

**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.**

**THIRD REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

APRIL 24, 2026

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1.0 INTRODUCTION

1.1 On January 30, 2026 (the “**Filing Date**”), Ayurcann Holdings Corp. (“**Ayurcann Parent**”) and Ayurcann Inc. (“**Ayurcann**” and together with Ayurcann Parent, the “**Applicants**” or the “**Company**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The proceedings commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.

1.2 The Initial Order, among other things: (i) appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of the Applicants (in such capacity, the “**Monitor**”); (ii) granted an initial 10 day stay of proceedings (as extended from time-to time in these proceedings, the “**Stay**”); (iii) extended the benefit of the Stay to Ayurcann Holding Corp. and Ayurcann Merger Sub Inc. (the “**Non-Applicant Stay Parties**”); and (iv) granted the Administration Charge and the Directors’ Charge (each as defined in the Initial Order).

1.3 On February 9, 2026, the Court granted the Amended and Restated Initial Order (the “**ARIO**”), which modified the Initial Order in certain respects. The ARIO, among other things:

- (i) increased the Administration Charge and Directors’ Charge up to a maximum of \$800,000 and \$3,020,000, respectively;
- (ii) approved the Applicants’ key employee retention plan (the “**KERP**”) and granted a super-priority charge over the Property as security for payments to be made in accordance with the KERP in the maximum amount of \$66,250;

- (iii) authorized the Applicants, with the consent of the Monitor, to pay certain amounts owing for goods and services supplied to the Applicants prior to the Filing Date;
- (iv) preserved the *status quo* of the Licences (as defined in the Fourth Sudman Affidavit (as defined below)); and
- (v) extended the Stay in favour of the Applicants and the Non-Applicant Stay Parties up to and including February 27, 2026.

1.4 On February 13, 2026, the Court granted:

- (i) an order (the “**Sale Process Approval Order**”), which among other things: (a) authorized the Monitor, with the assistance of the Applicants, to conduct a sale process to solicit interest in a potential transaction in respect of the Company’s business and assets (the “**Sale Process**”); and (b) approved the stalking horse purchase agreement (the “**Stalking Horse Purchase Agreement**”) between the Applicants and Auxly Cannabis Group Inc. (“**Auxly**” and in such capacity, the “**Stalking Horse Bidder**”) as the “**Stalking Horse Bid**” in the Sale Process; and
- (ii) an order (the “**Second ARIO**”), which among other things: (a) extended the Stay in favour of the Applicants and the Non-Applicant Stay Parties up to and including April 30, 2026; and (b) approved an interim debtor-in-possession financing facility in the amount of \$2,000,000 (the “**DIP Facility**”) and granted the DIP Lender’s Charge (as defined in the Second ARIO).

1.5 Additional details regarding the Applicants and the circumstances leading to, and the steps taken in, the CCAA Proceedings are set out in the Pre-Filing Report of the Proposed

Monitor dated January 29, 2026 (the “**Pre-Filing Report**”), the First Report of the Monitor dated February 6, 2026 (the “**First Report**”), the Second Report of the Monitor dated February 11, 2026 (the “**Second Report**”) and the Supplement to the Second Report dated February 12, 2026 (the “**Supplemental Second Report**” and, together with the Pre-Filing Report, the First Report, and the Second Report, the “**Prior Reports**”). The Prior Reports and other public Court-filed documents in the CCAA Proceedings are available on the Monitor’s case website at: www.alvarezandmarsal.com/Ayurcann (the “**Case Website**”). A copy of the Second Report is attached hereto (without appendices) as **Appendix “A”**.

- 1.6 This third report of the Monitor (the “**Third Report**”) should be read in conjunction with the affidavit of Igal Sudman, Chief Executive Officer of Ayurcann, sworn April 21, 2026 (the “**Fourth Sudman Affidavit**”). Capitalized terms used and not defined in this Third Report have the meanings given to them in the Prior Reports or the Fourth Sudman Affidavit, as applicable.

2.0 PURPOSE OF THIS REPORT

- 2.1 The purpose of this Third Report is to provide the Court with information regarding, and where applicable, the Monitor’s views on:

- (i) an overview of the Sale Process;
- (ii) the Applicants’ motion for an order (the “**Approval and Reverse Vesting Order**”), which, among other things:
 - (a) approves the agreement of purchase and sale dated March 31, 2026 (the “**Purchase Agreement**” and together with the Stalking Horse Purchase

Agreement, the “**Purchase Agreements**”) between the Applicants and Emblem Cannabis Corporation (“**Emblem**” and together with its assignee, if any, under the Purchase Agreement, the “**Purchaser**”), with such minor amendments as the Applicants and the Purchaser may deem necessary, with the consent of the Monitor and authorizing the Applicants and the Monitor to take such steps and actions necessary to complete the transactions contemplated in the Purchase Agreement (the “**Transactions**”);

