sold	(4,655,940)	(4,230,628)
<b>Gross profit</b>	<b>3,569,040</b>	<b>3,271,720</b>
<b>Operating expenses</b>		
Salaries and wages	858,286	961,123
Office and general	493,818	444,165
Sales and marketing	2,090,825	1,186,927
Professional fees	300,096	377,247
Depreciation of property and equipment	44,442	74,925
Amortization of intangible assets	60,199	137,500
Retained samples	(41,713)	-
<b>Operating expenses</b>	<b>3,805,951</b>	<b>3,193,069</b>
<b>Operating Loss</b>	<b>(236,911)</b>	<b>78,651</b>
Finance costs	(151,640)	(200,368)
<b>Net Loss and Comprehensive Loss</b>	<b>\$ (388,551)</b>	<b>\$ (121,718)</b>
<b>Weighted Average Shares Outstanding</b>		
- Basic and Diluted	194,703,863	194,703,863
<b>Basic and Diluted Loss per Share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>



AYURCANN

**AYURCANN HOLDINGS CORP.**

**Condensed Interim Consolidated Financial Statements**  
***For the three months ended September 30, 2025, and 2024***  
***(Expressed in Canadian Dollars)***

***(Unaudited)***

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of Ayurcann Holdings Corp. (“Company”) have been prepared by and are the responsibility of the Company’s management. The unaudited condensed interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada (these statements are prepared under International Financial Reporting Standards (IFRS)) and reflect management’s best estimates and judgment based on information currently available. The Company’s independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

**Ayurcann Holdings Corp.**

## Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2025 and 2024

(Unaudited - Expressed in Canadian dollars)

<i>As at</i>	<b>September 30, 2025</b>		<b>June 30, 2025</b>	
<b>ASSETS</b>				
Cash	\$	840,435	\$	1,985,501
Restricted cash		250,000		250,000
Trade and other receivables		4,767,849		3,961,740
Prepaid expenses and deposits		148,406		297,803
Inventories		3,074,398		3,719,401
<b>Current Assets</b>		<b>9,081,088</b>		<b>10,214,444</b>
Property and equipment		693,521		744,544
Right-of-use assets		470,039		512,741
Intangible assets		1,143,774		1,203,973
<b>Non-Current Assets</b>		<b>2,307,334</b>		<b>2,461,257</b>
<b>Total Assets</b>		<b>11,388,422</b>		<b>12,675,702</b>
<b>LIABILITIES</b>				
Trade and other payables	\$	14,794,431	\$	14,573,618
Harmonized sales tax payable		(18,779)		341,697
Current portion of lease liability		142,140		139,523
Current portion of long term debt		38,322		37,972
<b>Current Liabilities</b>		<b>14,956,114</b>		<b>15,092,810</b>
Lease liability		402,655		445,768
Long term debt		84,466		88,029
<b>Non-Current Liabilities</b>		<b>487,120</b>		<b>533,797</b>
<b>Total Liabilities</b>		<b>15,443,234</b>		<b>15,626,607</b>
<b>SHAREHOLDERS' (DEFICIENCY) EQUITY</b>				
Common share capital	\$	12,945,769	\$	12,945,769
Warrant reserve		935,744		935,744
Stock based payments		1,032,391		1,032,391
Accumulated deficit		(18,968,717)		(17,864,810)
<b>Total Shareholders' (Deficiency) Equity</b>		<b>(4,054,812)</b>		<b>(2,950,905)</b>
<b>Total Liabilities and Shareholders' (Deficiency) Equity</b>		<b>11,388,422</b>		<b>12,675,702</b>
Nature of operations and going concern				
Subsequent events				

Approved on behalf of the Board of Directors:

/s/ Roman Buzaker Director/s/ Igal Sudman Director

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

**Ayurcann Holdings Corp.**

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended September 30, 2025 and 2025

(Unaudited - Expressed in Canadian dollars)

	<b>Three months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Gross revenue</b>	<b>\$ 14,638,697</b>	<b>\$ 14,657,485</b>
Excise duties	(6,161,509)	(6,352,315)
<b>Net revenue</b>	<b>8,477,187</b>	<b>8,305,169</b>
Cost of goods sold	(6,240,844)	(4,983,196)
<b>Gross profit</b>	<b>2,236,343</b>	<b>3,321,974</b>
<b>Operating expenses</b>		
Salaries and wages	847,708	994,186
Office and general	377,304	458,269
Sales and marketing	1,601,153	1,337,859
Professional fees	164,408	383,936
Depreciation of property and equipment	32,973	39,352
Amortization of intangible assets	60,199	137,500
Retained samples	109,790	23,294
<b>Operating expenses</b>	<b>3,193,536</b>	<b>3,374,395</b>
<b>Operating Loss</b>	<b>(957,193)</b>	<b>(52,421)</b>
Finance costs	(146,723)	(193,965)
<b>Net Loss and Comprehensive Loss</b>	<b>\$ (1,103,916)</b>	<b>\$ (246,386)</b>
<b>Weighted Average Shares Outstanding</b>		
- Basic and Diluted	194,703,863	194,703,863
<b>Basic and Diluted Loss per Share</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>

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

**Ayurcann Holdings Corp.**

## Condensed Interim Consolidated Statements of Cash Flows

For the three months ended September 30, 2025 and 2024

(Unaudited - Expressed in Canadian dollars)

		Three months ended September 30,	
	Note	2025	2024
<b>OPERATING ACTIVITIES</b>			
Net loss		\$ (1,103,916)	\$ (246,386)
<b>Items Not Affecting Cash</b>			
Depreciation of property and equipment	8	62,233	68,297
Amortization of intangible assets	10	60,199	137,500
Amortization of right-of-use assets	9	42,701	42,675
Interest on lease liability	12	20,866	25,989
Interest on promissory note		-	10,192
<b>Change in Non-Cash Working Capital Items</b>			
Trade and other receivables		(806,110)	(754,410)
Prepaid expenses and deposits		149,397	33,639
Harmonized sales tax payable		(360,466)	(197,153)
Inventories		645,003	(482,342)
Trade and other payables		224,176	1,974,776
<b>Cash Flows Provided (Used) for Operating Activities</b>		<b>(1,065,918)</b>	<b>612,777</b>
<b>INVESTING ACTIVITIES</b>			
Property and equipment additions		(11,210)	(38,998)
<b>Cash flows used in Investing activities</b>		<b>(11,210)</b>	<b>(38,998)</b>
<b>FINANCING ACTIVITIES</b>			
Finance lease payments	12	(61,362)	(59,659)
Repayment of long term debt		(6,576)	(9,244)
Repayment of related party loans	15	-	-
<b>Cash Flows Used in Financing Activities</b>		<b>(67,938)</b>	<b>(68,903)</b>
<b>Increase (decrease)</b>		<b>(1,145,066)</b>	<b>504,876</b>
Cash, beginning of period		1,985,501	389,093
<b>Cash, end of period</b>		<b>\$ 840,435</b>	<b>\$ 893,969</b>
<b>Non-cash transactions</b>			
Shares issued for services and financing settlement		-	-

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



**Ayurcann Holdings Corp.**

Condensed Interim Consolidated Statements of Financial Position

For the three months ended September 30, 2025 and 2025

(Unaudited - Expressed in Canadian dollars)

	Common shares		Reserves		Accumulated Deficit	Total
	No. Shares	Dollar Amount	Warrants	Stock based payments		
As at June 30, 2024	194,703,863	\$ 12,945,769	\$ 935,744	\$ 1,032,391	\$ (14,379,026)	\$ 534,879
Net loss and comprehensive loss	-	-	-	-	(246,386)	(246,386)
As at September 30, 2024	194,703,863	12,945,769	935,744	1,032,391	(14,625,411)	288,493
Net loss and comprehensive loss	-	-	-	-	(3,239,389)	(3,239,389)
As at June 30, 2025	194,703,863	12,945,769	935,744	1,032,391	(17,864,801)	(2,950,896)
Net loss and comprehensive loss	-	-	-	-	(1,103,916)	(1,103,916)
<b>As at September 30, 2025</b>	<b>194,703,863</b>	<b>\$ 12,945,769</b>	<b>\$ 935,744</b>	<b>\$ 1,032,391</b>	<b>\$(18,968,717)</b>	<b>\$ (4,054,812)</b>

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

## **1. Nature of Operations and Going Concern**

Ayurcann Holdings Corp. (“Ayurcann” or the “Company”) was incorporated on August 26, 2010 under the Business Corporation Act (Ontario).

The Company’s principal business activities consists of providing post-harvest outsourcing solutions to licensed cannabis producers and manufacture and distribution of cannabis products.

On April 8, 2021, the Company commenced trading on the Canadian Securities Exchange under the symbol “AYUR.” On November 30 2021, the Company began trading on the OTC Markets Group Inc. (OTCQB) under the symbol “CDCLF”. On January 22, 2022, the Company received approval from OTC Markets Group Inc., to change its symbol to “AYURF”. On August 19, 2021, the Company inter-listed on the Frankfurt Stock Exchange under the symbol “3ZQ0.” The Company’s registered head office is 1080 Brock Road, Unit 6, Pickering, L1W3X4. The Company’s website is <https://ayurcann.com/>.

On April 20, 2022, the Company announced that it received a flower sales license from Health Canada, which permits it to sell dried cannabis flower products in Canada through authorized distributors and retailers.

These consolidated financial statements have been prepared based on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company incurred a net loss and comprehensive loss of \$1,103,916 during the three months ended September 30, 2025, and as at September 30, 2025, the Company had accumulated deficit of \$18,968,717 and working capital deficit of \$5,875,026.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional financing, achieve profitable operations in the future, the continued financial support of shareholders and forbearance of credit. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company’s ability to continue as a going concern. Management is actively pursuing funding options required to meet the Company’s requirements on an ongoing basis. There is no assurance that sources of funds will be available or obtained on favourable terms or obtained at all. Historically, the Company has obtained funding from the issuance of common shares, proceeds from the exercise of share purchase warrants, and short-and long-term debt issuances, however, there can be no assurances that the Company will continue to achieve this.

These condensed interim consolidated financial statements do not reflect the adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the consolidated statements of financial position classifications used. Such adjustments could be material.

## **2. Basis of Preparation**

### ***Statement of compliance***

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as of November 26, 2025, the date the Board of Directors approved the statements.

### ***Basis of measurement***

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

### ***Functional and presentation currency***

The financial statements are presented in Canadian dollars, the Company's functional currency.

### ***Basis of consolidation***

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries; Ayurcann Inc., Ayurcann Holding Corp. and former subsidiary, Joint and Hustle & Shake Inc, which are 100% owned and domiciled in Canada.

The subsidiary is consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns. On March 20, 2025, the Company dissolved Joint and Hustle & Shake Inc.

The results of subsidiaries acquired or disposed of during the period presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

## **3. Material Accounting Policies**

### ***Significant accounting estimates, judgments and assumptions***

The preparation of financial statements in conformity with IFRS requires management to make significant judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and related footnote disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future can differ from these estimates, which may be material to future financial statements.

Significant estimates and underlying assumptions are reviewed on a periodic basis. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgments and estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are outlined below:

- Valuation of accounts receivable - the Company estimates the collectability and timing of collection of its receivables, classifying them as current assets or long-term assets, and applies provisions for collectability when necessary.
- Valuation of inventory - the provision for spoiled/slow moving inventory and the estimated net realizable value.
- Costing of inventory – the determination of the cost of inventory requires the use of estimates and judgements by management, particularly in the allocation of conversion costs, including labour and production overheads.
- Property and equipment - management is required to estimate the useful lives and residual value of property and equipment which are included in the statements of financial position and the related depreciation included in the statements of loss.
- Share-based payments - management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

- Estimated useful lives, amortization of intangible assets, and impairment testing - amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. The assessment of any impairment is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and useful lives of assets.
- Recoverability of deferred income tax assets. The Company recognizes deferred tax assets only to the extent that it considers it probable that those assets will be recoverable. The Company makes assumptions about when deferred tax assets are probable to reverse, the extent to which it is probable that temporary differences will reverse and whether or not there will be sufficient taxable profits available to realize the tax assets when they do reverse. In making these judgments, the Company continually evaluates the magnitude and duration of any past losses, current profitability and whether it is sustainable, and earnings forecasts.
- Impairment of property, plant and equipment - assessing whether indicators of impairment exist at reporting period ends and, if required, determining recoverable amounts including assumptions and inputs thereto.
- Going concern assumption - going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- Estimation of sales returns - estimation of product returns requires management to make assumptions based on historical returns patterns, knowledge of customers and market expectations.

### ***Revenue recognition***

The Company earns revenue from the extraction and processing of cannabis oil-based products - both through processing its own biomass cannabis and providing same services to its customers. The Company offers its product lines, both B2B and B2C.

Gross revenue includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Net revenue from sale of goods, as presented in the consolidated statements of loss and comprehensive loss, represents revenue from the sale of goods less applicable excise taxes, expected price discounts, and allowances for customer returns. Excise taxes are a production tax which is payable when a cannabis product is delivered to the customer and are not directly related to the value of revenue.

Revenue is measured at the fair value of the consideration received or receivable, net of estimated returns and discounts. The Company considers the terms of the sales contracts as well as industry practices, taking into consideration the type of customer, the nature of the transaction and the specific circumstances of each arrangement.

Revenue from product sales and the related cost of goods sold are recognized on delivery of goods to the customer. Processing fee revenue is recognized on completion of services. For contracts that permit the customer to return a product, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, at the point of sale, the amount of revenue recognized is adjusted for expected returns, which are estimated based on the historical experience and knowledge of the customer and market expectations. At the same time, the Company would also have a right to recover returned goods, so consequently a refund liability and a right to recover returned goods assets are recognized. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the assets and liability accordingly.

The Company accounts for revenue from a contract with a customer only when the following criteria are met:

- the contract has been approved by the parties to the contract;
- each parties rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and

- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

### ***Cash & cash equivalents***

Cash and cash equivalents comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less or cashable without penalty which are readily convertible into a known amount of cash.

### ***Property and equipment***

Property and equipment are recorded at cost, net of accumulated depreciation, and impairment charges, if any. Depreciation is provided for over the assets' useful lives at the following annual rates and methods:

Furniture and fixtures	Declining balance method	20%
Leasehold improvements	Straight-line method	Lease term
Machinery and equipment	Declining balance method	20%
Computer	Declining balance method	55%
Signs	Declining balance method	20%
Motor vehicles	Declining balance method	20%

### ***Intangible assets***

Intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses. Intangible assets are amortized based on the cost less its estimated residual value over its estimated useful life on a straight-line basis. An intangible asset's residual value, useful life and amortization method are reviewed, and adjusted if appropriate, on an annual basis.

The Company's intangible asset represents product trade names/ brands and its useful life was determined to be five years.

### ***Impairment of non-current assets***

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. Finite life intangible assets not yet available for use are tested annually for impairment.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized in profit or loss for the period.

### ***Deferred income tax***

Deferred income tax is provided using the asset and liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax losses, to the extent that it is probable that taxable Income will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of income and comprehensive (loss) income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

### ***Foreign currency transactions***

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the closing exchange rate being the rate prevailing on the statement of financial position date. Non-monetary assets and liabilities are translated at historical rates of exchange at the time of the acquisition of assets or obligations incurred. Revenues and expenses are translated at the rate of exchange in effect at the date of the transactions. Foreign exchange translation gains and losses are recorded in operations in the period in which they occur.

### ***Financial instruments***

#### ***Recognition***

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled, or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

#### ***Classification and measurement***

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”), and
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition). After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives) or
- FVTOCI, when the change in fair value is attributable to changes in the Company’s credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company’s financial instruments consist of the following:

<b>Financial Instrument</b>	
Cash and cash equivalent	FVTPL
Trade and other receivables	Amortized cost
Trade and other payables	Amortized cost
Due to related parties	Amortized cost
Lease liability	Amortized cost
Long term debt	Amortized cost

### ***Fair value of financial instruments***

The determination of the fair value of financial assets and liabilities, for which there is no observable market price, requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective as such it requires varying degrees of judgment. The use of judgment in valuing financial instruments includes assessing qualitative factors such on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the particular instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

*Level 1:* Quoted market price in an active market for an identical instrument.

*Level 2:* Valuation techniques based on observable inputs derived either directly or indirectly from market prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted

market prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

*Level 3:* Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As of September 30, 2025, except for cash, none of the Company's financial instruments are recorded at fair value in the statements of financial position. Cash is classified as Level 1.

### ***Impairment of financial assets***

The expected credit loss ("ECL") impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Allowances for ECL are recognized on all financial assets that are classified either at amortized cost or FVOCI and for all loan commitments and financial guarantees that are not measured at FVTPL. Allowances represent credit losses that reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

ECL allowances are measured at amounts equal to either (i) 12-month ECL (also referred to as Stage 1 ECL), which comprises an allowance for all non-impaired financial instruments that have not experienced a significant increase in credit risk ("SICR") since initial recognition; or (ii) lifetime ECL (also referred to as Stage 2 ECL), which comprises an allowance for those financial instruments that have experienced a SICR since initial recognition; or where there is objective evidence of impairment (Stage 3 ECL). Lifetime ECL is recognized for Stage 2 and 3 financial instruments compared to 12-month ECL for Stage 1 financial instruments.

### ***Inventories***

Inventories consist of finished goods, work-in-process and raw materials and are valued at the lower of cost and net realizable value. Cost is determined using the standard cost method, which is updated regularly to reflect current conditions and approximate cost based on first-in, first-out (FIFO) method. Cost of inventories includes cost of purchase (purchase price, transport, handling, and other costs directly attributable to the acquisition of inventories), cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

All inventories are reviewed for impairment due to slow moving and obsolete inventory. The provision for obsolete, slow moving and defective inventories are recognized in profit or loss. Previous write downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventory.

### ***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties, which may be individuals or corporate entities, are also considered to be related if they are subject to common control or common significant influence. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.



### ***Provisions***

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

### ***Comprehensive loss per share***

The basic comprehensive income (loss) per share is computed by dividing comprehensive income (loss) by the weighted average number of common shares outstanding during the current period. The diluted comprehensive income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The “treasury stock method” is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the period.