- (b) approving, as a back-up bid (the “**Back-Up Bid**”), the Stalking Horse Purchase Agreement and the transactions contemplated therein (the “**Back-Up Transactions**”), and authorizing and directing the Applicants to take such additional steps and execute such additional documents as necessary or desirable for the completion of the Back-Up Transactions, only to the extent that the Purchase Agreement and the Transactions do not close on or before May 15, 2026 (the “**Outside Date**”);
- (c) approving the addition of Ayurcann Holding Corp. (“**Residual Co.**”) as an Applicant in the CCAA Proceedings and vesting all Excluded Assets, Excluded Contracts, and Excluded Liabilities (each as defined in the Purchase Agreement) into Residual Co.;
- (d) vesting the Purchased Shares (as defined below) in the Purchaser and confirming that Ayurcann retains the Retained Assets and the Retained Contracts (each as defined in the Purchase Agreement), each free and clear from any encumbrances;

- (e) upon completion of the Transactions:
 - i. removing Ayurcann as an Applicant in the CCAA Proceedings;
 - ii. approving the partial distribution of sale proceeds to Auxly (the “**Auxly Distribution**”), as full and final satisfaction of the DIP Indebtedness and the Bid Protections (each as defined below), and immediately thereafter, terminating, releasing and discharging: (A) the Bid Protections Charge; and (B) the DIP Lender’s Charge as against Residual Co., Ayurcann Parent and their property; and
 - iii. granting certain releases in favour of the Released Parties (as defined below) and terminating, releasing and discharging the Directors’ Charge as of the Closing Time;
 - (f) sealing an unredacted copy of Schedule “I” (Retained Employees List) to the Purchase Agreement until further order of the Court;
 - (g) authorizing the Monitor, upon service of the Monitor’s Certificate (as defined below), to exercise expanded powers in respect of Residual Co., including managing its property, operations and affairs (collectively, the “**Monitor’s Enhanced Powers**”), and providing certain protections to the Monitor in connection therewith; and
 - (h) extending the Stay to and including June 30, 2026 (the “**Stay Extension**”);
- (iii) certain updates since the granting of the Second ARIO on February 13, 2026;

- (iv) the Applicants' cash flow results for the 10-week period ended April 17, 2026;
- (v) the Applicants' updated cash flow forecast for the 11-week period ending July 3, 2026;
- (vi) the activities of the Monitor since the date of the Second Report (February 11, 2026); and
- (vii) the Monitor's conclusions and recommendations in connection with the foregoing.

3.0 TERMS OF REFERENCE AND DISCLAIMER

3.1 In preparing this Third Report, A&M, in its capacity as the Monitor, has been provided with, and has relied upon, unaudited financial information and the books and records prepared by the Company, and has had discussions with management of the Company and its legal counsel (collectively, the "**Information**"). Except as otherwise described in this Third Report in respect of the Company's Cash Flow Forecast (as defined below):

- (i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the *Chartered Professional Accountants Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

(ii) some of the information referred to in this Third Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

3.2 Future oriented financial information referred to in this Third Report was prepared based on the Company's management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

3.3 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

4.0 SALE PROCESS OVERVIEW

4.1 The Sale Process was designed to be a single-phase process administered by the Monitor and the Applicants to solicit interest in, and opportunities for, higher and better offers than provided for in the Stalking Horse Bid in contemplation of a sale of all or part of the Company's assets and business operations, on a going concern basis (the "**Opportunity**"). Capitalized terms used and not defined in this section of the Third Report have the meanings given to them in the Sale Process.

4.2 During the Sale Process, the Monitor contacted 82 parties regarding the Opportunity, which includes parties that contacted the Monitor or the Applicants directly, and provided each such party with a summary of the Company's business, an outline of the Sale Process and an invitation to participate in the Sale Process (the "**Teaser**"). In addition, the Monitor

published a notice of the Sale Process on the Case Website and in Insolvency Insider on February 23, 2026.

- 4.3 Of the 82 parties contacted, ten parties executed a non-disclosure agreement (“**NDA**”). Upon executing an NDA, parties were provided with a confidential information memorandum and access to the electronic data room. Over the course of the Sale Process and leading up to the bid deadline of March 31, 2026 (the “**Bid Deadline**”), the Applicants and the Monitor responded to diligence requests and questions from Potential Bidders. Of the ten Potential Bidders who executed an NDA, four performed a substantial amount of due diligence in respect of the business, including requesting certain additional financial and operational information from the Monitor, attending management meetings and performing various site tours at Ayurcann’s processing facility.
- 4.4 On March 18, 2026, the Monitor provided each of the ten Potential Bidders with a process letter that outlined the requirements for the submission of a binding bid (a “**Qualified Bid**”) and a reminder of the Bid Deadline.
- 4.5 By the March 31, 2026 Bid Deadline, the Monitor received one Qualified Bid (other than the Stalking Horse Bid) from Emblem (the “**Submitted Bid**”). Following its submission, the Monitor and the Applicants provided comments on the Submitted Bid to Emblem.
- 4.6 In response to the comments of the Monitor and the Applicants, Emblem submitted a revised binding bid (the “**Revised Emblem Bid**”) on April 4, 2026. On April 6, 2026, the Monitor confirmed the Revised Emblem Bid was a Qualified Bid, and that the Revised Emblem Bid would act as the lead bid for the purposes of an auction, which auction was scheduled to be held on April 10, 2026.