### ***Equity-based payments***

Equity-based share-based payment transactions with parties other than employees are measured at the fair value of goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The fair value of stock options and warrants granted is measured using the Black-Scholes option-pricing model, considering the terms and conditions upon which the instruments were granted.

The Company issues restricted share unit (“RSU”) awards from time to time to directors, employees and consultants. RSU entitles the recipients to receive one common share of the Company on vesting. The fair value of RSU were determined by the Company’s share price on the date of the award and recorded in accordance with the vesting provisions and included as part of share-based compensation in the statements of loss and comprehensive loss for the period.

### ***Repurchase of Shares***

Repurchase of shares is recorded using the constructive retirement method which is used under the assumption that the repurchased shares will not be reissued in the future. Under this approach, the amount by which the repurchased amount was less than the stated capital of the shares, if any, is credited to contributed surplus. The stated capital of the repurchased shares is determined based on the original cost of the particular shares at the time of the repurchase.

### ***Leases***

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation or impairment losses and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. The Company primarily uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has furthermore applied judgment to determine the applicable discount rate. The discount rate is based on the Company's incremental borrowing rate and reflects the current market assessments of the time value of money and the associated risks for which the estimates of future cash flows have not been adjusted for.

#### 4. Capital Management

The Company defines capital as total shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the growth and development of its operations and bring new products to market and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company will continue to assess new opportunities and seek to acquire an interest in growth situations if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended June 30, 2025. The Company is not subject to externally imposed capital requirements.

#### 5. Gross Revenue

Gross revenue of the Company is comprised of product sales, services and agency and service fees.

	Three months ended September 30,	
	2025	2024
Product sales (B2C)	\$ 13,313,772	\$ 14,122,982
Product sales (B2B)	1,413,464	188,566
Services	54,500	448,720
Agency and service fees	(143,039)	(102,783)
<b>Gross revenue</b>	<b>\$ 14,638,697</b>	<b>\$ 14,657,485</b>

Gross revenue remained flat compared to Q1/25 as gains from higher B2C sales, higher Service revenue and lower Agency and service fees were offset by decreases in B2B sales.

#### 6. Trade and Other Receivables

Trade and other receivables are collectible from customer sales. The following is an aging analysis of the Company's trade and other receivables:

<i>Trade and Other Receivables</i>	<b>Current</b>	<b>31 to 60</b>	<b>61 to 90</b>	<b>91+</b>	<b>Total</b>
Balance outstanding, June 30, 2024	\$ 5,210,586		\$ 10,350	\$ 14,178	\$ 5,235,114
Change	777,123	-	(10,350)	(12,363)	754,410
Balance outstanding, September 30, 2024	\$ 5,987,709			\$ 1,815	5,989,524
Change	(2,048,066)	-	22,097	(1,815)	(2,027,784)
Balance outstanding, June 30, 2025	\$ 3,939,643		\$ 22,097		3,961,740
Change	642,809	160,382	2,919	-	806,110
<b>Balance outstanding, September 30, 2025</b>	<b>\$ 4,582,452</b>	<b>\$ 160,382</b>	<b>\$ 25,015</b>	<b>\$ -</b>	<b>\$ 4,767,849</b>

As at September 30, 2025 the Company had Allowance for doubtful accounts of \$398,197 (June 30, 2025 - \$398,197). The company held no collateral for any receivable amounts outstanding as at September 30, 2025 and June 30, 2025.

## 7. Inventories

As at	September 30, 2025	June 30, 2025
Raw materials	\$ 819,663	\$ 1,320,544
Bulk	235,096	387,513
Packaging & other supplies inventory	672,386	977,295
Finished goods	1,347,253	1,034,050
<b>Total inventory</b>	<b>\$ 3,074,398</b>	<b>\$ 3,719,401</b>

The Company recorded write-off of samples of \$103,790 during the three months ending September 30, 2025 (September 30, 2024 - \$23,293). Inventories recognized as an expense in the three months ending September 30, 2025 are equal to the cost of goods sold presented in the consolidated statements of loss and comprehensive loss.

## 8. Property and Equipment

	Furniture & Fixtures	Leasehold improvements	Machinery & Equipment	Computer	Signs	Vehicle	Total
<b>Cost</b>							
As at, June 30, 2024	\$ 27,837	\$ 1,020,989	\$ 876,845	\$ 51,290	\$ 825	\$ 209,265	\$ 2,187,052
Additions	691	-	17,416	20,891	-	-	38,998
As at, September 30, 2024	28,529	1,020,989	894,261	72,181	825	209,265	2,226,050
Additions	-	-	41,927	11,706	-	(100)	53,533
As at, June 30, 2025	28,529	1,020,989	936,188	83,887	825	209,165	2,279,582
Additions	-	-	-	11,210	-	-	11,210
As at, September 30, 2025	\$ 28,529	\$ 1,020,989	\$ 936,188	\$ 95,097	\$ 825	\$ 209,165	\$ 2,290,792
<b>Accumulated Depreciation</b>							
As at, June 30, 2024	\$ 13,110	\$ 871,517	\$ 285,151	\$ 32,415	\$ 516	\$ 64,603	\$ 1,267,313
Depreciation	730	30,345	29,576	4,150	15	7,108	71,924
As at, September 30, 2024	13,840	901,862	314,727	36,566	532	71,711	1,339,238
Depreciation	2,062	73,734	86,854	13,813	41	19,296	195,800
As at, June 30, 2025	15,902	975,596	401,582	50,379	573	91,007	1,535,038
Depreciation	621	24,042	26,287	5,460	12	5,810	62,233
As at, September 30, 2025	\$ 16,523	\$ 999,638	\$ 427,869	\$ 55,839	\$ 585	\$ 96,817	\$ 1,597,271
<b>Net Carrying Value</b>							
As at, September 30, 2024	\$ 14,689	\$ 119,127	\$ 579,533	\$ 35,615	\$ 293	\$ 137,554	\$ 886,812
As at, September 30, 2025	\$ 12,006	\$ 21,351	\$ 508,319	\$ 39,258	\$ 240	\$ 112,348	\$ 693,521

For the three months ending September 30, 2025, the Company recognized \$71,961 in depreciation (September 30, 2024 - \$71,621), recorded in cost of goods sold in the consolidated statements of net loss and comprehensive loss.

## 9. Right-of-Use Asset

<b>Cost</b>		
As at June 30, 2024	\$	1,251,981
As at September 30, 2024		1,251,981
As at June 30, 2025		1,251,981
As at September 30, 2025	\$	1,251,981
<b>Accumulated Amortization</b>		
As at June 30, 2024	\$	568,523
ROU Amortization		42,675
As at September 30, 2024		611,198
ROU Amortization		128,042
As at June 30, 2025		739,240
ROU Amortization		42,701
As at September 30, 2025	\$	781,942
<b>Net Carrying Value</b>		
As at June 30, 2024	\$	683,458
As at September 30, 2024		640,783
As at June 30, 2025		512,741
As at September 30, 2025	\$	470,039

Right-of-use assets comprise of production facility lease and are amortized over 60 months.

## 10. Intangibles

<b>"Joints" and "Hustle &amp; Shake" Brands</b>		
<b>Cost</b>		
As at June 30, 2024	\$	2,750,000
As at September 30, 2024		2,750,000
As at June 30, 2025		2,750,000
As at September 30, 2025		2,750,000
<b>Accumulated Amortization</b>		
As at June 30, 2024	\$	996,027
Amortization in the period		137,500
As at September 30, 2024		1,133,527
Amortization in the period		412,500
As at June 30, 2025		1,546,027
Amortization in the period		60,199
As at September 30, 2025		1,606,226
<b>Net Carrying Value</b>		
As at September 30, 2024	\$	1,616,473
As at September 30, 2025	\$	1,143,774

### *Impairment Assessment*

On June 30, 2024 and 2025, the Company performed qualitative impairment assessments on intangible assets in accordance with IAS 36. Management concluded that no impairment charge was required as a result of the impairment testing performed. Brand performance remained in line with management's expectation.

### *Extension of Useful Life*

Following an annual review, and due to a strong performance of the intangible asset (brand), its useful life was extended for another five years starting July 1, 2025.

## 11. Trade and Other Payables

Trade and other payables are principally comprised of amounts outstanding for trade purchases on operating activities. The following comprises trade and other payables:

As at	06/30/25	09/30/25
Trade payables	3,328,562	3,798,622
Excise Tax	8,913,221	9,193,645
Accrued and other payables	2,331,835	1,802,165
<b>Trade and Other Payables</b>	<b>\$ 14,573,618</b>	<b>\$ 14,794,431</b>

The standard maturity terms of the Company's trade and other payables are 30 to 60 days.

## 12. Lease Liability

<b>Production Facility</b>		
Balance outstanding, June 30, 2024	\$	729,833
Additions		-
Interest		26,504
Repayments		(59,659)
Adjustments		(453)
Balance outstanding, September 30, 2024		696,225
Additions		-
Interest		72,103
Repayments		(181,960)
Adjustments		(1,077)
Balance outstanding, June 30, 2025		585,291
Additions		-
Interest		21,355
Repayments		(61,362)
Adjustments		(489)
Balance outstanding, September 30, 2025	\$	544,794
<b>Allocated as:</b>		
Current	\$	142,140
Non-current		402,655
<b>Total</b>	<b>\$</b>	<b>544,794</b>

The lease payments are discounted using an interest rate of 12%-15%, which is the Company's incremental borrowing rate. The first lease expired on March 24, 2024, and was renewed for another 5 years expiring on March 31, 2029. The second lease expired on October 31, 2025, and was renewed for another 5 years, expiring on October 31, 2030. The third lease began September 1, 2023 and has an expiry date of August 31, 2028.

## 13. Long-Term Debt

In October 2023, the Company recorded two vehicle loans for the total of \$194,561. The loans are secured by the property and bear interest at 5.5%. As at September 30, 2025, \$84,466 of this liability remains classified as long-term and \$38,322 classified as current liabilities.

## 14. Key Management Compensation

The Company defines key management personnel as its President/Chief Operating Officer, Chief Executive Officer, Chief Financial Officer and Directors. Key management compensation for the three months ending September 30,

2025 comprised wages, management consulting fees and bonus of \$286,917 (2024 - \$263,725). Stock option/RSU share based compensation in the three months ended September 30, 2024 and 2025 was \$nil. See Note 15.

## 15. Related Party Transactions and Balances

As at September 30, 2025, the Company fully repaid the promissory notes to the Company's CEO and President (September 30, 2024 - \$200,000 payable to each). Interest incurred on promissory notes to the CEO and COO was \$nil for the three months ended September 30, 2025 (September 30, 2024 - \$30,247).

## 16. Share Capital

### a. Authorized Shares

An unlimited number of common shares

### b. Issued Shares

**For the three months ended September 30, 2024 and 2025:**

There were no shares issued in the three months ended September 30, 2024 and 2025.

### c. Warrants

A summary of the Company's warrants as at September 30, 2025 and 2024 is presented below:

	Number of Warrants	Weighted Avg Exercise Price
Balance outstanding, June 30, 2024	7,808,948	\$ 0.22
Expired warrants (i)	(7,808,948)	0.22
Balance outstanding, September 30, 2024	-	-
<b>Balance outstanding, September 30, 2025</b>	<b>-</b>	<b>\$ -</b>

- i. During the three months ended September 30, 2024, 7,808,948 warrants expired unexercised. As at September 30, 2025, no warrants remained outstanding.

### d. Stock options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of ten years with vesting requirements at the discretion of the Board of Directors.

	Number of Options	Weighted Avg Exercise Price
Balance outstanding, June 30, 2024	833,233	\$ 0.07
Expired options (ii)	-	-
Balance outstanding, September 30, 2024	833,233	0.07
Expired options (ii)	(133,233)	0.17
Balance outstanding, June 30, 2025	700,000	0.05
Expired options (ii)	-	-
<b>Balance outstanding, September 30, 2025</b>	<b>700,000</b>	<b>\$ 0.05</b>

- i. On January 5, 2024, the Company issued 700,000 options. The options are exercisable at \$0.05 per common share until January 5, 2027. The options vest immediately. The grant date fair value of \$19,349 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the

- following assumptions: share price of \$0.03, expected dividend yield of 0%, expected volatility of 171.32%, risk-free rate of return of 3.83% and an expected maturity of 3 years.
- ii. On April 11, 2025 133,233 option of the Company expired unexercised. As at September 30, 2025, 700,000 options of the Company remained outstanding (2024 - 833,233).

The following table reflects the stock options issued and outstanding as of September 30, 2025:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Options Outstanding</b>	<b>Options Exercisable</b>
January 5, 2027	\$ 0.05	700,000	700,000
<b>Total</b>	<b>\$ 0.05</b>	<b>700,000</b>	<b>700,000</b>

## 17. Financial Instruments and Risk Factors

### a) Fair value of financial instruments

The fair values of cash and cash equivalents, accounts receivable, accounts payable, due to related parties and accrued liabilities approximate their fair values due to the short-term or demand nature of these balances. The Company's financial instruments are exposed to certain financial risks, as summarized below.

### b) Credit risk

Credit risk arises from trade accounts receivable. The maximum exposure to credit risk as at September 30, 2025 is \$4,767,849 which represents accounts receivable in the consolidated statement of financial position. The Company's credit risk is attributable to its accounts receivable, which are comprised of trade accounts receivable. The credit quality of the Company's customers is considered high and is monitored on an ongoing basis. During the three months ended September 30, 2025 and 2024, the Company recorded no bad debt expense.

### c) Liquidity risk

The business of the Company necessitates the management of liquidity risk. The Company's objective is to mitigate short-term liquidity risk by maintaining adequate working capital reserves and its long-term liquidity risk through good relations with external capital markets.

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. Most of the Company's financial liabilities are due within one year except for finance lease obligations.

The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. Management keeps track of its operational needs and creates budgets and cash flow estimates to determine cash flow requirements for general business and working capital needs, as well as growth projects. The Company's ability to meet its operational needs is dependent on future operating results and cash flows, which are determined by economic, financial, competitive, market, regulatory factors and other factors.

### d) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

- i. The Company does not significant have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.
- ii. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to interest rate risk from any of its liabilities.

#### **18. Subsequent Events**

Lease agreement for unit 8 expired on October 31, 2025 and was renewed for another 5 years. The new expiration date is October 31, 2030.





AYURCANN

**AYURCANN HOLDINGS CORP.**

**Audited Consolidated Financial Statements**  
***For the years ended June 30, 2025, and 2024***  
***(Expressed in Canadian Dollars)***



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
**Ayurcann Holdings Corp.**

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Ayurcann Holdings Corp. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2025 and 2024, and the consolidated statements of comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

#### 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of \$3,485,784 during the year ended June 30, 2025. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended June 30, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Emphasis of Matter - *Material Uncertainty Related to Going Concern* section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report.

#### Inventory Costing

##### **Description of the matter**

As described in Note 7 to the consolidated financial statements, the Company's inventory is carried at the lower of cost, using the FIFO method, and net realizable value. The cost of inventories includes cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Determining inventory cost involves management making estimates and judgments regarding the allocation of conversion costs to ending inventory.

***Why the matter is a key audit matter***

This matter represented an area of significant risk of material misstatement given the magnitude of the inventory balance. In addition, significant auditor judgement, knowledge and effort were required in evaluating the results of our audit procedures.

***How the matter was addressed in the audit***

The following were the primary procedures we performed to address this key audit matter:

- Obtained an understanding of the design and implementation of management controls activities in place to ensure accuracy and completeness of inventory;
- Attended the physical yearend inventory count;
- Verified inventory costing by tracing materials, labour, and overhead inputs to source documents and confirming cost accumulation and sequencing under FIFO method;
- We assessed the appropriateness and completeness of the related disclosures in the consolidated financial statements.