- 4.7 On April 6, 2026, the Monitor notified Auxly, the Stalking Horse Bidder, that a Qualified Bid was received, and advised that such bid would act as the lead bid for the purposes of an auction.
- 4.8 On April 9, 2026, Auxly communicated to the Monitor and the Applicants that Auxly was declining to participate in the auction. On April 10, 2026, the Revised Emblem Bid was selected as the Successful Bid, and the Stalking Horse Bid was selected as the Back-Up Bid.
- 4.9 The Revised Emblem Bid contemplates a purchase price of \$5,004,200, which will generate \$100,000 in additional value for the Applicants' creditors over the Stalking Horse Bid, after payment of the Bid Protections amount. The other terms of the Revised Emblem Bid were substantially the same as the Stalking Horse Bid.

5.0 THE TRANSACTIONS¹

- 5.1 The Transactions contemplated under the Purchase Agreement provide for the acquisition of the Applicants' business on a going concern basis through a reverse vesting transaction, pursuant to which, following the cancellation of all outstanding shares and securities of Ayurcann, the Purchaser will acquire 100% of the newly issued common shares of Ayurcann.
- 5.2 Under the reverse vesting structure, the Excluded Assets, Excluded Liabilities and Excluded Contracts will be transferred and vested in Residual Co. prior to the Purchaser acquiring the Purchased Shares. All claims and Encumbrances against Ayurcann, the

¹ Capitalized terms used and not defined in this section of the Third Report have the meanings given to them in the Purchase Agreement.

Purchased Shares, the Retained Assets and the Retained Contracts will be discharged and released and vested in Residual Co., pursuant to the proposed Approval and Vesting Order.

5.3 The key terms of the Transactions are summarized in the following table:

Term	Details
1.1 Purchaser	Emblem Cannabis Company or its designated assignee in accordance with the Purchase Agreement
1.1 Purchased Shares	The common shares in the capital of Ayurcann issued from treasury to the Purchaser, which following issuance will constitute 100% of the issued and outstanding equity interests of Ayurcann.
1.1 Retained Liabilities	<p>The Purchaser shall assume the following liabilities:</p> <ul style="list-style-type: none"> (a) all liabilities under the Retained Contracts from and after the Closing Time, including any Cure Costs; (b) the employer liabilities of any Retained Employees from and after the Closing Time, including in connection with wages, benefits and statutory obligations (including vacation pay accruals); (c) any liabilities required by Applicable Law to maintain the retained Permits and Licences in good standing (but only to the extent such liabilities arise and are payable after the Closing Time, subject to (e) below); (d) all trade payables and other liabilities relating to the Business incurred in the ordinary course after the Filing Date, but prior to the Closing Date, that remain outstanding at the Closing Time (provided that prior to the Closing Time, all such payables are paid in accordance with the approved Cash Flow); and (e) Taxes in respect of the ongoing conduct of business and operations conducted by Ayurcann for any period, or portion thereof, beginning on or after the Filing Date, provided that the Purchaser will not assume more than one month of accrued excise tax liabilities.
1.1 Cure Costs	The Purchaser is required to cure any monetary defaults under the Retained Contracts on or prior to Closing. The Monitor has confirmed that there are no outstanding Cure Costs in respect to the Retained Contracts.
3.2 Purchase Price	\$5,004,200, satisfied by a cash payment on Closing (the “ Purchase Price ”)
4.3 As is, Where is	The Purchase Agreement contemplates an “as is, where is” transaction.
6.1 The Purchaser’s Conditions	<p>The Purchaser’s closing conditions include, among others:</p> <ul style="list-style-type: none"> (a) <u>Court Approval</u>. The Approval and Reverse Vesting Order, in a form satisfactory to the Applicants, the Purchaser and the Monitor, each acting reasonably, shall have been issued by the Court, and shall not