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**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 International Financial Reporting Standards, 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 relating 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation



precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

*Clearhouse LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Mississauga, Ontario  
October 27, 2025

**Ayurcann Holdings Corp.**

## Consolidated Statements of Financial Position

*As at June 30, 2025 and June 30, 2024*

(Expressed in Canadian dollars)

<i>As at</i>	<i>Note</i>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
<b>ASSETS</b>			
Cash		\$ 1,985,501	\$ 389,092
Restricted cash		250,000	250,000
Trade and other receivables	5	3,961,740	5,235,114
Prepaid expenses and deposits		297,803	259,905
Inventories	6	3,719,401	5,362,600
<b>Current Assets</b>		<b>10,214,444</b>	<b>11,496,710</b>
Property and equipment	7	744,544	919,740
Right-of-use assets	8	512,741	683,458
Intangible assets	9	1,203,973	1,753,973
<b>Non-Current Assets</b>		<b>2,461,257</b>	<b>3,357,170</b>
<b>Total Assets</b>		<b>12,675,702</b>	<b>14,853,880</b>
<b>LIABILITIES</b>			
Trade and other payables	10, 14	\$ 14,573,618	\$ 12,614,045
Harmonized sales tax payable		341,697	410,313
Current portion of lease liability	11	139,523	144,261
Current portion of long term debt	12	37,972	35,791
Due to related parties	14	-	400,000
<b>Current Liabilities</b>		<b>15,092,810</b>	<b>13,604,410</b>
Lease liability	11	445,768	585,572
Long term debt	12	88,029	129,019
<b>Non-Current Liabilities</b>		<b>533,797</b>	<b>714,591</b>
<b>Total Liabilities</b>		<b>15,626,607</b>	<b>14,319,002</b>
<b>SHAREHOLDERS' (DEFICIENCY) EQUITY</b>			
Common share capital	15b	\$ 12,945,769	\$ 12,945,769
Warrant reserve	15c	935,744	935,744
Stock based payments	15d	1,032,391	1,032,391
Accumulated deficit		(17,864,810)	(14,379,026)
<b>Total Shareholders' (Deficiency) Equity</b>		<b>(2,950,906)</b>	<b>534,878</b>
<b>Total Liabilities and Shareholders' (Deficiency) Equity</b>		<b>12,675,702</b>	<b>14,853,880</b>
Nature of operations and going concern	1		
Subsequent events	18		

Approved on behalf of the Board of Directors:

\_\_\_\_\_/s/ David Hackett\_\_\_\_\_  
Director\_\_\_\_\_/s/ Roman Buzaker\_\_\_\_\_  
Director

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

**Ayurcann Holdings Corp.**

## Consolidated Statements of Loss and Comprehensive Loss

For the years ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

		Year ended June 30,	
	Note	2025	2024
<b>Revenues</b>			
Product sales (B2C)		\$ 54,409,396	\$ 45,124,164
Product sales (B2B)		146,559	316,873
Services		890,397	314,996
<b>Gross Revenues</b>		<b>55,446,352</b>	<b>45,756,033</b>
Agency and service fees		(513,741)	(376,844)
Excise duties		(23,822,891)	(20,221,583)
<b>Net Revenue</b>		<b>31,109,721</b>	<b>25,157,605</b>
Cost of goods sold		(19,547,859)	(16,692,285)
<b>Gross Profit</b>		<b>11,561,862</b>	<b>8,465,320</b>
Inventory adjustment		(1,400,968)	-
<b>Adjusted Gross Profit</b>		<b>10,160,894</b>	<b>8,465,320</b>
<b>Operating Expenses</b>			
Salaries and wages	13	3,788,872	2,700,882
Office and general		1,715,017	1,964,824
Sales and marketing		5,378,388	4,490,553
Professional fees	13, 14	1,141,197	970,110
Depreciation of property and equipment	7	45,782	171,395
Amortization of intangible assets	9	550,000	550,000
Share based payments	13, 15b	-	407,333
Write down of inventory	6	364,649	461,103
<b>Operating Expenses</b>		<b>12,983,905</b>	<b>11,716,200</b>
<b>Operating Loss</b>		<b>(2,823,013)</b>	<b>(3,250,880)</b>
Finance costs		(662,772)	(716,856)
<b>Net Loss and Comprehensive Loss</b>		<b>\$ (3,485,784)</b>	<b>\$ (3,967,736)</b>
<b>Weighted Average Shares Outstanding</b>			
- Basic and Diluted		194,703,863	177,397,825
<b>Basic and Diluted Loss per Share</b>		<b>\$ (0.02)</b>	<b>\$ (0.02)</b>

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

**Ayurcann Holdings Corp.**

## Consolidated Statements of Cash Flows

For the years ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

		Year ended June 30,	
	Note	2025	2024
<b>OPERATING ACTIVITIES</b>			
Net loss for the year		\$ (3,485,784)	\$ (3,967,736)
<b>Items Not Affecting Cash</b>			
Depreciation of property and equipment	7	264,098	533,076
Amortization of intangible assets	9	550,000	550,000
Amortization of right-of-use assets	8	170,717	157,312
Share based payments	15b	-	407,333
Interest on lease liability	11	96,584	55,213
Interest on promissory note		10,192	10,192
<b>Change in Non-Cash Working Capital Items</b>			
Trade and other receivables		1,273,579	(394,642)
Prepaid expenses and deposits		(37,898)	(74,745)
Harmonized sales tax payable		(68,625)	379,370
Inventories		1,643,198	(2,085,519)
Trade and other payables		1,955,487	4,333,252
<b>Cash Flows Provided (Used) for Operating Activities</b>		<b>2,371,548</b>	<b>(96,894)</b>
<b>INVESTING ACTIVITIES</b>			
Property and equipment additions		(92,531)	(437,944)
<b>Cash flows used in Investing activities</b>		<b>(92,531)</b>	<b>(437,944)</b>
<b>FINANCING ACTIVITIES</b>			
Finance lease payments	11	(241,619)	(211,926)
Repayment of long term debt		(40,990)	(45,240)
Proceeds of long term debt		-	209,137
Repayment of related party loans	14	(400,000)	-
<b>Cash Flows Used in Financing Activities</b>		<b>(682,609)</b>	<b>(48,029)</b>
<b>Increase (decrease)</b>		<b>1,596,408</b>	<b>(582,867)</b>
Cash, beginning of year		389,092	971,959
<b>Cash, end of year</b>		<b>\$ 1,985,501</b>	<b>\$ 389,092</b>
<b>Non-cash transactions</b>			
Shares issued for services and financing settlement		\$ -	\$ 407,333

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



**Ayurcann Holdings Corp.**

## Consolidated Statements of Changes in Shareholders' (Deficiency) Equity

For the years ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

	Note	Common shares		Reserves		Accumulated deficit	Total
		No. of shares	Dollar Amount	Warrants	Stock based payments		
<b>As at June 30, 2023</b>		<b>158,888,863</b>	<b>\$ 11,155,019</b>	<b>\$ 935,744</b>	<b>\$ 1,013,042</b>	<b>\$ (10,411,290)</b>	<b>\$ 2,692,515</b>
RSUs converted for common shares		550,000	27,550	-	-	-	27,550
Share based payments	15b	35,265,000	1,763,200	-	-	-	1,763,200
Stock options issuance	15d	-	-	-	19,349	-	19,349
Net loss and comprehensive loss for the year		-	-	-	-	(3,967,736)	(3,967,736)
<b>As at June 30, 2024</b>		<b>194,703,863</b>	<b>12,945,769</b>	<b>935,744</b>	<b>1,032,391</b>	<b>(14,379,026)</b>	<b>534,878</b>
Net loss and comprehensive loss for the year		-	-	-	-	(3,485,784)	(3,485,784)
<b>As at June 30, 2025</b>		<b>194,703,863</b>	<b>\$ 12,945,769</b>	<b>\$ 935,744</b>	<b>\$ 1,032,391</b>	<b>\$ (17,864,810)</b>	<b>\$ (2,950,906)</b>

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

## **1. Nature of Operations and Going Concern**

Ayurcann Holdings Corp. (“Ayurcann” or the “Company”) was incorporated on August 26, 2010 under the Business Corporation Act (Ontario).

The Company’s principal business activities consists of providing post-harvest outsourcing solutions to licensed cannabis producers and manufacture and distribution of cannabis products.

On April 8, 2021, the Company commenced trading on the Canadian Securities Exchange under the symbol “AYUR.” On November 30 2021, the Company began trading on the OTC Markets Group Inc. (OTCQB) under the symbol “CDCLF”. On January 22, 2022, the Company received approval from OTC Markets Group Inc., to change its symbol to “AYURF”. On August 19, 2021, the Company inter-listed on the Frankfurt Stock Exchange under the symbol “3ZQ0.” The Company’s registered head office is 1080 Brock Road, Unit 6, Pickering, L1W3X4. The Company’s website is <https://ayurcann.com/>.

On April 20, 2022, the Company announced that it received a flower sales license from Health Canada, which permits it to sell dried cannabis flower products in Canada through authorized distributors and retailers.

These consolidated financial statements have been prepared based on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company incurred a net loss and comprehensive loss of \$3,485,784 during the year ended June 30, 2025, and as at June 30, 2025, the Company had accumulated deficit of \$17,864,810 and working capital deficit of \$4,878,366.

Management has forecasted that the expected expenditure levels and contracted commitments will not significantly exceed the Company's net cash inflows and working capital for the next 12 months. The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional financing, achieve profitable operations in the future, the continued financial support of shareholders and forbearance of credit. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company’s ability to continue as a going concern. Management is actively pursuing funding options required to meet the Company’s requirements on an ongoing basis. There is no assurance that sources of funds will be available or obtained on favourable terms or obtained at all. Historically, the Company has obtained funding from the issuance of common shares, proceeds from the exercise of share purchase warrants, and short-and long-term debt issuances, however, there can be no assurances that the Company will continue to achieve this.

These consolidated financial statements do not reflect the adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the consolidated statements of financial position classifications used. Such adjustments could be material.

## **2. Basis of Preparation**

### ***Statement of compliance***

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as of October 27, 2025, the date the Board of Directors approved the statements.

### ***Basis of measurement***

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

### ***Functional and presentation currency***

The financial statements are presented in Canadian dollars, the Company's functional currency.

### ***Basis of consolidation***

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries; Ayurcann Inc., Ayurcann Holding Corp. and former subsidiary, Joint and Hustle & Shake Inc, which are 100% owned and domiciled in Canada.

The subsidiary is consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns. On March 20, 2025, the Company dissolved Joint and Hustle & Shake Inc.

The results of subsidiaries acquired or disposed of during the period presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

## **3. Material Accounting Policies**

### ***Significant accounting estimates, judgments and assumptions***

The preparation of financial statements in conformity with IFRS requires management to make significant judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and related footnote disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future can differ from these estimates, which may be material to future financial statements.

Significant estimates and underlying assumptions are reviewed on a periodic basis. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgments and estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are outlined below:

- Valuation of accounts receivable - the Company estimates the collectability and timing of collection of its receivables, classifying them as current assets or long-term assets, and applies provisions for collectability when necessary.
- Valuation of inventory - the provision for spoiled/slow moving inventory and the estimated net realizable value.
- Costing of inventory – the determination of the cost of inventory requires the use of estimates and judgements by management, particularly in the allocation of conversion costs, including labour and production overheads.
- Property and equipment - management is required to estimate the useful lives and residual value of property and equipment which are included in the statements of financial position and the related depreciation included in the statements of loss.
- Share-based payments - management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

- Estimated useful lives, amortization of intangible assets, and impairment testing - amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. The assessment of any impairment is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and useful lives of assets.
- Recoverability of deferred income tax assets. The Company recognizes deferred tax assets only to the extent that it considers it probable that those assets will be recoverable. The Company makes assumptions about when deferred tax assets are probable to reverse, the extent to which it is probable that temporary differences will reverse and whether or not there will be sufficient taxable profits available to realize the tax assets when they do reverse. In making these judgments, the Company continually evaluates the magnitude and duration of any past losses, current profitability and whether it is sustainable, and earnings forecasts.
- Impairment of property, plant and equipment - assessing whether indicators of impairment exist at reporting period ends and, if required, determining recoverable amounts including assumptions and inputs thereto.
- Going concern assumption - going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- Estimation of sales returns - estimation of product returns requires management to make assumptions based on historical returns patterns, knowledge of customers and market expectations.

### ***Revenue recognition***

The Company earns revenue from the extraction and processing of cannabis oil-based products - both through processing its own biomass cannabis and providing same services to its customers. The Company offers its product lines, both B2B and B2C.

Gross revenue includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Net revenue from sale of goods, as presented in the consolidated statements of loss and comprehensive loss, represents revenue from the sale of goods less applicable excise taxes, expected price discounts, and allowances for customer returns. Excise taxes are a production tax which is payable when a cannabis product is delivered to the customer and are not directly related to the value of revenue.

Revenue is measured at the fair value of the consideration received or receivable, net of estimated returns and discounts. The Company considers the terms of the sales contracts as well as industry practices, taking into consideration the type of customer, the nature of the transaction and the specific circumstances of each arrangement.

Revenue from product sales and the related cost of goods sold are recognized on delivery of goods to the customer. Processing fee revenue is recognized on completion of services. For contracts that permit the customer to return a product, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, at the point of sale, the amount of revenue recognized is adjusted for expected returns, which are estimated based on the historical experience and knowledge of the customer and market expectations. At the same time, the Company would also have a right to recover returned goods, so consequently a refund liability and a right to recover returned goods assets are recognized. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the assets and liability accordingly.

The Company accounts for revenue from a contract with a customer only when the following criteria are met:

- the contract has been approved by the parties to the contract;
- each parties rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and

- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

### ***Cash & cash equivalents***

Cash and cash equivalents comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less or cashable without penalty which are readily convertible into a known amount of cash.

### ***Property and equipment***

Property and equipment are recorded at cost, net of accumulated depreciation, and impairment charges, if any. Depreciation is provided for over the assets' useful lives at the following annual rates and methods:

Furniture and fixtures	Declining balance method	20%
Leasehold improvements	Straight-line method	Lease term
Machinery and equipment	Declining balance method	20%
Computer	Declining balance method	55%
Signs	Declining balance method	20%
Motor vehicles	Declining balance method	20%

### ***Intangible assets***

Intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses. Intangible assets are amortized based on the cost less its estimated residual value over its estimated useful life on a straight-line basis. An intangible asset's residual value, useful life and amortization method are reviewed, and adjusted if appropriate, on an annual basis.

The Company's intangible asset represents product trade names/ brands and its useful life was determined to be five years.

### ***Impairment of non-current assets***

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. Finite life intangible assets not yet available for use are tested annually for impairment.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized in profit or loss for the period.

### ***Deferred income tax***

Deferred income tax is provided using the asset and liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax losses, to the extent that it is probable that taxable Income will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of income and comprehensive (loss) income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

### ***Foreign currency transactions***

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the closing exchange rate being the rate prevailing on the statement of financial position date. Non-monetary assets and liabilities are translated at historical rates of exchange at the time of the acquisition of assets or obligations incurred. Revenues and expenses are translated at the rate of exchange in effect at the date of the transactions. Foreign exchange translation gains and losses are recorded in operations in the period in which they occur.

### ***Financial instruments***

#### ***Recognition***

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled, or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

#### ***Classification and measurement***

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”), and
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition). After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives) or
- FVTOCI, when the change in fair value is attributable to changes in the Company’s credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company’s financial instruments consist of the following:

<b>Financial Instrument</b>	
Cash and cash equivalent	FVTPL
Trade and other receivables	Amortized cost
Trade and other payables	Amortized cost
Due to related parties	Amortized cost
Lease liability	Amortized cost
Long term debt	Amortized cost

### ***Fair value of financial instruments***

The determination of the fair value of financial assets and liabilities, for which there is no observable market price, requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective as such it requires varying degrees of judgment. The use of judgment in valuing financial instruments includes assessing qualitative factors such on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the particular instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

*Level 1:* Quoted market price in an active market for an identical instrument.

*Level 2:* Valuation techniques based on observable inputs derived either directly or indirectly from market prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted market prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

*Level 3:* Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As of June 30, 2025, except for cash, none of the Company's financial instruments are recorded at fair value in the statements of financial position. Cash is classified as Level 1.

### ***Impairment of financial assets***

The expected credit loss ("ECL") impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Allowances for ECL are recognized on all financial assets that are classified either at amortized cost or FVOCI and for all loan commitments and financial guarantees that are not measured at FVTPL. Allowances represent credit losses that reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

ECL allowances are measured at amounts equal to either (i) 12-month ECL (also referred to as Stage 1 ECL), which comprises an allowance for all non-impaired financial instruments that have not experienced a significant increase in credit risk ("SICR") since initial recognition; or (ii) lifetime ECL (also referred to as Stage 2 ECL), which comprises an allowance for those financial instruments that have experienced a SICR since initial recognition; or where there is objective evidence of impairment (Stage 3 ECL). Lifetime ECL is recognized for Stage 2 and 3 financial instruments compared to 12-month ECL for Stage 1 financial instruments.

### ***Inventories***

Inventories consist of finished goods, work-in-process and raw materials and are valued at the lower of cost and net realizable value. Cost is determined using the standard cost method, which is updated regularly to reflect current conditions and approximate cost based on first-in, first-out (FIFO) method. Cost of inventories includes cost of purchase (purchase price, transport, handling, and other costs directly attributable to the acquisition of inventories), cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

All inventories are reviewed for impairment due to slow moving and obsolete inventory. The provision for obsolete, slow moving and defective inventories are recognized in profit or loss. Previous write downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventory.

### ***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties, which may be individuals or corporate entities, are also considered to be related if they are subject to common control or common significant influence. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.



### ***Provisions***

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

### ***Comprehensive loss per share***

The basic comprehensive income (loss) per share is computed by dividing comprehensive income (loss) by the weighted average number of common shares outstanding during the current period. The diluted comprehensive income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The “treasury stock method” is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the period.

### ***Equity-based payments***

Equity-based share-based payment transactions with parties other than employees are measured at the fair value of goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The fair value of stock options and warrants granted is measured using the Black-Scholes option-pricing model, considering the terms and conditions upon which the instruments were granted.

The Company issues restricted share unit (“RSU”) awards from time to time to directors, employees and consultants. RSU entitles the recipients to receive one common share of the Company on vesting. The fair value of RSU were determined by the Company’s share price on the date of the award and recorded in accordance with the vesting provisions and included as part of share-based compensation in the statements of loss and comprehensive loss for the period.

### ***Repurchase of Shares***

Repurchase of shares is recorded using the constructive retirement method which is used under the assumption that the repurchased shares will not be reissued in the future. Under this approach, the amount by which the repurchased amount was less than the stated capital of the shares, if any, is credited to contributed surplus. The stated capital of the repurchased shares is determined based on the original cost of the particular shares at the time of the repurchase.

### ***Leases***

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation or impairment losses and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. The Company primarily uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has furthermore applied judgment to determine the applicable discount rate. The discount rate is based on the Company's incremental borrowing rate and reflects the current market assessments of the time value of money and the associated risks for which the estimates of future cash flows have not been adjusted for.

#### 4. Capital Management

The Company defines capital as total shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the growth and development of its operations and bring new products to market and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company will continue to assess new opportunities and seek to acquire an interest in growth situations if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended June 30, 2025. The Company is not subject to externally imposed capital requirements.

#### 5. Trade and Other Receivables

Trade and other receivables are collectible from customer sales. The following is an aging analysis of the Company's trade and other receivables:

	Current	31 to 60	61 to 90	91+	Total
<b>Balance Outstanding, June 30, 2023</b>	<b>\$ 4,699,655</b>	<b>\$ 5,544</b>	<b>\$ -</b>	<b>\$ 135,272</b>	<b>\$ 4,840,471</b>
Change	510,931	(5,544)	10,350	(121,094)	394,643
<b>Balance Outstanding, June 30, 2024</b>	<b>5,210,586</b>	<b>-</b>	<b>10,350</b>	<b>14,178</b>	<b>5,235,114</b>
Change	(1,270,943)	-	11,747	(14,178)	(1,273,374)
<b>Balance Outstanding, June 30, 2025</b>	<b>\$ 3,939,643</b>	<b>\$ -</b>	<b>\$ 22,097</b>	<b>\$ -</b>	<b>\$ 3,961,740</b>

For the year ended June 30, 2025 the Company recorded a bad debt recovery of \$140,541 (June 30, 2024 – expense of \$64,577). The company held no collateral for any receivable amounts outstanding as at June 30, 2025 and June 30, 2024.