	<p>have been vacated, set aside or stayed. The applicable appeal periods shall have expired.</p> <p>(b) <u>Actions by Health Canada or Canada Revenue Agency.</u> As of the Closing Time, no suspension, revocation, cancellation, non-compliance notice, administrative monetary penalty, licence amendment adverse to the Business, inspection deficiency, enforcement action or other proceeding by Health Canada or the Canada Revenue Agency shall have been issued, made, threatened or be pending in respect of the Business, the Permits and the Licences (including the Critical Permits and Licences) or the Health Canada Licenses, and all such licences, permits and authorizations shall be valid, subsisting and in good standing.</p> <p>(c) <u>Releases.</u> The Court shall have issued an order granting full and final releases in favour of the Directors and Officers, as applicable, for any and all liabilities incurred in their capacity as directors and officers of the Applicants other than any Liabilities arising from such Directors’ or Officers’ gross negligence or wilful misconduct.</p> <p>(d) <u>Critical Permits and Licences.</u> The Critical Permits and Licences are in good standing and not suspended or terminated.</p> <p>(e) <u>Consulting Agreements.</u> On or before the Closing Date, the Consulting Agreements shall have been executed and delivered by the Purchaser to all individuals comprising the Key Management.</p> <p>(f) <u>Consents and Approvals.</u> All consents and Approvals shall have been obtained, in form and substance satisfactory to the Purchaser.</p>
<p>6.2 The Applicants’ Conditions</p>	<p>The Applicants’ closing conditions include, among others:</p> <p>(a) <u>Court Approval.</u> The Approval and Reverse Vesting Order shall have been issued by the Court, and shall not have been vacated, set aside or stayed. The applicable appeal periods shall have expired.</p>
<p>7.7 Grounds for Termination</p>	<p>The Purchase Agreement will automatically terminate upon mutual agreement of the Applicants and the Purchaser (with written notice to the Monitor).</p> <p>The Purchase Agreement may be terminated upon the occurrence of any of the following:</p> <p>(a) by either party upon written notice, if a condition set out in Article 6 has not been satisfied or performed on or prior to the dates specified therein (as applicable); or</p> <p>(b) by any party, if Closing has not occurred by the Termination Date (provided that the terminating party has not breached its obligations under the Purchase Agreement in such a manner as to cause a closing condition not to be fulfilled).</p>

5.4 The Purchase Agreement is attached as Exhibit “G” to the Fourth Sudman Affidavit.

5.5 The Transactions will result in, among other things:

- (i) continued employment of approximately forty (40) employees and additional contractors; and
- (ii) the preservation of Ayurcann's proprietary brands, material customer and supplier relationships, and regulatory cannabis licences and governmental contracts.

5.6 It is also expected that the Transactions will provide sufficient proceeds to facilitate distributions to unsecured creditors.

Monitor's Observations and Views with Respect to the Sale Process and the Transaction

5.7 The Monitor makes the following observations and expresses the following views with respect to the Sale Process and the Transactions:

- (i) the Sale Process was reasonable in the circumstances and conducted in accordance with the process approved by this Court pursuant to the Sale Process Approval Order;
 - (a) as described above, the Monitor and the Applicants conducted a broad and thorough marketing process;
 - (b) the market for a potential purchaser of the Applicants' business and assets was thoroughly canvassed;
 - (c) Potential Bidders had sufficient time and access to detailed information to perform due diligence to adequately assess the Applicants' business; and
 - (d) the Sale Process did not yield any Qualified Bids other than the Revised Emblem Bid and the Stalking Horse Bid;

- (ii) the Monitor recommended the approval by the Court of the Sale Process Approval Order, and with the assistance of the Applicants, administered the Sale Process;
- (iii) in the Monitor's view, the Transactions, whereby the Business will continue to operate on a going-concern basis to the benefit of the Applicants' stakeholders and employees, are more beneficial to creditors than a liquidation under the CCAA or a sale or disposition under bankruptcy;
- (iv) the Purchase Agreement contemplates the repayment of the DIP Indebtedness and Bid Protections in full and final satisfaction of the obligations secured by the DIP Lender's Charge and the Bid Protections Charge, respectively;
- (v) the Purchase Price generates \$100,000 in incremental value for the Applicants' creditors over the Stalking Horse Bid (net of the Bid Protections);
- (vi) given the results of the Sale Process and the broader industry challenges facing many Canadian cannabis companies, the Monitor believes that the consideration to be received under the Transactions is fair and reasonable and is expected to result in a distribution to unsecured creditors;
- (vii) the Monitor believes it is necessary to implement the Transactions in a timely manner given the Applicants' limited remaining liquidity and business imperatives;
and
- (viii) the Monitor is of the view that, due to the value maintained via the preservation of the existing Licences and Retained Contracts, among other considerations, use of the reverse vesting structure is appropriate in the circumstances. Further

considerations relating to the reverse vesting transaction structure are discussed below.

6.0 APPROVAL AND REVERSE VESTING ORDER

Reverse Vesting Structure

- 6.1 The Monitor notes that the Transactions are proposed to be implemented through a reverse vesting structure, which the Monitor believes is necessary and appropriate in the circumstances.
- 6.2 The Monitor is cognizant of the issues raised and considered by Canadian courts in other CCAA proceedings, and in forming its view, considered the issues and factors raised and considered by this Court in other CCAA proceedings that involved reverse vesting orders (including *Harte Gold Corp. (Re)*, 2022 ONSC 653).
- 6.3 The Monitor notes the following with respect to the necessity and appropriateness of the reverse vesting structure in this case as it relates to the Transactions:

An RVO is Necessary in this Case:

- (i) the proposed reverse vesting structure preserves the Licences issued by Health Canada and the Canada Revenue Agency. In a conventional asset sale, those Licences would generally need to be transferred, re-issued, or replaced in favour of the purchaser, resulting in added cost, delay, complexity, and material closing risk. The reverse vesting structure permits the continuation of material contracts, including valuable supply and distribution agreements with governmental entities, which are critical to the ongoing operation of the business. Accordingly, the

proposed structure provides a practical means of preserving the Licences and maintaining continuity of key contractual relationships without additional cost or delay;