#### 6. Inventories

As at	June 30, 2025	June 30, 2024
Work in process	\$ -	\$ 402,873
Finished goods	1,034,050	2,607,698
Bulk	387,513	454,239
Packaging materials, cartridges and othe	977,295	419,236
Biomass	1,320,542	1,478,555
<b>Total Inventory</b>	<b>\$ 3,719,401</b>	<b>\$ 5,362,600</b>

The Company recorded write-downs to net realizable value for obsolete and slow-moving inventories of \$434,552 during the year ending June 30, 2025 (2024 - \$461,103). Inventories recognized as an expense in the years ending June 30, 2025, and 2024 are equal to the cost of goods sold presented in the consolidated statements of loss and comprehensive loss.

## 7. Property and Equipment

	Furniture and Fixtures	Leasehold Improvements	Machinery and Equipment	Computer Equipment	Signs	Vehicle	Total
<b>Cost</b>							
As at June 30, 2023	\$ 23,330	\$ 1,001,933	\$ 692,702	\$ 33,946	\$ 825	\$ -	\$ 1,752,735
Additions	4,508	19,056	184,143	17,345	-	212,894	437,944
As at June 30, 2024	27,837	1,020,989	876,845	51,290	825	212,894	2,190,680
Additions	691	-	59,343	32,596	-	(3,729)	88,902
As at June 30, 2025	\$ 28,529	\$ 1,020,989	\$ 936,188	\$ 83,887	\$ 825	\$ 209,165	\$ 2,279,582
<b>Accumulated Depreciation</b>							
As at June 30, 2023	\$ 10,039	\$ 512,612	\$ 184,521	\$ 28,711	\$ 439	\$ -	\$ 736,321
Depreciation	3,071	362,317	100,628	3,601	77	64,924	534,619
As at June 30, 2024	13,110	874,929	285,149	32,312	516	64,924	1,270,940
Depreciation	2,792	100,667	116,432	18,067	56	26,083	264,098
As at June 30, 2025	\$ 15,902	\$ 975,596	\$ 401,582	\$ 50,379	\$ 573	\$ 91,007	\$ 1,535,038
<b>Net carrying value</b>							
As at June 30, 2024	\$ 14,727	\$ 146,060	\$ 591,696	\$ 18,979	\$ 309	\$ 147,970	\$ 919,470
As at June 30, 2025	\$ 12,627	\$ 45,393	\$ 534,606	\$ 33,508	\$ 252	\$ 118,158	\$ 744,544

For the year ending June 30, 2025, the Company recognized \$218,315 in depreciation (2024 - \$361,681), recorded in cost of goods sold in the consolidated statements of net loss and comprehensive loss.

## 8. Right-of-Use Assets

<b>Cost</b>	
As at June 30, 2023	\$ 546,550
ROU asset added during the year ended June 30, 2024	705,431
As at June 30, 2024 and June 30, 2025	1,251,981
<b>Accumulated Amortization</b>	
As at June 30, 2023	\$ 411,211
ROU amortization for the year	157,312
As at June 30, 2024	568,523
ROU amortization for the year	170,717
As at June 30, 2025	739,240
<b>Net Carrying Value</b>	
As at June 30, 2024	\$ 683,458
As at June 30, 2025	\$ 512,741

Right-of-use assets comprise of production facility lease and are amortized over 60 months.

## 9. Intangibles

### "Joints" and "Hustle & Shake" brands

<b>Cost</b>	
As at June 30, 2023	\$ 2,750,000
As at June 30, 2024	2,750,000
<b>As at June 30, 2025</b>	<b>2,750,000</b>
<b>Accumulated Amortization</b>	
As at June 30, 2023	\$ (446,027)
Amortization in the period	(550,000)
As at June 30, 2024	(996,027)
Amortization in the period	(550,000)
<b>As at June 30, 2025</b>	<b>(1,546,027)</b>
<b>Net carrying value</b>	
As at June 30, 2024	\$ 1,753,973
<b>As at June 30, 2025</b>	<b>\$ 1,203,973</b>

### *Impairment Assessment*

On June 30, 2025, the Company performed a qualitative impairment assessment on intangible assets in accordance with IAS 36. Management concluded no impairment charge was required as a result of the impairment testing performed. Brand performance remains in line with management's expectation.

On June 30, 2024, the Company performed a qualitative impairment assessment on intangible assets in accordance with IAS 36. Management concluded no impairment charge was required as a result of the impairment testing performed. Brand performance remains in line with management's expectation.

## 10. Trade and Other Payables

Trade and other payables are principally comprised of amounts outstanding for trade purchases on operating activities. The following comprises trade and other payables:

<b>As at</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Trade payables	\$ 3,328,562	\$ 4,165,442
Excise tax	8,913,221	6,529,538
Accrued and other current liabilities	2,331,835	1,919,065
<b>Trade and Other Payables</b>	<b>\$ 14,573,618</b>	<b>\$ 12,614,045</b>

The standard maturity terms of the Company's trade and other payables are 30 to 60 days.

## 11. Lease Liabilities

<b>Production Facility</b>		
<b>Balance Outstanding, June 30, 2023</b>	<b>\$</b>	<b>180,896</b>
Additions		705,431
Interest		55,212
Repayments		(210,817)
Adjustments		(888)
<b>Balance Outstanding, June 30, 2024</b>		<b>729,833</b>
Additions		-
Interest		98,607
Repayments		(241,619)
Adjustments		(1,530)
<b>Balance Outstanding, June 30, 2025</b>	<b>\$</b>	<b>585,291</b>
<b>Allocated as:</b>		
Current	\$	139,523
Non-current		445,768
<b>Total</b>	<b>\$</b>	<b>585,291</b>

The lease payments are discounted using an interest rate of 12%-15%, which is the Company's incremental borrowing rate. The first lease expired on March 24, 2024, and was renewed for another 5 years expiring on March 31, 2029. The second lease began November 1, 2020 and has an expiry date of October 31, 2025. The third lease began September 1, 2023 and has an expiry date of August 31, 2028.

## 12. Long-Term Debt

In October 2023, the Company recorded two vehicle loans for the total of \$194,561. The loans are secured by the property and bear interest at 5.5%. As at June 30, 2025, \$88,029 of this liability remains classified as long-term and \$37,972 classified as current liabilities.

## 13. Key Management Compensation

The Company defines key management personnel as its President/Chief Operating Officer, Chief Executive Officer, Chief Financial Officer and Directors. Key management compensation for the year ending June 30, 2025 comprised wages, management consulting fees and bonus of \$ 1,073,221 (in fiscal 2024 - \$959,250). Stock option/RSU share based compensation in fiscal 2025 was \$nil (in fiscal 2024 - \$nil). See Note 14.

## 14. Related Party Transactions and Balances

As at June 30, 2025, the Company fully repaid the promissory notes to the Company's CEO and President (June 30 2024 - \$200,000 payable to each). Interest incurred on promissory notes to the CEO and COO was \$84,855 for the year ended June 30, 2025 (year ended June 30 2024 - \$143,133).

Included in the accounts payable and accrued liabilities as at June 30, 2025 is \$197,500 (June 30, 2024 - \$197,000) due to directors for consulting fees.

## 15. Share Capital

### a. Authorized Shares

An unlimited number of common shares

### b. Issued Shares

#### For the year ended June 30, 2024:

On July 17, 2023, the Company issued 1,675,000 shares of \$83,750 as aggregate quarterly management fee payment to its directors at a price of \$0.05 per Common Share.

On October 2, 2023, the Company issued 1,675,000 shares of \$83,750 as aggregate quarterly management fee payment to its directors at a price of \$0.05 per Common Share.

On January 5, 2024, the Company issued 30,240,000 shares in payment of fiscal 2023 management bonus, in equal shares to each 2388765 Ontario Inc. a company controlled by Igal Sudman, the Chief Executive Officer of the Company and 1000677847 Ontario Inc a company controlled by Roman Buzaker, the President/COO of the Company at a deemed price of \$0.05 per Common Share.

On January 9, 2024, the Company issued 1,675,000 shares of \$83,750 as aggregate quarterly management fee payment to its directors at a price of \$0.05 per Common Share.

**For the year ended June 30, 2025:**

There were no shares issued in fiscal 2025.

**c. Warrants**

A summary of the Company's warrants for the years ended June 30, 2025 and June 30, 2024 is presented below:

	Number of Warrants	Weighted Average Exercise Price
<b>Balance outstanding, June 30, 2023</b>	<b>9,411,504</b>	<b>\$ 0.16</b>
Expired warrants (i)	(1,602,556)	0.38
<b>Balance outstanding, June 30, 2024</b>	<b>7,808,948</b>	<b>\$ 0.22</b>
Expired warrants (i)	(7,808,948)	0.22
<b>Balance outstanding, June 30, 2025</b>	<b>-</b>	<b>\$ -</b>

- i. During the year ended June 30, 2025, 7,808,948 warrants expired unexercised (year ended June 30, 2024 - 1,602,556). As at June 30, 2025, no warrants remained outstanding.

**d. Stock options**

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of ten years with vesting requirements at the discretion of the Board of Directors.

	Number of Options	Weighted Average Exercise Price
<b>Balance outstanding, June 30, 2023</b>	<b>1,733,380</b>	<b>\$ 0.14</b>
Issued (i)	700,000	\$ 0.05
Expired (ii)	(1,600,147)	\$ 0.14
<b>Balance outstanding, June 30, 2024</b>	<b>833,233</b>	<b>\$ 0.07</b>
Expired (ii)	(133,233)	\$ 0.17
<b>Balance outstanding, June 30, 2025</b>	<b>700,000</b>	<b>\$ 0.05</b>

- i. On January 5, 2024, the Company issued 700,000 options. The options are exercisable at \$0.05 per common share until January 5, 2027. The options vest immediately. The grant date fair value of \$19,349 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$0.03, expected dividend yield of 0%, expected volatility of 171.32%, risk-free rate of return of 3.83% and an expected maturity of 3 years.

- ii. For the year ended June 30, 2025, 133,233 options of the Company expired unexercised (year ended June 30, 2024 - 1,600,147).
- iii. In fiscal 2025, no options were issued to employees and consultants of the Company (in fiscal 2024 – 700,000).

The following table reflects the stock options issued and outstanding as of June 30, 2025:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Options Outstanding</b>	<b>Options Exercisable</b>
January 5, 2027	\$ 0.05	700,000	700,000
<b>Total</b>	<b>\$ 0.05</b>	<b>700,000</b>	<b>700,000</b>

## 16. Financial Instruments and Risk Factors

### a) Fair value of financial instruments

The fair values of cash and cash equivalents, accounts receivable, accounts payable, due to related parties and accrued liabilities approximate their fair values due to the short-term or demand nature of these balances. The Company's financial instruments are exposed to certain financial risks, as summarized below.

### b) Credit risk

Credit risk arises from trade accounts receivable. The maximum exposure to credit risk as at June 30, 2025 is \$3,961,740 which represents accounts receivable in the consolidated statement of financial position. The Company's credit risk is attributable to its accounts receivable, which are comprised of trade accounts receivable. The credit quality of the Company's customers is considered high and is monitored on an ongoing basis. During the year ended June 30, 2025, the Company recorded no bad debt expense and a bad debt recovery of \$140,541 (June 30, 2024 - \$64,577).

### c) Liquidity risk

The business of the Company necessitates the management of liquidity risk. The Company's objective is to mitigate short-term liquidity risk by maintaining adequate working capital reserves and its long-term liquidity risk through good relations with external capital markets.

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. Most of the Company's financial liabilities are due within one year except for finance lease obligations.

The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. Management keeps track of its operational needs and creates budgets and cash flow estimates to determine cash flow requirements for general business and working capital needs, as well as growth projects. The Company's ability to meet its operational needs is dependent on future operating results and cash flows, which are determined by economic, financial, competitive, market, regulatory factors and other factors.

### d) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

- i. The Company does not significant have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.
- ii. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to interest rate risk from any of its liabilities.

## 17. Income Taxes

The Company's provision for income taxes differs from the amounts computed by applying the basic current rate of 26.5% for Ontario and to the loss for the year before taxes as shown in the following table:

	For the year ended June 30, 2025	For the year ended June 30, 2024
Loss before taxes	\$ (3,485,784)	\$ (3,967,735)
Combined Statutory tax rates	26.5%	26.5%
Income tax recovery at statutory rate	(923,733)	(1,051,450)
Increase (decrease) to the income tax benefit resulting from:		
Permanent differences and other	89,289	203,119
Share/debt issuance and compensation costs	(2,264)	(30,463)
Temporary differences and other	543,136	(52,630)
Change in deferred income tax asset not recognized	293,572	931,424
Income tax (recovery) expense	\$ -	\$ -

## Deferred Taxes

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	As at June 30, 2025	As at June 30, 2024
Capital assets	\$ (167,727)	\$ (264,813)
Deferred transaction costs	3,210	33,672
Capital losses carried forward	1,085	-
Non-capital losses carried forward	2,215,376	1,989,512
Deferred tax asset (liability)	\$ 2,051,944	\$ 1,758,371
Less: deferred tax assets not recognized	\$ (2,051,944)	\$ (1,758,371)
<b>Deferred Tax Asset (Liability)</b>	<b>-</b>	<b>-</b>

Certain deferred tax assets have not been recognized because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

The Company's non-capital losses carry forward balance is \$8,359,909, with expiry dates between 2040 and 2045.

## 18. Subsequent events

A lease agreement which began November 1, 2020 is set to expire on October 31, 2025. A new 5 year lease agreement has been negotiated and will come into effect on November 1, 2025.

The Company decided to delist from OTCQB exchange effective October 30, 2025.





AYURCANN

**AYURCANN HOLDINGS CORP.**

**Condensed Interim Consolidated Financial Statements**

***For the three and nine months ended March 31, 2025***

*(Expressed in Canadian Dollars)*

*(Unaudited)*

**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of Ayurcann Holdings Corp. (“Company”) have been prepared by and are the responsibility of the Company’s management. The unaudited condensed interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada (these statements are prepared under International Financial Reporting Standards (IFRS)) and reflect management’s best estimates and judgment based on information currently available. The Company’s independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

Condensed Interim Consolidated Statement of Financial Position  
*As at March 31, 2025 and June 30, 2024*  
(unaudited - Expressed in Canadian dollars)

<i>As at</i>	<i>Note</i>	<b>March 31, 2025</b>	<b>June 30, 2024</b>
<b>ASSETS</b>			
Cash		\$ 1,079,880	\$ 389,093
Restricted cash		250,000	250,000
Trade and other receivables	6	4,838,406	5,235,319
Prepaid expenses and deposits		98,041	238,759
Income tax receivable		21,146	21,146
Inventories	7	5,984,579	5,362,600
<b>Current Assets</b>		<b>12,272,053</b>	<b>11,496,917</b>
Property and equipment	8	798,834	916,111
Right-of-use assets	9	555,433	683,458
Intangible assets	5, 10	1,341,473	1,753,973
<b>Non-Current Assets</b>		<b>2,695,740</b>	<b>3,353,542</b>
<b>Total Assets</b>		<b>14,967,793</b>	<b>14,850,459</b>
<b>LIABILITIES</b>			
Trade and other payables	11	\$ 8,642,091	\$ 12,614,045
Harmonized sales tax payable		397,216	410,323
Current portion of lease liability	12	144,907	144,261
Current portion of long term debt	12	1,991,643	35,792
Due to related parties	14, 15	128,000	400,000
<b>Current Liabilities</b>		<b>11,303,857</b>	<b>13,604,420</b>
Lease liability	12	479,441	585,572
Other long term liabilities	12	3,537,868	129,019
<b>Non-Current Liabilities</b>		<b>4,017,309</b>	<b>714,591</b>
<b>Total Liabilities</b>		<b>15,321,166</b>	<b>14,319,012</b>
<b>SHAREHOLDERS' EQUITY</b>			
Common share capital	15b	\$ 12,945,769	\$ 12,945,769
Warrant reserve	15c	955,093	955,093
Stock based payments	15d	1,013,042	1,013,042
Accumulated deficit		(15,267,278)	(14,382,458)
<b>Total Shareholders' Equity</b>		<b>(353,373)</b>	<b>531,447</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>14,967,793</b>	<b>14,850,459</b>
Nature of operations and going concern	1		
Subsequent events	18		

Approved on behalf of the Board of Directors:

/s/ Igal Sudman Director

/s/ Roman Buzaker Director

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

**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss  
For the three and nine months ended March 31, 2025 and 2024  
(Unaudited - Expressed in Canadian dollars)

		Three months ended March 31,		Nine months ended March 31,	
	Note	2025	2024	2025	2024
<b>Revenues</b>					
Product sales (B2C)		\$ 13,615,231	\$ 11,323,369	\$ 40,999,857	\$ 33,753,763
Product sales (B2B)		564,743	331,991	784,148	403,920
Services		-	-	519,746	12,010
<b>Gross Revenues</b>		<b>14,179,974</b>	<b>11,655,360</b>	<b>42,303,750</b>	<b>34,169,692</b>
Agency and service fees		(168,412)	(84,920)	(390,480)	(321,351)
Excise duties		(6,453,914)	(5,083,282)	(18,548,105)	(15,087,791)
<b>Net Revenue</b>		<b>7,557,648</b>	<b>6,487,158</b>	<b>23,365,165</b>	<b>18,760,550</b>
Cost of goods sold		(4,692,803)	(4,056,627)	(13,877,099)	(11,926,512)
<b>Gross Profit</b>		<b>2,864,845</b>	<b>2,430,531</b>	<b>9,488,066</b>	<b>6,834,037</b>
Salaries and wages		768,247	570,781	2,710,533	1,548,951
Office and general		385,309	533,669	1,287,743	1,488,925
Sales and marketing		1,293,502	1,240,630	3,814,984	3,228,446
Professional fees		348,441	96,838	1,101,124	512,294
Depreciation of property and equipment	8	32,679	40,349	154,733	145,872
Amortization of intangible assets	10	137,500	137,500	412,500	412,500
Share based payments	13, 15b	-	27,500	-	387,984
Write down of inventory	7	285,965	-	320,442	-
<b>Expenses</b>		<b>3,251,643</b>	<b>2,647,268</b>	<b>9,802,057</b>	<b>7,724,972</b>
<b>Operating Income/(Loss)</b>		<b>(386,799)</b>	<b>(216,737)</b>	<b>(313,992)</b>	<b>(890,935)</b>
Finance costs		174,972	43,367	570,828	350,785
Other expense/(Income)		-	-	-	-
<b>Net Loss and Comprehensive Loss</b>		<b>\$ (561,770)</b>	<b>\$ (260,104)</b>	<b>\$ (884,820)</b>	<b>\$ (1,241,719)</b>
<b>Weighted Average Shares Outstanding</b>					
- Basic and Diluted		194,703,863	192,326,665	194,703,863	177,146,868
<b>Basic and Diluted Loss per Share</b>		<b>\$ (0.003)</b>	<b>\$ (0.001)</b>	<b>\$ (0.005)</b>	<b>\$ (0.007)</b>

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

**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

Condensed Interim Consolidated Statement of Cash Flows  
For the nine months ended March 31, 2025 and 2024  
(Unaudited - Expressed in Canadian dollars)

		Nine months ended March 31,	
	Note	2025	2024
<b>OPERATING ACTIVITIES</b>			
Net loss for the year		\$ (884,820)	\$ (1,241,719)
<b>Items Not Affecting Cash</b>			
Depreciation of property and equipment		201,052	390,414
Amortization of intangible assets		412,500	412,500
Amortization of right-of-use assets	9	128,025	114,637
Share based payments		-	387,984
Interest on lease liability	9	74,335	27,194
<b>Change in Non-Cash Working Capital Items</b>			
Trade and other receivables		396,913	(187,043)
Prepaid expenses		140,717	38,508
Harmonized sales tax payable		(13,107)	148,034
Inventories		(621,980)	(2,855,192)
Trade and other payables		1,733,247	6,001,616
<b>Cash Flows Provided (Used) for Operating Activities</b>		<b>1,566,883</b>	<b>3,236,932</b>
<b>INVESTING ACTIVITIES</b>			
Property and equipment additions		(83,775)	(391,213)
<b>Cash flows used in Investing activities</b>		<b>(83,775)</b>	<b>(391,213)</b>
<b>FINANCING ACTIVITIES</b>			
Finance lease payments		(179,821)	(151,333)
Repayment of long term debt		(340,501)	(29,607)
Advances from related parties	15	(272,000)	-
<b>Cash Flows Used in Financing Activities</b>		<b>(792,322)</b>	<b>13,557</b>
<b>(Decrease)/increase in cash</b>		<b>690,786</b>	<b>2,859,276</b>
Cash, beginning of period		389,093	971,959
<b>Cash, end of period</b>		<b>1,079,880</b>	<b>3,831,235</b>
<b>Non-cash transactions</b>			
Shares issued for services and financing settlement		\$ -	\$ 387,984

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

**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

Condensed Interim Consolidated Statements of Changes in Equity  
For the nine months ended March 31, 2025 and 2024  
(Unaudited - Expressed in Canadian dollars)

	Note	Common shares		Reserves		Accumulated deficit	Total
		No. of shares	Dollar Amount	Warrants	Stock based payments		
<b>As at June 30, 2023</b>		<b>158,888,863</b>	<b>11,155,019</b>	<b>935,744</b>	<b>1,013,042</b>	<b>(10,411,290)</b>	<b>2,692,516</b>
Share based payments	15b	35,265,000	1,667,250	-	-	-	1,667,250
RSUs Converted for Common Shares		550,000	27,500	-	-	-	27,500
Net loss and comprehensive loss for the period		-	-	-	-	(1,241,719)	(1,241,719)
<b>As at March 31, 2024</b>		<b>194,703,863</b>	<b>12,849,769</b>	<b>935,744</b>	<b>1,013,042</b>	<b>(11,653,009)</b>	<b>3,145,546</b>
RSUs converted for common shares	15b	-	-	-	-	-	-
Share based payments	15b	-	96,000	-	-	-	96,000
Stock options issuance	15d	-	-	19,349	-	-	19,349
Net loss and comprehensive loss for the period		-	-	-	-	(2,729,449)	(2,729,449)
<b>As at June 30, 2024</b>		<b>194,703,863</b>	<b>12,945,769</b>	<b>955,093</b>	<b>1,013,042</b>	<b>(14,382,458)</b>	<b>531,447</b>
Net loss and comprehensive loss for the period		-	-	-	-	(884,820)	(884,820)
<b>As at March 31, 2025</b>		<b>194,703,863</b>	<b>12,945,769</b>	<b>955,093</b>	<b>1,013,042</b>	<b>(15,267,278)</b>	<b>(353,373)</b>

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

## **1. Nature of Operations and Going Concern**

Ayurcann Inc. was incorporated under the Canada Business Corporations Act ("CBCA") on June 22, 2018. Pacific Coal Corp. ("Company") was incorporated on August 26, 2010, under the Business Corporation Act (Ontario). On April 12, 2011, the Company changed its name to Canada Coal Inc.

On March 26, 2021, the Company was renamed to Ayurcann Holdings Corp., following the reverse takeover transaction (RTO) with Ayurcann Inc., which became a wholly owned subsidiary of Ayurcann Holdings Corp. Pursuant to RTO accounting standards, these consolidated financial statements reflect the continuation of the financial position, operating results and cash flows of the Company's legal subsidiary, Ayurcann Inc. The Company's principal business activity consists of providing post-harvest outsourcing solutions to licensed cannabis producers.

On April 8, 2021, the Company commenced trading on the Canadian Securities Exchange under the symbol "AYUR." On November 30, 2021, the Company began trading on the OTC Markets Group Inc. (OTCQB) under the symbol "CDCLF". On January 22, 2022, the Company received approval from OTC Markets Group Inc., to change its symbol to "AYURF". On August 19, 2021, the Company inter-listed on the Frankfurt Stock Exchange under the symbol "3ZQ0." The Company's registered head office is 1080 Brock Road, Unit 6, Pickering, L1W3X4. The Company's website is <https://ayurcann.com/>.

On April 20, 2022, the Company announced that it received a flower sales license from Health Canada, which will allow the Company to sell dried cannabis flower products in Canada through authorized distributors and retailers.

These consolidated financial statements have been prepared based on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company incurred a net loss and comprehensive loss of \$561,770 and of \$884,820 during three and nine months ended March 31, 2025 respectively. The Company's accumulated deficit was \$15,267,278. A large portion of the accumulated deficit is related to the one-time transaction costs as a result of the reverse-takeover transaction. At March 31, 2025, the Company had working capital of \$968,196.

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. Management is actively pursuing funding options required to meet the Company's requirements on an ongoing basis. There is no assurance that sources of funds will be available or obtained on favorable terms or obtained at all. Historically, the Company has obtained funding from the issuance of common shares, proceeds from the exercise of share purchase warrants, and short-and long-term debt issuances, however, there can be no assurances that the Company will be achieve this.

These consolidated financial statements do not reflect the adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the consolidated statements of financial position classifications used. Such adjustments could be material.

## **2. Basis of Preparation**

### ***Statement of compliance***

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these condensed audited consolidated financial statements are based on IFRSs issued and outstanding as of May 16, 2025, the date the Board of Directors approved the statements.

***Basis of measurement***

These condensed audited consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

***Functional and presentation currency***

The financial statements are presented in Canadian dollars, the Company's functional currency.

**3. Significant Accounting Policies**

***Significant accounting estimates and judgments***

The preparation of financial statements in conformity with IFRS requires management to make significant judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and related footnote disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future can differ from these estimates, which may be material to future financial statements.

Significant estimates and underlying assumptions are reviewed on a periodic basis. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgments and estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are outlined below:

- Recovery of accounts receivable - the Company estimates the collectability and timing of collection of its receivables, classifying them as current assets or long-term assets, and applies provisions for collectability when necessary.
- Valuation of inventory – the provision for obsolescence and the estimated net realizable value.
- Convertible promissory note is separated into its liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue is calculated as the discounted cash flows for the convertible debenture using the effective interest rate which was the estimated rate for a promissory note without a conversion feature. The fair value of the equity component was determined at the time of issue as the difference between the face value of the convertible promissory note and the fair value of the liability component. Changes in the input assumptions can materially affect the fair value estimates and the Company's classification between debt and equity components.
- Property and equipment and right-of-use assets - management is required to estimate the useful lives and residual value of property and equipment and right-of-use assets which are included in the statements of financial position and the related depreciation included in the statements of loss.
- Share-based payments – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.
- Estimated useful lives, amortization of intangible assets, and impairment testing – amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. The assessment of any impairment is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and useful lives of assets.
- Business Combinations – classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgement. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition. In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.



**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

- Recoverability of deferred income tax assets – assessing whether the realization of tax losses against future taxable income for income tax purposes is probable.
- Impairment of property, plant and equipment and right-of-use assets - assessing whether indicators of impairment exist at reporting period ends and, if required, determining recoverable amounts including assumptions and inputs thereto; and
- Going concern assumption – going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

***Revenue recognition***

The Company earns revenue from the extraction and processing of cannabis oil-based products - both through processing its own biomass cannabis and providing same services to its customers. The Company offers its product lines, both B2B and B2C.

Gross revenue includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Net revenue from sale of goods, as presented in the consolidated statements of loss and comprehensive loss, represents revenue from the sale of goods less applicable excise taxes, expected price discounts, and allowances for customer returns. Excise taxes are a production tax which is payable when a cannabis product is delivered to the customer and are not directly related to the value of revenue.

Revenue is measured at the fair value of the consideration received or receivable, net of estimated returns and discounts. The Company considers the terms of the sales contracts as well as industry practices, taking into consideration the type of customer, the nature of the transaction and the specific circumstances of each arrangement.

The Company accounts for revenue from a contract with a customer only when the following criteria are met:

- the contract has been approved by the parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

Revenue from product sales and the related cost of goods sold are recognized on delivery of goods to the customer. Processing fee revenue is recognized on completion of services. For contracts that permit the customer to return a product, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, at the point of sale, the amount of revenue recognized is adjusted for expected returns, which are estimated based on the historical experience and knowledge of the customer and market expectations. At the same time, the Company would also have a right to recover returned goods, so consequently a refund liability and a right to recover returned goods assets are recognized. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the assets and liability accordingly.

***Cash & Cash Equivalents***

Cash and cash equivalents comprise cash at banks and on hand, and short-term deposits with an original maturity of three months or less or cashable without penalty which are readily convertible into a known amount of cash.

***Property and equipment***

Property and equipment are recorded at cost, net of accumulated depreciation, and impairment charges, if any. Depreciation is provided for over the assets' useful lives at the following annual rates and methods:

**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

Furniture and fixtures	Declining balance method	20%
Leasehold improvements	Straight-line method	Lease term
Machinery and equipment	Declining balance method	20%
Computer	Declining balance method	55%
Signs	Declining balance method	20%

***Impairment of non-current assets***

Property and equipment are assessed for indications of impairment at the end of each reporting period. If such indications exist, then the recoverable amount of the asset is estimated.

An impairment loss is recognized when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Impairment losses are recognized in operations for the year in which they are identified.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 had been recognized.

***Current income tax***

Current income tax expense represents the sum of income tax currently payable. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

***Deferred income tax***

Deferred income tax is provided using the asset and liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of income and comprehensive (loss) income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

***Foreign currency transactions***

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the closing exchange rate being the rate prevailing on the statement of financial position date. Non-monetary assets and liabilities are translated at historical rates of exchange at the time of the acquisition of assets or obligations incurred. Revenues and expenses are translated at the rate of exchange in effect at the date of the transactions. Foreign exchange translation gains and losses are recorded in operations in the period in which they occur.

***Financial instruments***

***Recognition***

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled, or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

***Classification and measurement***

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition). After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost.
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
- FVTOCI, when the change in fair value is attributable to changes in the Company’s credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

*Level 1:* Quoted market price in an active market for an identical instrument.

*Level 2:* Valuation techniques based on observable inputs derived either directly or indirectly from market prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted

**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

market prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

*Level 3:* Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As of March 31, 2025, except for cash, none of the Company's financial instruments are recorded at fair value in the statements of financial position. Cash is classified as Level 1.

***Compound Instruments***

The components of compound instruments (convertible promissory note) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash of another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest rate method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible debenture are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the term of the convertible debentures using the effective interest method.

***Impairment of financial assets***

The expected credit loss ("ECL") impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Allowances for ECL are recognized on all financial assets that are classified either at amortized cost or FVOCI and for all loan commitments and financial guarantees that are not measured at FVTPL. Allowances represent credit losses that reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

ECL allowances are measured at amounts equal to either (i) 12-month ECL (also referred to as Stage 1 ECL), which comprises an allowance for all non-impaired financial instruments that have not experienced a significant increase in credit risk ("SICR") since initial recognition; or (ii) lifetime ECL (also referred to as Stage 2 ECL), which comprises an allowance for those financial instruments that have experienced a SICR since initial recognition; or where there is objective evidence of impairment (Stage 3 ECL). Lifetime ECL is recognized for Stage 2 and 3 financial instruments compared to 12-month ECL for Stage 1 financial instruments.

***Inventories***

Inventories consist of finished goods, work-in-process and raw materials and are valued at the lower of cost and net realizable value. Cost is determined using the standard cost method, which is updated regularly to reflect current conditions and approximate cost based on the weighted average formula. Cost of inventories includes cost of purchase (purchase price, transport, handling, and other costs directly attributable to the acquisition of inventories), cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable

**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

All inventories are reviewed for impairment due to slow moving and obsolete inventory. The provision for obsolete, slow moving and defective inventories are recognized in profit or loss. Previous write downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventory.

***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties, which may be individuals or corporate entities, are also considered to be related if they are subject to common control or common significant influence. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

***Provisions***

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

***Comprehensive loss per share***

The basic comprehensive income (loss) per share is computed by dividing comprehensive income (loss) by the weighted average number of common shares outstanding during the current period. The diluted comprehensive income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The “treasury stock method” is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the period.

***Equity-based payments***

Equity-based share-based payment transactions with parties other than employees are measured at the fair value of goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The fair value of stock options, warrants, and restricted share units (“RSU’s”) granted is measured using the Black-Scholes option-pricing model, considering the terms and conditions upon which the instruments were granted.

***Repurchase of Shares***

Repurchase of shares is recorded using the constructive retirement method which is used under the assumption that the repurchased shares will not be reissued in the future. Under this approach, the amount by which the repurchased amount was less than the stated capital of the shares, if any, is credited to contributed surplus. The stated capital of the repurchased shares is determined based on the original cost of the particular shares at the time of the repurchase.

***Government grants and assistance***

Grants and subsidies are recognized at their fair value where there is reasonable assurance that the grant will be received, and the Company will comply with all the attached conditions. Fair value signifies the amount received in cash. The grants and subsidies are presented as ‘other fees in operations.

***Leases (“IFRS 16”)***

IFRS 16 introduced a single, on-balance sheet accounting model for leases. The Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

A right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation or impairment losses and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company primarily uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has furthermore applied judgment to determine the applicable discount rate. The discount rate is based on the Company's incremental borrowing rate and reflects the current market assessments of the time value of money and the associated risks for which the estimates of future cash flows have not been adjusted for.

***Basis of consolidation***

These consolidated financial statements incorporate the financial statements of the Company and its subsidiary. The subsidiary is consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the period presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

**4. Capital Management**

The Company defines capital as total shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the growth and development of its operations and bring new products to market and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company will continue to assess new opportunities and seek to acquire an interest in growth situations if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ending March 31, 2025. The Company is not subject to externally imposed capital requirements.

**5. Acquisition**

Joins and Hustle & Shake Inc.

On September 7, 2022, the Company completed the acquisition of Joins and Hustle & Shake Inc. by issuing 32,352,941 common shares of the Company in exchange for 100% of issued and outstanding shares of Joins and Hustle & Shake Inc. Accordingly, Joins and Hustle & Shake Inc. (“Joins and Hustle”) became a wholly owned subsidiary of the Company. The consideration shares were subject to a statutory hold period of four months and one day and, pursuant to the terms of the Share Purchase Agreement, (i) were deposited into escrow and were to be released



**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

every six months in 25% allotments; and (ii) were subject to post-closing downward adjustments pursuant to the terms and conditions of the escrow agreement.

Since Joints and Hustle did not meet the definition of a business under IFRS 3 – Business Combinations, the acquisition was accounted for as a purchase of Joints and Hustle’s assets. The consideration paid was determined as equity-settled share-based payments under IFRS 2, at the fair value of the equity of the Company issued to the shareholders of Joints and Hustle on the date of closing as noted above. IFRS 2 requires the shares issued for the acquisition of the net assets of Joints and Hustle to be measured at the fair value of the net assets, unless the fair value cannot be reliably estimated.

On March 1, 2025, the Company acquired all of the assets and intellectual property of Joints and Hustle. Effective March 20, 2025, Joints and Hustle was dissolved.

The following represents the preliminary fair value allocation to identifiable net assets acquired at March 31, 2023:

<b>Intangible Assets</b>	
Brand	\$2,750,000
<b>Fair Value of Consideration Paid</b>	
Common Shares	\$2,750,000

The Company plans to amortize its intangible assets over its useful life of 5 years. The Company recorded an amortization expense of \$412,500 for the nine months ended March 31, 2025, and \$1,408,527 since inception.

## 6. Trade and Other Receivables

Trade and other receivables are collectible from customer sales. The following is an aging analysis of the Company’s trade and other receivables:

	Current	31 to 60	61 to 90	91+	Total
<b>Balance Outstanding, June 30, 2023</b>	<b>\$ 4,684,285</b>	<b>\$ 199,526</b>	<b>\$ (87,687)</b>	<b>\$ 44,347</b>	<b>\$ 4,840,471</b>
Change	10,037	(93,825)	212,384	410,968	539,563
<b>Balance Outstanding, March 31, 2024</b>	<b>4,694,322</b>	<b>105,701</b>	<b>124,696</b>	<b>455,315</b>	<b>5,380,034</b>
Change	525,576	(114,808)	(114,346)	(24,040)	272,382
<b>Balance Outstanding, June 30, 2024</b>	<b>5,219,898</b>	<b>(9,108)</b>	<b>10,350</b>	<b>431,275</b>	<b>5,652,416</b>
Change	(396,823)	38,875	(10,350)	(28,615)	(396,913)
<b>Balance Outstanding, March 31, 2025</b>	<b>\$ 4,823,075</b>	<b>\$ 29,767</b>	<b>\$ -</b>	<b>\$ 402,660</b>	<b>\$ 5,255,503</b>

As of March 31, 2025, the Company recorded a bad debt expense of \$nil (\$nil as at March 31, 2024). As at June 30, 2024 the Company had a bad debt expense of \$64,577. The company held no collateral for any receivable amounts outstanding as at June 30, 2024.