- (ii) the Monitor understands that preservation of the existing Licences and the uninterrupted continuation of the Retained Contracts are fundamental components of the proposed Transactions from the Purchaser's perspective. The Stalking Horse Bidder likewise advised that it would only proceed with the Back-Up Transactions through a reverse vesting structure, and the Monitor notes that the reverse vesting structure was proposed and disclosed earlier in these proceedings in connection with the Stalking Horse Bid. The Applicants did not receive any traditional asset purchase bids during the Sale Process. The Monitor has not received outreach from any party expressing a concern with the proposed reverse vesting structure to-date;
- (iii) the Applicants' business and assets have been thoroughly marketed since the commencement of the CCAA Proceedings and the Sale Process. Aside from the Revised Emblem Bid and the Stalking Horse Bid, no other offers were received although solicited as part of the Sale Process;
- (iv) the reverse vesting structure is therefore the only viable alternative available by which the value of the Applicants' business can be maximized;

The RVO Structure Produces an Economic Result at Least as Favourable as Any Other Viable Alternative:

- (v) absent a reverse vesting order structure, there could be substantial delay associated with transferring the Licenses and Retained Contracts, and there would be material

uncertainty as to whether some or all of those Licenses and contracts could be effectively transferred or replaced;

- (vi) the Transactions maximize value and represent the best available outcome in the circumstances for the benefit of a broad range of stakeholders. Without the certainty provided by the Transactions, the likely alternatives would be either an orderly wind-down of Ayurcann's business or an immediate cessation of operations followed by liquidation. In the Monitor's view, the proposed reverse vesting structure produces an economic result at least as favourable as any other viable alternative;

No Stakeholders are Worse Off Under an RVO Structure Than They Would Have Been Under Any Other Viable Alternative

- (vii) no stakeholder is worse off under the reverse vesting structure than they would be under any viable alternative. The anticipated recovery for creditors in a liquidation scenario is likely to be far worse than the estimated economic recovery to creditors through the Transactions;
- (viii) with respect to the Retained Contracts contemplated by the Purchase Agreement, the Monitor has contacted applicable counterparties and understands from these discussions that no cure costs are payable in connection with completion of the Transactions; and
- (ix) the proposed Approval and Reverse Vesting Order, including the proposed reverse vesting transaction structure, is supported by the DIP Lender;

The Consideration Being Paid for the Business Reflects the Importance and Value of the Licences and Permits (or Other Intangible Assets) Being Preserved Under the RVO Structure:

- (x) for the reasons noted above, in the Monitor's view, the ability to preserve and transfer the Licences and Retained Contracts through the proposed reverse vesting structure is the critical consideration in the structuring of the Transactions. Ayurcann cannot legally maintain ordinary course operations without the Licences. The assets subject to the Transactions were extensively marketed, and the Purchase Agreement and the Transactions represent the highest offer received through the Sale Process.

Approval of the Back-Up Transactions

- 6.4 The Applicants seek approval of the Stalking Horse Purchase Agreement and the Back-Up Transactions as the Back-Up Bid in accordance with the Sale Process. Such approval would only take effect if the Purchase Agreement and the Transactions fail to close by the Outside Date.
- 6.5 The Stalking Horse Purchase Agreement is summarized in the Second Report and is materially similar to the Purchase Agreement, containing substantially identical schedules, transaction structure, and closing conditions. The key difference between the Purchase Agreements is the Stalking Horse Bid's purchase price of \$4,640,000 (excluding any amounts allocated to the Bid Protections). Similar to the Purchase Agreement, the Stalking Horse Purchase Agreement would allow Ayurcann to continue as a going concern and preserve the employment of the vast majority of the Applicants' employees. Copies of the Stalking Horse Purchase Agreement and a redline comparison against the Purchase

Agreement are attached to the Fourth Sudman Affidavit as Exhibits “H” and “I”, respectively.

- 6.6 In the Monitor’s view, approval of the Back-Up Transactions is in the best interest of the Applicants and their stakeholders. Approval of the Back-Up Bid will provide certainty that a going-concern transaction will be consummated, avoids further delay, and eliminates the additional professional costs and judicial resources that would be required for a second motion if the Purchase Agreement does not close. The Back-Up Bid concept was also explicitly contemplated in the Court-approved Sale Process.
- 6.7 If the Transactions do not close, the Stalking Horse Purchase Agreement represents the next best offer received. The Monitor understands that counsel to Auxly has confirmed it is prepared to act as the Back-Up Bid and close the Back-Up Transactions if the Transactions do not close for any reason, subject to an Outside Date of May 15, 2026.
- 6.8 For these reasons, the Monitor supports approval of the Stalking Horse Purchase Agreement and the Back-Up Transactions.

Partial Distribution of Sale Proceeds

- 6.9 The proposed Approval and Reverse Vesting Order authorizes and directs the Monitor to make the following distributions to Auxly, in its capacities as DIP Lender and the Stalking Horse Bidder, from the Sale Proceeds:
- (i) a cash distribution equal to all amounts owing by Ayurcann to Auxly under the DIP Facility up to the Closing Date, inclusive of principal, interest and fees (the “**DIP**

Indebtedness”), in full and final repayment of all obligations owing by the Applicants under the DIP Facility; and

(ii) a cash distribution of \$264,200, in full and final satisfaction of the Bid Protections (as approved in the Sale Process Approval Order).