## 7. Inventories

	31/Mar/25	30/Jun/24
Inventory Asset	\$ -	\$ 23,294
Work in Process	-	402,873
Finished Goods	2,394,090	483,981
Bulk	1,651,937	430,943
Facility Related/Other	38,389	-
Packaging materials, cartridges and others	974,287	419,236
Packaged goods	-	1,077,080
Subcontractor and Labour Inventory	554,669	1,046,637
Biomass	371,206	1,478,555
Inventory in transit	2	-
<b>Total Inventory</b>	<b>\$ 5,984,579</b>	<b>\$ 5,362,600</b>

The Company recorded write-downs to net realizable value for obsolete and slow-moving inventories of \$285,965 and \$320,442 during three and nine months ending March 31, 2025 respectively (\$461,103 during the year ending June 30, 2024). Inventories recognized as an expense in the three and nine months ended March 31, 2025 and the year ended June 30, 2024, are equal to the cost of goods sold presented in the statements of comprehensive loss.

**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

**8. Property and Equipment**

	Furniture and Fixtures	Leasehold Improvements	Machinery and Equipment	Computer	Signs	Vehicle	Total
<b>Cost</b>							
As at June 30, 2023	\$ 23,330	\$ 1,001,933	\$ 692,702	\$ 33,946	\$ 825	\$ -	\$ 1,752,735
Additions	4,508	18,116	86,524	3,543	-	209,165	321,856
As at December 31, 2023	27,837	1,020,049	779,227	37,488	825	209,165	2,074,591
Additions	-	940	68,417	-	-	-	69,357
As at March 31, 2024	27,837	1,020,989	847,644	37,488	825	209,165	2,143,949
Additions	-	-	29,201	13,802	-	100	43,103
As at June 30, 2024	27,837	1,020,989	876,845	51,290	825	209,265	2,187,052
Additions	691	-	59,807	20,891	-	(100)	81,289
As at December 31, 2024	28,529	1,020,989	936,652	72,181	825	209,165	2,268,341
Additions	-	-	(1,712)	4,198	-	-	2,486
As at March 31, 2025	\$ 28,529	\$ 1,020,989	\$ 934,940	\$ 76,379	\$ 825	\$ 209,165	\$ 2,270,827
<b>Accumulated Depreciation</b>							
As at June 30, 2023	\$ 10,039	\$ 512,612	\$ 184,521	\$ 28,711	\$ 439	\$ -	\$ 736,321
Depreciation	1,509	158,327	41,143	312	45	23,264	224,599
As at December 31, 2023	11,547	670,938	225,664	29,023	484	23,264	960,920
Depreciation	801	114,578	29,840	1,112	17	21,012	167,358
As at March 31, 2024	12,348	785,516	255,504	30,134	500	44,276	1,128,279
Depreciation	762	89,413	29,645	2,178	16	20,648	142,662
As at June 30, 2024	13,110	874,929	285,149	32,312	516	64,924	1,270,940
Depreciation	1,452	52,557	59,793	8,930	30	13,546	136,307
As at December 31, 2024	14,562	927,485	344,942	41,242	546	78,470	1,407,247
Depreciation	687	24,068	29,025	4,526	14	6,426	64,745
As at March 31, 2025	\$ 15,249	\$ 951,553	\$ 373,967	\$ 45,767	\$ 560	\$ 84,896	\$ 1,471,993
<b>Net carrying value</b>							
As at March 31, 2024	\$ 16,290	\$ 349,111	\$ 553,562	\$ 8,466	\$ 341	\$ 185,901	\$ 1,113,671
As at March 31, 2025	\$ 15,528	\$ 259,698	\$ 553,118	\$ 20,090	\$ 325	\$ 165,353	\$ 1,014,112

For the three and nine months ending March 31, 2025, the Company recognized \$53,404 and \$110,332 in depreciation (March 31, 2024 - \$145,218 and \$301,861) respectively in cost of goods sold in the consolidated statements of net loss and comprehensive loss.

**9. Right-of-Use Asset and Lease Liability**



**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

	ROU Asset Lease Liability	
<b>Balance Outstanding, June 30, 2023</b>	<b>\$ 135,339</b>	<b>\$ 180,896</b>
Additions	172,184	172,184
Interest		25,983
Repayments		(99,610)
Adjustments		(10,234)
Amortization	(78,219)	5,117
<b>Balance Outstanding, December 31, 2023</b>	<b>\$ 229,304</b>	<b>\$ 274,336</b>
Additions		-
Interest		8,886
Repayments		(51,723)
Adjustments		(5,117)
Amortization	(36,419)	2,559
<b>Balance Outstanding, March 31, 2024</b>	<b>\$ 192,886</b>	<b>\$ 228,940</b>
Additions	533,247	533,247
Interest		27,619
Repayments		(59,484)
Adjustments		(979)
Amortization	(42,675)	489
<b>Balance Outstanding, June 30, 2024</b>	<b>\$ 683,458</b>	<b>\$ 729,833</b>
Additions		-
Interest		51,765
Repayments		(119,652)
Adjustments		(1,957)
Amortization	(85,350)	979
<b>Balance outstanding, December 31, 2024</b>	<b>\$ 598,108</b>	<b>\$ 660,967</b>
Additions		-
Interest		24,039
Repayments		(60,169)
Adjustments		(979)
Amortization	(42,675)	489
<b>Balance outstanding, March 31, 2025</b>	<b>\$ 555,433</b>	<b>\$ 624,348</b>
<b>Allocated as:</b>		
Current		\$ 144,907
Non-current	\$ 555,433	479,441
<b>Total</b>	<b>\$ 555,433</b>	<b>\$ 624,348</b>

Right-of-use assets comprise of production facility lease and are amortized over 60 months.

The lease payments are discounted using an interest rate of between 12% and 15%, which is the Company's incremental borrowing rate. The Company currently has three lease agreement with expiration dates of October 31, 2025, June 30, 2028 and March 31, 2029.

## 10. Intangibles

**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

<b>Intangibles</b>	
<b>"Joints" and "Hustle &amp; Shake" brands</b>	
<b>Cost</b>	
As at June 30, 2023	2,750,000
Additions in the period	-
As at December 31, 2023	2,750,000
Additions in the period	-
As at March 31, 2024	2,750,000
Additions in the period	-
As at June 30, 2024	2,750,000
Additions in the period	-
As at December 31, 2024	2,750,000
Additions in the period	-
<b>As at March 31, 2025</b>	<b>2,750,000</b>
<b>Accumulated Amortization</b>	
As at June 30, 2023	(446,027)
Amortization in the period	(275,000)
As at December 31, 2023	(721,027)
Amortization in the period	(137,500)
As at March 31, 2024	(858,527)
Amortization in the period	(137,500)
As at June 30, 2024	(996,027)
Amortization in the period	(275,000)
As at December 31, 2024	(1,271,027)
Amortization in the period	(137,500)
<b>As at March 31, 2025</b>	<b>(1,408,527)</b>
<b>Net carrying value</b>	
As at March 31, 2024	1,891,473
As at March 31, 2025	1,341,473

For the three and nine months ending March 31, 2025, the Company recognized \$137,500 and \$412,500 respectively in amortization of the intangibles (March 31, 2024 - \$137,500 and \$412,500 respectively).

## 11. Trade and Other Payables

Trade and other payables are principally comprised of amounts outstanding for trade purchases on operating activities. The following comprises trade and other payables:

	<b>30/Jun/23</b>	<b>31/Dec/23</b>	<b>31/Mar/24</b>	<b>30/Jun/24</b>	<b>31/Dec/24</b>	<b>31/Mar/25</b>
Trade Payables	8,283,593	9,724,161	11,825,065	10,389,575	6,861,155	6,395,518
Other Payables	1,142,448	3,237,627	2,285,733	2,224,470	1,852,359	2,218,240
<b>Trade and Other Payables</b>	<b>9,426,041</b>	<b>12,961,789</b>	<b>14,110,799</b>	<b>12,614,045</b>	<b>8,713,514</b>	<b>8,613,758</b>

The standard maturity terms of the Company's trade and other payables are 30 to 60 days.

As at March 31, 2025, the Company's Trade and Other Payables decreased by \$71,422 (Trade Payables decreased by \$465,637 and Other Payable increased by \$394,215) compared to December 31, 2024, and decreased by \$3,971,953 (Trade Payables decreased by \$3,994,056, and Other Payable increased by \$22,103) compared to June 30, 2024.

**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

The following is an aging analysis of the Company's Trade Payables:

<b>Trade Payables</b>	<b>Current</b>	<b>31 to 60</b>	<b>61 to 90</b>	<b>91+</b>	<b>Total</b>
Balance Outstanding, June 30, 2023	\$ 5,621,281	\$ 896,131	\$ 863,396	\$ 902,786	\$ 8,283,593
Change	(579,629)	476,130	1,388,813	155,254	1,440,568
Balance Outstanding, December 31, 2023	5,041,651	1,372,262	2,252,209	1,058,040	9,724,161
Change	1,658,164	438,475	(2,172,427)	2,176,691	2,100,904
Balance Outstanding, March 31, 2024	6,699,815	1,810,737	79,782	3,234,731	11,825,065
Change	126,625	(1,282,354)	148,291	(428,053)	(1,435,491)
Balance Outstanding, June 30, 2024	6,826,440	528,383	228,073	2,806,678	10,389,575
Change	(2,807,582)	1,708,963	52,577	(2,482,377)	(3,528,420)
Balance Outstanding, December 31, 2024	4,018,858	2,237,346	280,650	324,301	6,861,155
Change	174,734	95,011	(237,433)	(497,948)	(465,637)
Balance Outstanding, March 31, 2025	\$ 4,193,592	\$ 2,332,357	\$ 43,217	\$ (173,648)	\$ 6,395,518

As at March 31, 2025 the Company had \$6,395,518 of Trade A/P (March 31, 2024 - \$11,825,065) of which 66% were outstanding for 30 days and below.

## **12. Long-Term Debt and Other Liabilities**

In October 2023, the Company recorded two vehicle loans for the total of \$224,005. The loans secured by the property and bear interest 5.5%. As at March 31, 2025, \$94,469 of the vehicle loan is classified as long-term and \$37,609 is classified as current liabilities. Additionally, following an agreement with CRA, the Company reclassified a portion of its CRA-related indebtedness from accounts payable to long-term debt.

## **13. Key Management Compensation**

The Company defines key management personnel as its Officers and Directors.

Key management compensation for the three and nine months ended March 31, 2025 comprised wages and management consulting fees of \$316,971 and \$1,071,964 respectively. For the three and nine months ended March 31, 2024 key management compensation was \$263,577 (of which \$83,750 was in the form of share-based payments) and \$857,995 (of which \$167,500 was in the form of share-based payments) respectively. See Note 15.

## **14. Related Party Transactions and Balances**

As at March 31, 2025, there were promissory notes of \$128,000 payable to the CEO and the COO (March 31, 2024 - \$400,000) in equal shares. Interest incurred on related party balances payable to the CEO and COO was at \$10,192.49. This interest is included in Trade and Other Payable.

## **15. Share Capital**

### **a. Authorized Shares**

An unlimited number of common shares

### **b. Issued Shares**

#### ***For the year ended June 30, 2024:***

On July 17, 2023, the Company issued 1,675,000 shares of \$83,750 as aggregate quarterly management fee payment to its directors at a price of \$0.05 per Common Share.

On October 2, 2023, the Company issued 1,675,000 shares of \$83,750 as aggregate quarterly management fee payment to its directors at a price of \$0.05 per Common Share.

On January 5, 2024, the Company issued 30,240,000 shares in payment of fiscal 2023 management bonus, in equal shares to each 2388765 Ontario Inc. a company controlled by Igal Sudman, the Chief Executive Officer of the Company and 1000677847 Ontario Inc a company controlled by Roman Buzaker, the Chief Financial Officer of the Company at a deemed price of \$0.05 per Common Share.

**AYURCANN HOLDINGS CORP.**  
**Condensed Interim Consolidated Financial Statements and Notes**

On January 9, 2024, the Company issued 1,675,000 shares of \$83,750 as aggregate quarterly management fee payment to its directors at a price of \$0.05 per Common Share.

***For the three and nine months ended March 31, 2025:***

No shares were issued during three and nine months ended March 31, 2025.

**c. Warrants**

A summary of the Company's warrants for the three months ended March 31, 2025 is presented below:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance outstanding, June 30, 2023	9,411,504	\$ 0.247
Expired warrants	(1,602,556)	(0.380)
Balance outstanding, June 30, 2024	7,808,948	\$ 0.220
Expired warrants	(7,808,948)	0.220
Balance outstanding, March 31, 2025	-	\$ -

As at March 31, 2025, there were no warrants outstanding and exercisable.

**d. Stock options**

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of ten years with vesting requirements at the discretion of the Board of Directors.

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Balance outstanding, June 30, 2023	1,733,380	\$ 0.140
Issued	700,000	\$ 0.050
Expired	(1,600,147)	0.154
Balance outstanding, June 30, 2024	833,233	\$ 0.069
Balance outstanding, March 31, 2025	833,233	\$ 0.069

On January 5, 2024, the Company issued 700,000 options. The options are exercisable at \$0.05 per common share until January 5, 2027. The options vest immediately. The grant date fair value of \$19,349 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$0.03, expected dividend yield of 0%, expected volatility of 171.32%, risk-free rate of return of 3.83% and an expected maturity of 3 years.

For the year ended June 30, 2024, 1,600,147 options of the Company expired unexercised.

There were no options issued or expired during three and nine months ended March 31, 2025.

The following table reflects the stock options issued and outstanding as of March 31, 2025:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Options Outstanding</b>	<b>Options Exercisable</b>
11/Apr/25	\$ 0.170	133,233	133,233
05/Jan/27	0.050	700,000	700,000
Total	\$ 0.069	833,233	833,233

## **16. Reclassification**

Certain comparative figures have been reclassified to conform to the current year's presentation on the consolidated financial statements and the consolidated statements of loss. The Company reclassified \$1,954,033 from long-term liabilities to the current portion thereof, to correct a prior omission. Net loss previously reported has not been affected by these reclassifications.

## **17. Financial Instruments and Risk Factors**

### **(a) Fair value of financial instruments**

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term or demand nature of these balances. The Company's financial instruments are exposed to certain financial risks, as summarized below.

### **(b) Credit risk**

Credit risk arises from trade accounts receivable. The maximum exposure to credit risk as at March 31, 2025 is \$4,838,406 which represents accounts receivable in the consolidated statement of financial position.

The Company's credit risk is attributable to its accounts receivable, which are comprised of trade accounts receivable. The credit quality of the Company's customers is considered high and is monitored on an on-going basis.

### **(c) Liquidity risk**

The business of the Company necessitates the management of liquidity risk. The Company's objective is to mitigate short-term liquidity risk by maintaining adequate working capital reserves and its long-term liquidity risk through good relations with external capital markets.

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. Most of the Company's financial liabilities are due within one year except for finance lease obligations.

The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. Management keeps track of its operational needs and creates budgets and cash flow estimates to determine cash flow requirements for general business and working capital needs, as well as growth projects. The Company's ability to meet its operational needs is dependent on future operating results and cash flows, which are determined by economic, financial, competitive, market, regulatory factors and other factors.

### **(d) Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

(i) The Company does not have assets or liabilities in a foreign currency and therefore is not exposed to foreign currency risk.

(ii) Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to interest rate risk from any of its liabilities as the CEBA loan will be a fixed interest when it converts to a term loan.

## **18. Subsequent events**

On April 11, 2025, 133,233 options with a weighted average exercise price of \$0.17 expired unexercised.

THIS IS **EXHIBIT "F"** REFERRED TO IN THE AFFIDAVIT  
OF IGAL SUDMAN, SWORN BEFORE ME  
THIS 29TH DAY OF JANUARY, 2026.



---

**JAMIE ERNST**

A Commissioner for taking Affidavits  
(or as may be)

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE  
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT  
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: AYURCANN HOLDINGS CORP.

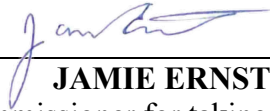
FILE CURRENCY: January 11, 2026

ENQUIRY CONTAINS 0 PAGES, 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY  
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER  
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS  
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE  
INTERPRETATION AND USE THAT ARE MADE OF IT.

THIS IS **EXHIBIT "G"** REFERRED TO IN THE AFFIDAVIT  
OF IGAL SUDMAN, SWORN BEFORE ME  
THIS 29TH DAY OF JANUARY, 2026.

A handwritten signature in blue ink, appearing to read "Jamie Ernst", is positioned above a horizontal line.

---

**JAMIE ERNST**  
A Commissioner for taking Affidavits  
(or as may be)



MINISTRY OF CONSUMER AND BUSINESS SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE  
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT  
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: AYURCANN INC.

FILE CURRENCY: January 11, 2026

RESPONSE CONTAINS: APPROXIMATELY 4 FAMILIES and 5 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS  
WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME  
IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE  
OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT  
ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY  
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER  
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS  
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE  
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: AYURCANN INC.

FILE CURRENCY: January 11, 2026

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 4 ENQUIRY PAGE : 1 OF 5

SEARCH : BD : AYURCANN INC.

00 FILE NUMBER : 505551798 EXPIRY DATE : 21MAY 2029 STATUS :  
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :  
REG NUM : 20240521 1159 1901 5444 REG TYP: P PPSA REG PERIOD: 05  
02 IND DOB : IND NAME:  
03 BUS NAME: AYURCANN INC.  
OCN :  
04 ADDRESS : 1080 BROCK ROAD UNIT 6  
CITY : PICKERING PROV: ON POSTAL CODE: L1W 3H3  
05 IND DOB : IND NAME:  
06 BUS NAME:  
OCN :  
07 ADDRESS :  
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :  
ALTERNA SAVINGS & CREDIT UNION LIMITED  
09 ADDRESS : 319 MCRAE AVENUE  
CITY : OTTAWA PROV: ON POSTAL CODE: K1Z 0B9  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
10 X X 250000  
YEAR MAKE MODEL V.I.N.