6.10 The DIP Indebtedness and the Bid Protections are both secured by super-priority charges, which will attach to the Sale Proceeds as part of the Transactions.

6.11 As reflected in the Updated Cash Flow Forecast (as defined below), the Applicants will have sufficient liquidity following the closing of the Transactions to satisfy all anticipated obligations secured by the other Charges granted during the CCAA Proceedings (including amounts secured under the Administration Charge).

6.12 Pursuant to the proposed Approval and Reverse Vesting Order, immediately upon the Auxly Distributions being completed, the Bid Protections Charge and the DIP Lender’s Charge will be forever and irrevocably terminated, released and discharged.

6.13 The repayment of the DIP Indebtedness on Closing will prevent the accrual of additional interest under the DIP Facility.

6.14 The Bid Protections, which are payable to Auxly in the circumstances, were approved pursuant to the Sale Process Approval Order and were a material condition and a key factor in securing the execution of the Stalking Horse Purchase Agreement.

6.15 The Monitor supports the proposed Auxly Distributions and does not believe that any stakeholder will be materially prejudiced by such distributions.

Releases

- 6.16 The Approval and Reverse Vesting Order provides for certain releases (the “**Releases**”) in favour of: (i) the Applicants and their current directors and officers (the “**Directors and Officers**”), employees, consultants, legal counsel and advisors; (ii) the current directors, officers and legal counsel of Residual Co.; (iii) the Monitor and its legal counsel; (iv) the Purchaser and its legal counsel; and (v) the DIP Lender and its legal counsel (collectively, the “**Released Parties**”).
- 6.17 The Releases release and discharge the Released Parties from all present and future liabilities and claims existing or taking place prior to the delivery of a certificate of the Monitor certifying that the Transactions have closed, arising in connection with or relating to:
- (i) any transactions, offers, omissions, dealings, or other facts, matters, occurrences or things existing or taking place prior to the Closing Time (as defined in the Purchase Agreement);
 - (ii) the Purchase Agreement and the consummation of the Transactions (or the Stalking Horse Purchase Agreement and the Back-Up Transactions, as the case may be);
 - (iii) the Auxly Distributions; and
 - (iv) any document, agreement, instrument, matter or transaction involving the Applicants arising in connection with or pursuant to any of the foregoing (collectively, the “**Released Claims**”).

- 6.18 The Released Claims do not include any claim for fraud or wilful misconduct or any claim that is not permitted to be released pursuant to subsections 5.1(2) or 19(2) of the CCAA.
- 6.19 The proposed Releases do not apply to any claim or liability against the Directors and/or the Officers that is an insured claim under the applicable directors' and officers' insurance policy (each an "**Insured Claim**"); however, any claimant's recovery (as applicable) will be solely limited to the proceeds under the Insured Claim.
- 6.20 In the Monitor's view, each of the Released Parties contributed meaningfully and were necessary to the CCAA Proceedings and the Applicants' successful restructuring, including the Applicants' efforts to address their financial difficulties, the Sale Process and the Transactions.
- 6.21 In respect of the application of the Releases to the Directors and Officers, the Monitor notes that the test for third party releases was established in the Ontario Court of Appeal's *Metcalf* decision. With reference to the relevant factors set out in the *Metcalf* test, the Monitor notes the following:
- (i) **Are the released parties necessary and essential to the restructuring?** The Monitor is of the view that the Directors and Officers of the Applicants provided critical direction and played an outsized role, leading up to and throughout the filing and administration of the CCAA Proceedings, as further detailed at paragraph 62 of the Fourth Sudman Affidavit.²

² As discussed in the Fourth Sudman Affidavit, the Directors and Officers played a critical role in identifying Auxly as a potential lender and stalking horse bidder prior to these CCAA Proceedings. They also assisted in the negotiations with Auxly to maximize value under the DIP Facility and the Stalking Horse Bid.

- (ii) **Are the claims to be released rationally connected to the purpose of the transaction and necessary for it?** In the Monitor's view, the involvement of the Directors and Officers was essential to obtaining the Stalking Horse Purchase Agreement and the Purchase Agreement as the Directors and Officers were heavily involved in negotiating the business transactions. Furthermore, given the relatively short period between seeking approval of the Transactions and the Outside Date, the Directors and Officers have communicated their willingness to assist the Monitor and the Purchaser in facilitating the orderly transition of the Applicants' business.
- (iii) **Can the transaction succeed without the release?** The Monitor understands that the granting of the proposed Releases is a condition precedent of the Purchaser under the Purchase Agreement, and as discussed above the Directors and Officers will assist in the orderly transition of the Applicants' business.
- (iv) **Have the parties benefiting from the release contributed in a tangible and realistic way to the transaction?** For the reasons identified in subparagraph (a) above, the Monitor is of the view that the successful outcome for the Applicants and their stakeholders by way of the Transactions would not have been possible without the Directors' and Officers' significant contributions to these CCAA Proceedings.
- (v) **Will the transaction benefit creditors, generally?** The Transactions benefit creditors generally for the reasons described above, including that they provide for the continuation of the Applicants' business as a going concern, provide the greatest

recovery available in the circumstances, including to unsecured creditors and prevent a value-destructive liquidation scenario.

- (vi) **Are the releases fair, reasonable and not overly broad or offensive to public policy?** The Releases in favour of the Directors and Officers are limited in scope and do not extend to any Insured Claim. In addition to the reasons above, the Applicants' intention to seek the Releases as part of any proposed transaction was disclosed in the Applicants' motion to approve the Sale Process and Stalking Horse Purchase Agreement. Moreover, the Directors and Officers did not receive any payments under the KERP, thereby preserving liquidity throughout the restructuring process.

6.22 The Monitor is also of the view that the other Released Parties were essential to the restructuring of the Applicants, as further detailed at paragraphs 65 and 66 to the Fourth Sudman Affidavit.

6.23 In the Monitor's view, the Releases benefit the Applicants and their stakeholders by permitting the Released Parties to focus on completing the Transactions and assisting in developing and administering a future claims process, provide finality in respect of actions taken during the CCAA Proceedings under the supervision of the Court, and are consistent with releases granted in recent reverse vesting transactions approved in other CCAA proceedings.

6.24 The Monitor is not aware of any opposition to the inclusion of the Releases from any stakeholder as of the date hereof. The Monitor is supportive of the proposed Releases and believes they are fair and reasonable in the circumstances.

Monitor's Enhanced Powers

- 6.25 The Monitor understands that following the closing of the Transactions, the Directors and Officers do not intend to continue in their roles for Residual Co. The proposed Approval and Reverse Vesting Order therefore expands the Monitor's powers to facilitate an orderly transition of the business and to conduct any remaining activities prior to the ultimate winddown of Residual Co.'s estate.
- 6.26 Given the circumstances, the Monitor is of the view that it is best positioned to supervise and administer the wind-down of Residual Co. and that the proposed expansion of its powers is appropriate, given, among other things, that:
- (i) at closing, Residual Co. will have no directors or officers, active business operations or retained employees; and
 - (ii) without the proposed expansion of the Monitor's powers, no party will have the necessary authority or capacity to administer the estates or wind-down of Residual Co., including any distributions to creditors, nor to advance and eventually terminate the CCAA Proceedings.
- 6.27 The proposed Monitor's Enhanced Powers are currently limited to Residual Co. and do not expand to Ayurcann Parent – as Ayurcann Parent will remain involved with any future claims process and any subsequent distribution motion (as the Monitor will require the assistance of Ayurcann Parent's directors to assist in quantifying, validating and resolving any submitted claims).

Stay of Proceedings

- 6.28 The Stay under the Second ARIO expires on April 30, 2026. Pursuant to the Approval and Reverse Vesting Order, the Applicants are seeking an extension of the Stay until and including June 30, 2026.
- 6.29 The Monitor supports the Applicants' request to extend the Stay for the following reasons:
- (i) it will provide the stability and certainty necessary to complete the Transactions, if approved by the Court;
 - (ii) it will allow the Monitor to administer Residual Co.'s remaining operations for the purposes of transitioning the business pursuant to the Transactions, including the administration of any contracts vested in Residual Co. that are necessary for transition;
 - (iii) it will provide time for the approval and implementation of a claims process. The Monitor understands that, following closing of the Transactions, the Applicants intend to return to the Court to seek approval of a claims process in order to facilitate distributions to the Applicants' unsecured creditors;
 - (iv) the Updated Cash Flow Forecast (as further detailed below) demonstrates that the Applicants, subject to the closing of the Transactions, are projected to have sufficient liquidity to fund their obligations and the costs of these CCAA Proceedings through the end of the extended Stay;
 - (v) the Applicants have acted and continue to act in good faith and with due diligence to advance their restructuring efforts and the CCAA Proceedings; and

- (vi) the Monitor is not aware of any party that would be materially prejudiced by the proposed Stay Extension.

Sealing of Employee Information

- 6.30 Schedule “I” to the Purchase Agreement is a summary of the Retained Employees (the **“Retained Employee List”**).
- 6.31 The Applicants are requesting a sealing order for the Retained Employee List, which contains information that is both commercially sensitive and personal to the Retained Employees.
- 6.32 The Monitor believes it is appropriate to seal the Retained Employee List. Sealing requests of this nature related to sensitive and personal information are consistent with the approach taken in other CCAA proceedings for sensitive personal and financial information, protect the privacy of the Retained Employees and will help to avoid any unnecessary disruption or distraction that such disclosure may cause. The Monitor does not believe that any stakeholder will be prejudiced if the information in the confidential Retained Employee List is sealed.