11  
12

GENERAL COLLATERAL DESCRIPTION

13 LETTER OF CREDIT #1 SECURED BY CASH OF \$250,000.00 HELD IN TERM  
14 DEPOSIT #1

15

16 AGENT: ALTERNA SAVINGS & CREDIT UNION LIMITED COMMERCIAL

17 ADDRESS : 319 MCRAE AVENUE

CITY : OTTAWA PROV: ON POSTAL CODE: K1Z 0B9

END OF FAMILY

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: AYURCANN INC.

FILE CURRENCY: January 11, 2026

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 2 OF 4 ENQUIRY PAGE : 2 OF 5

SEARCH : BD : AYURCANN INC.

00 FILE NUMBER : 522817254 EXPIRY DATE : 12DEC 2031 STATUS :  
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :  
REG NUM : 20251212 1627 1901 3897 REG TYP: P PPSA REG PERIOD: 06  
02 IND DOB : IND NAME:  
03 BUS NAME: AYURCANN INC.  
OCN :  
04 ADDRESS : 1080 BROCK ROAD UNIT 6  
CITY : PICKERING PROV: ON POSTAL CODE: L1W 3H3  
05 IND DOB : IND NAME:  
06 BUS NAME:  
OCN :  
07 ADDRESS :  
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :  
ALTERNA SAVINGS & CREDIT UNION LIMITED  
09 ADDRESS : 319 MCRAE AVENUE  
CITY : OTTAWA PROV: ON POSTAL CODE: K1Z 0B9  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
10 X X 250000  
YEAR MAKE MODEL V.I.N.

11

12

GENERAL COLLATERAL DESCRIPTION

13 LETTER OF CREDIT #2 SECURED BY CASH OF \$250,000 HELD IN TERM DEPOSIT

14 #3

15

16 AGENT: ALTERNA SAVINGS & CREDIT UNION LIMITED COMMERCIAL

17 ADDRESS : 319 MCRAE AVENUE

CITY : OTTAWA PROV: ON POSTAL CODE: K1Z 0B9

END OF FAMILY

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: AYURCANN INC.

FILE CURRENCY: January 11, 2026

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 3 OF 4 ENQUIRY PAGE : 3 OF 5

SEARCH : BD : AYURCANN INC.

00 FILE NUMBER : 785930319 EXPIRY DATE : 18AUG 2028 STATUS :  
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :  
REG NUM : 20220818 1512 1532 4766 REG TYP: P PPSA REG PERIOD: 06  
02 IND DOB : IND NAME:  
03 BUS NAME: AYURCANN INC.  
OCN :  
04 ADDRESS : 1080 BROCK ROAD UNIT 6  
CITY : PICKERING PROV: ON POSTAL CODE: L1W3H3  
05 IND DOB : 17DEC1970 IND NAME: IGAL SUDMAN  
06 BUS NAME:  
OCN :  
07 ADDRESS : 1080 BROCK ROAD  
CITY : PICKERING PROV: ON POSTAL CODE: L1W3H3

08 SECURED PARTY/LIEN CLAIMANT :  
THE BANK OF NOVA SCOTIA  
09 ADDRESS : 10 WRIGHT BOULEVARD  
CITY : STRATFORD PROV: ON POSTAL CODE: N5A7X9  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
10 X X X 108612.59  
YEAR MAKE MODEL V.I.N.  
11 2022 TESLA MODEL Y 7SAYGDEE3NF511580  
12

GENERAL COLLATERAL DESCRIPTION

13 OUR SECURITY INTEREST IS LIMITED TO THE MOTOR VEHICLES LISTED ABOVE  
14 AND THE PROCEEDS OF THOSE VEHICLES

15

16 AGENT: D + H LIMITED PARTNERSHIP

17 ADDRESS : 2 ROBERT SPECK PARKWAY, 15TH FLOOR

CITY : MISSISSAUGA PROV: ON POSTAL CODE: L4Z 1H8

CONTINUED

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: AYURCANN INC.

FILE CURRENCY: January 11, 2026

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 3 OF 4 ENQUIRY PAGE : 4 OF 5

SEARCH : BD : AYURCANN INC.

00 FILE NUMBER : 785930319 EXPIRY DATE : 18AUG 2028 STATUS :  
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :  
REG NUM : 20220818 1512 1532 4766 REG TYP: REG PERIOD:  
02 IND DOB : 17DEC1970 IND NAME: SUDMAN IGAL  
03 BUS NAME:  
OCN :  
04 ADDRESS : 1080 BROCK ROAD  
CITY : PICKERING PROV: ON POSTAL CODE: L1W3H3  
05 IND DOB : IND NAME:  
06 BUS NAME:  
OCN :  
07 ADDRESS :  
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :  
CITY : PROV: POSTAL CODE:  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
10  
YEAR MAKE MODEL V.I.N.  
11  
12  
GENERAL COLLATERAL DESCRIPTION  
13  
14  
15  
16 AGENT:  
17 ADDRESS :  
CITY : PROV: POSTAL CODE:

END OF FAMILY

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

MINISTRY OF CONSUMER AND BUSINESS SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: AYURCANN INC.

FILE CURRENCY: January 11, 2026

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 4 OF 4 ENQUIRY PAGE : 5 OF 5

SEARCH : BD : AYURCANN INC.

00 FILE NUMBER : 786322836 EXPIRY DATE : 31AUG 2028 STATUS :  
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :  
REG NUM : 20220831 1832 1532 7063 REG TYP: P PPSA REG PERIOD: 06  
02 IND DOB : IND NAME:  
03 BUS NAME: AYURCANN INC.  
OCN :  
04 ADDRESS : 1080 BROCK ROAD UNIT 6 UNIT 6  
CITY : PICKERING PROV: ON POSTAL CODE: L1W3H3  
05 IND DOB : 28JUN1983 IND NAME: ROMAN BUZAKER  
06 BUS NAME:  
OCN :  
07 ADDRESS : 37 OAKHURST DR  
CITY : THORNHILL PROV: ON POSTAL CODE: L4J7V3

08 SECURED PARTY/LIEN CLAIMANT :  
THE BANK OF NOVA SCOTIA  
09 ADDRESS : 10 WRIGHT BOULEVARD  
CITY : STRATFORD PROV: ON POSTAL CODE: N5A7X9  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
10 X X X 115392.59  
YEAR MAKE MODEL V.I.N.  
11 2022 TESLA MODEL Y 7SAYGAE4NF535014  
12

GENERAL COLLATERAL DESCRIPTION

13 OUR SECURITY INTEREST IS LIMITED TO THE MOTOR VEHICLES LISTED ABOVE  
14 AND THE PROCEEDS OF THOSE VEHICLES

15

16 AGENT: D + H LIMITED PARTNERSHIP

17 ADDRESS : 2 ROBERT SPECK PARKWAY, 15TH FLOOR

CITY : MISSISSAUGA PROV: ON POSTAL CODE: L4Z 1H8

LAST SCREEN

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

THIS IS **EXHIBIT "H"** REFERRED TO IN THE AFFIDAVIT  
OF IGAL SUDMAN, SWORN BEFORE ME  
THIS 29TH DAY OF JANUARY, 2026.



---

**JAMIE ERNST**

A Commissioner for taking Affidavits  
(or as may be)



Canada Revenue  
Agency

Agence du revenu  
du Canada

Central and Southern Quebec TSO  
Brossard QC J4Z 3T8

December 05, 2025

AYURCANN INC.  
6 - 1080 BROCK RD  
PICKERING ON L1W 3H3

Account Number  
74754 9889 RD0001

Dear Sir or Madam:

Subject: Excise Duty arrears for periods ending 2024-08-31,  
2024-09-30, 2025-08-31 and 2025-09-30  
Balance: \$6,207,632.00

Thank you for proposing an arrangement to pay the amount you owe  
on your account.

We confirm that the terms of your arrangement are as follows:

Due date of first payment: 2025-12-31  
Number of payments: 6  
Payment interval (days): 30  
Amount of each payment: \$1,055,830.91

The payment arrangement shown above is acceptable only if you meet  
all the following conditions:

- you file your current-year returns by the deadlines and pay  
any taxes owing by the due dates.

Interest will continue to add up until you pay the full amount you  
owe. You can find the rates at [canada.ca/taxes-interest-rates](https://canada.ca/taxes-interest-rates).

These are the ways you can pay:

- online or by phone using a Canadian financial institution's  
services
- online at [canada.ca/cra-my-payment](https://canada.ca/cra-my-payment)
- online by setting up a pre-authorized debit agreement at  
[canada.ca/cra-sign-in-services](https://canada.ca/cra-sign-in-services)

.../2

Canada

National ATP Office  
3250 Lapiniere Boulevard  
Brossard QC J4Z 3T8

Local: 438-341-5542  
Toll Free: 1-866-229-0827 Ext.: 4850  
Fax: 866-936-7600  
Web site: [canada.ca/taxes](https://canada.ca/taxes)



- in person at your Canadian financial institution. You will need a personalized remittance voucher
- in person at Canada Post for a fee. You will need a QR code

For more information or payment options, go to [canada.ca/payments](https://canada.ca/payments) or call 1-800-959-5525. If you are outside of North America, you can call 613-940-8497. We accept collect calls.

You can also mail your payment to:

Canada Revenue Agency  
PO Box 3800 STN A  
Sudbury ON P3A 0C3

If you mail your payment, write your full business number on your cheque or money order so we can process it correctly. Please make cheques and money orders payable to the Receiver General for Canada.

For more information about our collections policies, go to [canada.ca/cra-collections](https://canada.ca/cra-collections).

You must follow this arrangement and make your payments on time. If you don't, we may have to take legal action without further notice. For example, we may garnish your income, direct the sheriff to seize and sell your assets, and use any other legal means to collect the amount you owe.

We appreciate your immediate attention to this matter.

Yours truly,

K. Desjardins (1247)  
Collections officer

THIS IS **EXHIBIT "I"** REFERRED TO IN THE AFFIDAVIT  
OF IGAL SUDMAN, SWORN BEFORE ME  
THIS 29TH DAY OF JANUARY, 2026.



---

**JAMIE ERNST**  
A Commissioner for taking Affidavits  
(or as may be)

Court File No.:

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF AYURCANN HOLDINGS CORP. and  
AYURCANN INC.**

Applicants

**CONSENT OF THE PROPOSED MONITOR**

**ALVAREZ & MARSAL CANADA INC.** hereby consents to act as Court-appointed monitor of Ayurcann Holdings Corp. and Ayurcann Inc. (the "**Applicants**"), in respect of these proceedings, subject to the granting of an initial order under the *Companies' Creditors Arrangement Act* (Canada) in the form included in the Applicants' application record.

Dated as of January 29, 2026

**ALVAREZ & MARSAL CANADA INC.**  
solely in its capacity as Proposed Monitor  
of Ayurcann Holdings Corp. et al. and not  
in its personal capacity

Per: 

Name: Joshua Nevsky

Title: Senior Vice President

**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 AYURCANN HOLDINGS CORP. and  
AYURCANN INC.**

Court File No.: \_\_\_\_\_

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

Proceedings Commenced in Toronto

**AFFIDAVIT OF IGAL SUDMAN**  
**(Sworn January 29, 2026)**

**BENNETT JONES LLP**

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

**Sean Zweig (LSO# 573071)**

Email: [ZweigS@bennettjones.com](mailto:ZweigS@bennettjones.com)

**Jesse Mighton (LSO# 62291J)**

Email: [MightonJ@bennettjones.com](mailto:MightonJ@bennettjones.com)

**Jamie Ernst (LSO# 88724A)**

Email: [ErnstJ@bennettjones.com](mailto:ErnstJ@bennettjones.com)

**Shawn Kirkman (LSO# 92214U)**

Email: [KirkmanS@bennettjones.com](mailto:KirkmanS@bennettjones.com)

Lawyers for the Applicants

TAB 3

Court File No. \_\_\_\_\_

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	FRIDAY, THE 30TH
	)	
JUSTICE KIMMEL	)	DAY OF JANUARY, 2026

**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 AYURCANN HOLDINGS CORP. and  
AYURCANN INC. (collectively the "Applicants" and each an  
"Applicant")**

**INITIAL ORDER**

**THIS APPLICATION**, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day by judicial videoconference via Zoom.

**ON READING** the Notice of Application, the affidavit of Igal Sudman sworn January 29, 2026 and the Exhibits thereto (the "**Sudman Affidavit**"), and the consent of Alvarez & Marsal Canada Inc. ("**A&M**") to act as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**"), and the Pre-Filing Report of A&M, filed, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants and the additional parties listed in Schedule "A" hereto (collectively, the "**Non-Applicant Stay Parties**") and together with the Applicants, the "**Ayurcann Entities**"), counsel for A&M, and such other counsel that were present,

## **SERVICE**

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

## **APPLICATION**

2. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies.

## **POSSESSION OF PROPERTY AND OPERATIONS**

3. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their respective current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Sudman Affidavit or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall (i) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, (ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and (iii) be, in its capacity as provider of the Cash

Management System, an unaffected creditor under any plan of compromise or arrangement (the “Plan”) with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and 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; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

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

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; 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;
- (c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below) (collectively, "**Cannabis Taxes**"), but only where such Cannabis Taxes are accrued following the date of this Order; and
- (d) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly on the first day of each month (but not in arrears) in the amount set out in the applicable lease or, with the consent of the Monitor, at such other time intervals and dates as may be agreed to between the applicable Applicant and landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. **THIS COURT ORDERS** that, except as specifically permitted herein 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; (b) to grant no security interests, trust, liens, mortgages, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

## **RESTRUCTURING**

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

- (a) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor; and
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate;

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

## **NO PROCEEDINGS AGAINST THE AYURCANN ENTITIES OR THE PROPERTY**

11. **THIS COURT ORDERS** that until and including February 9, 2026, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”, and collectively, “**Proceedings**”) shall be commenced or continued against or in respect of the Ayurcann Entities or the Monitor or their respective employees, directors, advisors, officers and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Ayurcann Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Ayurcann Entities, or their employees, directors, advisors, officers or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Ayurcann Entities and the Monitor.

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

12. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental 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 Ayurcann Entities or the Monitor, or their respective employees, directors, officers, advisors and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Ayurcann Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Ayurcann Entities to carry on any business which the Ayurcann Entities 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**

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

## **NO PRE-FILING VS POST-FILING SET-OFF**

14. **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, provided that nothing in this Order shall prejudice any arguments any person may want to make in seeking leave of the Court or following the granting of such leave.

## **CONTINUATION OF SERVICES**

15. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of the Ayurcann Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, accounting services, security services, insurance, transportation services, utility or other services to the Business or the Ayurcann Entities, 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 Ayurcann Entities, and that the Ayurcann Entities shall be entitled to the continued use of their current premises, telephone 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 Ayurcann Entities in accordance with normal payment practices of the Ayurcann Entities or such other practices as may be agreed upon by the supplier or service provider and each of the Ayurcann Entities and the Monitor, or as may be ordered by this Court.

## **NON-DEROGATION OF RIGHTS**

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

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

17. **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 Ayurcann Entities with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Ayurcann Entities 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.

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

18. **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 such director's or officer's gross negligence or wilful misconduct.

19. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$625,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 18 of this Order. The Directors' Charge shall have the priority set out in paragraphs 30 and 32 herein.

20. **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 18 of this Order.

#### **APPOINTMENT OF MONITOR**

21. **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 any of the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

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

- (a) monitor the Ayurcann Entities' receipts and disbursements, Business and dealings with the Property and, among other things, review all disbursements for consistency with the Cash Flow Statements (as defined in Pre-Filing Report), as amended from time to time;
- (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) advise the Applicants in their preparation of the Applicants' cash flow statements;
- (d) 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 Ayurcann Entities, to the extent that is necessary to adequately assess the Ayurcann Entities' business and financial affairs or to perform its duties arising under this Order;
- (e) 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
- (f) perform such other duties as are required by this Order or by this Court from time to time.

23. **THIS COURT ORDERS** that the Monitor shall not occupy or take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (or be deemed to take Possession of), or exercise (or be deemed to have exercised) 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 Tax Act*, R.S.C. 1985, c. E. 15, 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, 2017*, S.O. 2017, c. 26, Sched. 2, as amended or other such applicable federal, provincial or other legislation or regulations (collectively, the “**Cannabis Legislation**”), and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof within the meaning of any Cannabis Legislation or otherwise. For greater certainty, nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity for any purpose whatsoever.

24. **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.

25. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants, with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this

paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

26. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, the Monitor its directors, officers, employees, counsel and other representatives acting in such capacities shall not incur any liability or obligation as a result of the Monitor's appointment or the carrying out by it of the provisions of this Order including, without limitation, under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

27. **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 pursuant to such other arrangements as may be agreed to between the Applicants and such parties, and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants retainers *nunc pro tunc*, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

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

29. **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 \$250,000 unless permitted by further Order of this Court, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both



before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 30 and 32 hereof.

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

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

First – Administration Charge (to the maximum amount of \$250,000); and

Second – Directors' Charge (to the maximum amount of \$625,000).

31. **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.

32. **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; provided that the Charges shall rank behind Encumbrances in favour of any Persons that have not been served with notice of the application for this Order. The Applicants and the beneficiaries of the Charges shall be entitled to seek priority of the Charges ahead of such Encumbrances on a subsequent motion including, without limitation, at the Comeback Hearing (as defined below), on notice to those Persons likely to be affected thereby.

33. **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 beneficiaries of the Charges, or further Order of this Court.

34. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds any of the Applicants, and notwithstanding any provision to the contrary in any Agreement:

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

35. **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.

#### **RELIEF FROM REPORTING AND FILING OBLIGATIONS**

36. **THIS COURT ORDERS** that the decision by Ayurcann Holdings Corp. to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the “**Securities Filings**”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a

stock exchange, including, without limitation, the *Securities Act* (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, and any rules, regulations and policies of the Canadian Securities Exchange and/or the Frankfurt Stock Exchange (collectively, the “**Securities Provisions**”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of Ayurcann Holdings Corp. failing to make any Securities Filings required by the Securities Provisions.

37. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of Ayurcann Holdings Corp. nor the Monitor shall have any personal liability for any failure by Ayurcann Holdings Corp. to make any Securities Filings required by the Securities Provisions.

38. **THIS COURT ORDERS** that Ayurcann Holdings Corp. is hereby relieved of any obligation to call and hold an annual meeting of its shareholders until further Order of this Court.

#### **SERVICE AND NOTICE**

39. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in *The Globe and Mail (National Edition)* a notice containing the information prescribed under the CCAA, and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against 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 individuals who are creditors publicly available unless otherwise ordered by this Court.

40. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the “**Guide**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice-directions/regional/>) 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 Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: [www.alvarezandmarsal.com/Ayurcann](http://www.alvarezandmarsal.com/Ayurcann).

41. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide or the CCAA is not practicable, the Applicants, the Monitor, and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or other electronic transmission to the Applicants' creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown in the books and records of the Applicants and that any such service, distribution or notice by courier, personal delivery or facsimile or other electronic transmission shall be deemed to be received on the earlier of (a) the date of forwarding thereof, if sent by electronic message on or prior to 5:00 p.m. Eastern Standard Time (or on the next business day following the date of forwarding thereof if sent on a non-business day); (b) the next business day following the date of forwarding thereof if sent by courier, personal delivery, facsimile transmission or electronic message sent after 5:00 p.m. Eastern Standard Time, or (c) on the third (3<sup>rd</sup>) business day following the date of forwarding thereof, if sent by ordinary mail. Any such service or distribution shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of Subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

42. **THIS COURT ORDERS** that the Monitor shall 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 case website as part of the public materials in relation to this proceeding. Notwithstanding the foregoing, neither the Monitor nor its counsel shall have any liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

## **COMEBACK HEARING**

43. **THIS COURT ORDERS** that the comeback motion in these proceedings shall be heard by a judge of the Ontario Superior Court of Justice (Commercial List) on February 9, 2026 (the “Comeback Hearing”).

## **GENERAL**

44. **THIS COURT ORDERS** that the Applicants or the Monitor 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 powers and duties hereunder or in the interpretation of this Order.

45. **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.

46. **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.

47. **THIS COURT ORDERS** that each of the Applicants and the Monitor shall 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.

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

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## **Schedule “A”**

### **Non-Applicant Stay Parties**

1. Ayurcann Holding Corp.
2. Can Ayurcann Merger Sub Inc.

**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 AYURCANN HOLDINGS CORP. and  
AYURCANN INC.**

Court File No.: \_\_\_\_\_

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

Proceedings Commenced in Toronto

**INITIAL ORDER**

**BENNETT JONES LLP**

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

**Sean Zweig (LSO# 573071)**

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**Shawn Kirkman (LSO# 92214U)**

Email: [KirkmanS@bennettjones.com](mailto:KirkmanS@bennettjones.com)

Lawyers for the Applicants



TAB 4

Court File No. \_\_\_\_\_

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE \_\_\_\_\_ ) ~~WEEKDAY~~FRIDAY, THE #30TH  
JUSTICE ~~\_\_\_\_\_~~KIMMEL ) DAY OF ~~MONTH~~JANUARY, ~~20YR~~2026

**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  
"AYURCANN HOLDINGS CORP. and AYURCANN INC.  
(collectively the "Applicants" and each an "Applicant"))**

**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 via Zoom.

**ON READING** the Notice of Application, the affidavit of ~~[NAME]~~Igal Sudman sworn  
~~[DATE]~~January 29, 2026 and the Exhibits thereto (the "Sudman Affidavit"), and the consent of  
Alvarez & Marsal Canada Inc. ("A&M") to act as the Court-appointed monitor of the Applicants  
(in such capacity, the "Monitor"), and the Pre-Filing Report of A&M, filed, and on being  
advised that the secured creditors who are likely to be affected by the charges created herein  
were given notice, and on hearing the submissions of counsel for ~~[NAMES]~~, ~~no one appearing~~  
~~for [NAME]<sup>+</sup> although duly served as appears from the affidavit of service of [NAME] sworn~~  
~~[DATE] and on reading the consent of [MONITOR'S NAME] to act as the Monitor, the~~  
Applicants and the additional parties listed in Schedule "A" hereto (collectively, the

<sup>+</sup>Include names of secured creditors or other persons who must be served before certain relief in this model Order  
may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2)  
and 36(2).

“Non-Applicant Stay Parties” and together with the Applicants, the “Ayurcann Entities”),  
counsel for A&M, and such other counsel that were present,

## SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Application and the Application Record is hereby abridged and validated<sup>2</sup> 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, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “Property”). Subject to further Order of this Court, the ~~Applicant~~Applicants shall continue to carry on business in a manner consistent with the preservation of ~~its~~their business (the “Business”) and Property. The ~~Applicant is~~Applicants are authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively “Assistants”) currently retained or employed by ~~it~~them, with liberty to retain such further Assistants as ~~it deems~~they deem

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~~<sup>2</sup> If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

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<sup>3</sup> currently in place as described in the Sudman Affidavit of [NAME] sworn [DATE] ~~or~~ with the consent of the Monitor, replace it with another substantially similar central cash management system (the ~~"Cash Management System"~~"Cash Management System") and that any present or future bank providing the Cash Management System shall (i) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the ~~Applicant~~Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, ~~shall~~(ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the ~~Applicant~~Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and ~~shall~~(iii) be, in its capacity as provider of the Cash Management System, an unaffected creditor under any plan of compromise or arrangement (the "Plan") 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 shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and 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; and

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~~<sup>3</sup> This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

- (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.

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

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; 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' <sup>1</sup>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 taxes, duties or other payments required under the Cannabis Legislation (as defined below) (collectively, “Cannabis Taxes”), but only where such Cannabis Taxes are accrued following the date of this Order; and

(d) ~~(e)~~ 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 ~~for~~resiliated<sup>4</sup> in accordance with the CCAA, the ~~Applicant~~Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the 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~~monthly on the first ~~and fifteenth~~ day of each month, ~~in advance~~ (but not in arrears) in the amount set out in the applicable lease or, with the consent of the Monitor, at such other time intervals and dates as may be agreed to between the applicable Applicant and landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, ~~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; (b) to grant no security interests, trust, liens, mortgages, charges or encumbrances upon or in respect of any of ~~its~~the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

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<sup>4</sup> ~~The term “resiliate” should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

## RESTRUCTURING

10. ~~11.~~ THIS COURT ORDERS that each of the ApplicantApplicants shall, subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined),~~ have the right to:

~~(a) permanently or temporarily cease, downsize or shut down any of its business or operations, [and to dispose of redundant or non-material assets not exceeding \$● in any one transaction or \$● in the aggregate]<sup>5</sup>~~

(a) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor; and

~~(b) [terminate the employment of such of its employees or temporarily lay off such of its employees as it deems 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 ApplicantApplicants to proceed with an orderly restructuring of the Business ~~(the "Restructuring")~~.

~~12. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such~~

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<sup>5</sup>Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.

~~secured creditors. If the Applicant disclaims [or resiliates] the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer [or resiliation] of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.~~

~~13. THIS COURT ORDERS that if a notice of disclaimer [or resiliation] is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer [or resiliation], the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer [or resiliation], the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.~~

## **NO PROCEEDINGS AGAINST THE ~~APPLICANT~~AYURCANN ENTITIES OR THE PROPERTY**

11. ~~14.~~ **THIS COURT ORDERS** that until and including ~~[DATE — MAX. 30 DAYS]~~February 9, 2026, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding", and collectively, "Proceedings") shall be commenced or continued against or in respect of the ~~Applicant~~Ayurcann Entities or the Monitor or their respective employees, directors, advisors, officers and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the ~~Applicant~~Ayurcann Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the ~~Applicant~~Ayurcann Entities, or their employees, directors, advisors, officers or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Ayurcann Entities and the Monitor.



## NO EXERCISE OF RIGHTS OR REMEDIES

12. ~~15.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental 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~~ Ayurcann Entities or the Monitor, or their respective employees, directors, officers, advisors and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~ Ayurcann Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the ~~Applicant~~ Ayurcann Entities to carry on any business which the ~~Applicant is~~ Ayurcann Entities 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

13. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, authorization or permit in favour of or held by any of the ~~Applicant~~ Ayurcann Entities, except with the written consent of the ~~Applicant~~ Ayurcann Entities and the Monitor, or leave of this Court.

## NO PRE-FILING VS POST-FILING SET-OFF

14. **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,

provided that nothing in this Order shall prejudice any arguments any person may want to make in seeking leave of the Court or following the granting of such leave.

## CONTINUATION OF SERVICES

15. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of the ~~Applicant~~Ayurcann Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, accounting services, security services, insurance, transportation services, utility or other services to the Business or the ~~Applicant~~Ayurcann Entities, 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~~Ayurcann Entities, and that the ~~Applicant~~Ayurcann Entities 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~~Ayurcann Entities in accordance with normal payment practices of the ~~Applicant~~Ayurcann Entities or such other practices as may be agreed upon by the supplier or service provider and each of the ~~Applicant~~Ayurcann Entities and the Monitor, or as may be ordered by this Court.

## NON-DEROGATION OF RIGHTS

16. ~~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 any of the ~~Applicant~~Ayurcann Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.<sup>6</sup>

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~~<sup>6</sup>This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

## PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

17. ~~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 Ayurcann Entities 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 Ayurcann Entities 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' AND OFFICERS' INDEMNIFICATION AND CHARGE

18. ~~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,<sup>7</sup> except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of ~~the director's or officer's~~ such director's or officer's gross negligence or wilful misconduct.

19. ~~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' Charge")<sup>8</sup> on the Property, which charge shall not exceed an aggregate amount of \$ ~~625,000~~ 625,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph

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<sup>7</sup> ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

<sup>8</sup> ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

~~18~~ of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~30~~ and ~~32~~ herein.

20. ~~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 ~~18~~ of this Order.

#### **APPOINTMENT OF MONITOR**

21. ~~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 any of 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~~ Monitor's functions.

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

- (a) monitor the ~~Applicant's~~ Ayurcann Entities' receipts and disbursements, Business and dealings with the Property and, among other things, review all disbursements for consistency with the Cash Flow Statements (as defined in Pre-Filing Report), as amended from time to time;
- (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, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;~~

(c) ~~(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 agreed to by the DIP Lender;~~

~~(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;~~

(d) ~~(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~~ Ayurcann Entities, to the extent that is necessary to adequately assess the ~~Applicant's~~ Ayurcann Entities' business and financial affairs or to perform its duties arising under this Order;

(e) ~~(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

(f) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

23. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not occupy or take control, care, charge, possession ~~of the Property or management (separately and/or collectively, "Possession")~~ of (or be deemed to take Possession of), or exercise (or be deemed to have exercised) 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 Tax Act, R.S.C. 1985, c. E. 15, 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, 2017, S.O. 2017, c. 26, Sched. 2, as amended or other such applicable federal, provincial or other legislation or regulations (collectively, the “Cannabis Legislation”), and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof: within the meaning of any Cannabis Legislation or otherwise. For greater certainty, nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity for any purpose whatsoever.

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

Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

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

26. ~~28.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, the Monitor ~~shall incur no~~its directors, officers, employees, counsel and other representatives acting in such capacities shall not incur any liability or obligation as a result of ~~its~~the Monitor's appointment or the carrying out by it of the provisions of this Order including, without limitation, under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

27. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the ~~Applicant~~Applicants shall be paid their reasonable fees and disbursements (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~~Applicants on a weekly basis, or pursuant to such other arrangements as may be agreed to between the Applicants and such parties, and, in addition, the ~~Applicant is~~Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the ~~Applicant, Applicants~~ retainers ~~in the amount[s] of \$● [-,~~

~~respectively,~~ nunc pro tunc, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

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

29. ~~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 \$~~250,000~~ unless permitted by further Order of this Court, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~38~~ 30 and ~~40~~ 32 hereof.

## **~~DIP FINANCING~~**

~~32. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from [DIP LENDER'S NAME] (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$~~250,000~~ unless permitted by further Order of this Court.~~

~~33. THIS COURT ORDERS THAT such credit 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.~~

~~34. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under~~



~~and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~

~~35. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs [38] and [40] hereof.~~

~~36. THIS COURT ORDERS that, notwithstanding any other provision of this Order:~~

~~(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;~~

~~(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ● days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant 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 against the obligations of the Applicant 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 and for the appointment of a trustee in bankruptcy of the Applicant; 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 or the Property.—~~

~~37. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or~~

~~any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.~~

## VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

30. ~~38.~~ **THIS COURT ORDERS** that the priorities of the ~~Directors' Charge, the~~ Administration Charge and the ~~DIP Lender's~~ Directors' Charge, (collectively, the "Charges"), as among them, shall be as follows<sup>9</sup>:

First – Administration Charge (to the maximum amount of \$~~●~~250,000); and

~~Second – DIP Lender's Charge; and~~

~~Third~~Second – Directors' Charge (to the maximum amount of \$~~●~~625,000).

31. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges")~~ shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

32. ~~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~~;~~ provided that the Charges shall rank behind Encumbrances in favour of any Persons that have not been served with notice of the application for this Order. The Applicants and the beneficiaries of the Charges shall be

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<sup>9</sup>~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

entitled to seek priority of the Charges ahead of such Encumbrances on a subsequent motion including, without limitation, at the Comeback Hearing (as defined below), on notice to those Persons likely to be affected thereby.

33. ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~Applicant~~Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~Charges, unless the ~~Applicant~~Applicants also ~~obtains~~obtain the prior written consent of the Monitor, ~~the DIP Lender~~ and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~Charges, or further Order of this Court.

34. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") ~~and/or the DIP Lender thereunder~~ shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to 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~~shall not create or be deemed to constitute a breach by any of the ~~Applicant~~Applicants of any Agreement to which ~~it~~the applicable Applicant(s) is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant entering into~~

~~the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents;~~ and

- (c) the payments made by the ~~Applicant~~Applicants pursuant to this Order,~~the Commitment Letter or the Definitive Documents~~, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

35. ~~43.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the ~~Applicant's~~applicable Applicant's interest in such real property leases.

#### RELIEF FROM REPORTING AND FILING OBLIGATIONS

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

37. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of Ayurcann Holdings Corp. nor the Monitor shall have any personal liability for any failure by Ayurcann Holdings Corp. to make any Securities Filings required by the Securities Provisions.

38. THIS COURT ORDERS that Ayurcann Holdings Corp. is hereby relieved of any obligation to call and hold an annual meeting of its shareholders until further Order of this Court.

#### SERVICE AND NOTICE

39. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~ The Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against 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 individuals who are creditors publicly available unless otherwise ordered by this Court.

40. ~~45.~~ **THIS COURT ORDERS** that the E-Service ~~Protocol~~ Guide of the Commercial List (the "~~Protocol~~ Guide") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the ~~Protocol~~ Guide (which can be found on the Commercial List website at ~~<https://www.ontariocourts.ca/scj/files/guides/the-guide-concerning-commercial-list-e-service-en.pdf>~~ <https://www.ontariocourts.ca/scj/practice-directions/regional/>) 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~~ Guide, service of documents in accordance with the ~~Protocol~~ Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the ~~Protocol~~ Guide with the following URL-~~<@>~~: [www.alvarezandmarsal.com/Ayurcann](http://www.alvarezandmarsal.com/Ayurcann).

41. ~~46.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the ~~Protocol~~ Guide or the CCAA is not practicable, the ~~Applicant and~~ Applicants, the Monitor, and their respective counsel are at liberty to serve or distribute this Order, any other

materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or other electronic transmission to the ~~Applicant's~~Applicants' creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown ~~on~~in the books and records of the ~~Applicant~~Applicants and that any such service-~~or~~, distribution or notice by courier, personal delivery or facsimile or other electronic transmission shall be deemed to be received on the earlier of (a) the date of forwarding thereof, if sent by electronic message on or prior to 5:00 p.m. Eastern Standard Time (or on the next business day following the date of forwarding thereof;~~or~~ if sent on a non-business day); (b) the next business day following the date of forwarding thereof if sent by courier, personal delivery, facsimile transmission or electronic message sent after 5:00 p.m. Eastern Standard Time, or (c) on the third (3<sup>rd</sup>) business day following the date of forwarding thereof, if sent by ordinary mail;~~on the third business day after mailing.~~ Any such service or distribution shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of Subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

42. **THIS COURT ORDERS** that the Monitor shall 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 case website as part of the public materials in relation to this proceeding. Notwithstanding the foregoing, neither the Monitor nor its counsel shall have any liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

### COMEBACK HEARING

43. **THIS COURT ORDERS** that the comeback motion in these proceedings shall be heard by a judge of the Ontario Superior Court of Justice (Commercial List) on February 9, 2026 (the "**Comeback Hearing**").

### GENERAL

44. ~~47.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants or the Monitor 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 powers and duties hereunder or in the interpretation of this Order.

45. ~~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.

46. ~~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.

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

~~51. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.~~

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

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Schedule "A"

Non-Applicant Stay Parties

1. Ayurcann Holding Corp.
2. Can Ayurcann Merger Sub Inc.

**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 AYURCANN HOLDINGS CORP. and**  
**AYURCANN INC.**

Court File No.: \_\_\_\_\_

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

Proceedings Commenced in Toronto

**INITIAL ORDER**

**BENNETT JONES LLP**

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Lawyers for the Applicants

<b>Summary report:</b> <b>Litera Compare for Word 11.11.0.158 Document comparison done on</b> <b>1/29/2026 5:16:33 PM</b>	
<b>Style name:</b> Standard	
<b>Intelligent Table Comparison:</b> Active	
<b>Original filename:</b> intital-order-ccaa-en (1).doc	
<b>Modified DMS:</b> iw://bjwork.legal.bjlocal/wslegal/43099373/8 - Ayur - Initial Order.doc	
<b>Changes:</b>	
<u>Add</u>	347
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<del>Move From</del>	6
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<u>Table Insert</u>	1
<del>Table Delete</del>	0
<u>Table moves to</u>	0
<del>Table moves from</del>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	713

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

Court File No.: \_\_\_\_\_

**AND IN THE MATTER OF AYURCANN HOLDINGS CORP. and AYURCANN INC.**

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

Proceedings Commenced in Toronto

**APPLICATION RECORD  
(Returnable January 30, 2026)**

**BENNETT JONES LLP**

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