7.0 CASH FLOW RESULTS RELATIVE TO FORECAST

- 7.1 Receipts and disbursements for the 10-week period from February 7, 2026 to April 17, 2026 (the **“Reporting Period”**), as compared to the cash flow forecast attached as Appendix “A” to the Supplemental Second Report (the **“Cash Flow Forecast”**), are summarized here:

Cash Flow Variance Report		April 17, 2026	
<i>(CAD \$000s, unaudited)</i>	<u>Actual</u>	<u>Forecast</u>	<u>Variance</u>
Receipts	5,781	5,891	(110)
Disbursements			
Payroll & Benefits	(723)	(779)	57
Sales and Marketing	(2,686)	(3,722)	1,036
Excise Taxes	(987)	(1,262)	276
Sales Taxes	(232)	(313)	81
Office and General	(593)	(698)	105
Professional Fees	(1,107)	(910)	(197)
Total Disbursements	(6,327)	(7,685)	1,357
Net Cash Flow	(546)	(1,793)	1,247
Beginning Cash	1,444	1,444	--
Net Cash Flow	(546)	(1,793)	1,247
DIP – Cash Draws	500	1,600	(1,100)
Ending Cash	1,398	1,251	147

7.2 As at April 17, 2026, Ayurcann’s cash balance was approximately \$1.4 million, and \$500,000 had been drawn under the DIP Facility.

7.3 During the Reporting Period, the Applicants’ net cash flow was approximately \$1.2 million greater than projected in the Cash Flow Forecast. This variance is primarily attributed to the timing of sales and marketing costs (\$1.0 million), and is expected to partially reverse in future weeks.

8.0 UPDATED CASH FLOW FORECAST

8.1 Ayurcann, with the assistance of the Monitor, has prepared an updated cash flow (the “**Updated Cash Flow Forecast**”) for the 11-week period ending July 3, 2026 (the “**Cash Flow Period**”). A copy of the Updated Cash Flow Forecast, together with a summary of assumptions (the “**Cash Flow Assumptions**”), are attached hereto as **Appendix “B”**.

8.2 A summary of the Updated Cash Flow Forecast is set out in the following table:

Ayurcann	11-Weeks
Cash Flow Forecast	\$000's
Receipts	
AR Collections	1,551
Transaction – Proceeds	5,004
Total Receipts	6,555
Disbursements	
Payroll & Benefits	(459)
Sales and Marketing	(1,541)
Excise Taxes	(1,402)
Sales Taxes	(19)
Office and General	(486)
Restructuring Professional Fees	(641)
KERP	(66)
Transaction – Bid Protections	(264)
Total Disbursements	(4,878)
Net Cash Flow	1,677
Opening Cash Balance	1,398
Net Cash Flow	1,677
DIP Draws	1,000
DIP (Repayment)	(1,705)
Ending Cash Balance	\$2,369

8.3 The Monitor notes the following:

- (i) AR collections include the collection of existing accounts receivable and forecast sales prior to the Closing Date (as defined in the Purchase Agreement);
- (ii) transaction proceeds represent the Purchase Price payable in cash on the Closing Date;
- (iii) payroll and benefits include salaries, benefits, and related payroll taxes;

- (iv) sales and marketing include the cost of supplies and materials relating to product sales together with other selling expenses required for operations;
- (v) office and general include non-merchandise vendor payments, including rent, insurance and other expenses;
- (vi) restructuring professional fees include the fees of Ayurcann's counsel, the Monitor and the Monitor's counsel; and
- (vii) DIP draws / (repayment) reflects the April 23, 2026 draw of \$1.0 million under the DIP Facility and repayment of the outstanding DIP Facility balance on the Closing Date of approximately \$1.7 million, including fees and accrued interest, in the week ending May 15, 2026.

8.4 During the Cash Flow Period, net cash flows are projected to be \$1.7 million, which are forecast to be funded by cash on hand, the April 23, 2026 draw of \$1.0 million under the DIP Facility and the sale proceeds to be received in connection with completion of the Transactions.

Monitor's Review

8.5 Based on the Monitor's review,³ nothing has come to its attention that causes it to believe, in all material respects that: (i) the Cash Flow Assumptions are not consistent with the

³ The Monitor has reviewed the Updated Cash Flow Forecast to the standard required of a Court-appointed Monitor by section 23(1)(b) of the CCAA. Section 23(1)(b) requires a Monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the Monitor's findings. Pursuant to this standard, the Monitor's review of the Updated Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by the Company's key members of management. The Monitor reviewed information provided by management for the Cash Flow Assumptions. Since the Cash Flow Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Updated Cash Flow Forecast.

purpose of the Updated Cash Flow Forecast; (ii) as at the date of this Third Report, the Cash Flow Assumptions are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the Cash Flow Assumptions; or (iii) the Updated Cash Flow Forecast does not reflect the Cash Flow Assumptions.

8.6 The Cash Flow Forecast has been prepared solely for the purpose described above and readers are cautioned that it may not be appropriate for other purposes.

9.0 ACTIVITIES OF THE MONITOR

9.1 Since the date of the Second Report, the primary activities of the Monitor have included the following:

- (i) implementing the Sale Process, which included meeting with and responding to inquiries from bidders, assisting bidders with due diligence, administering facility tours, and reviewing and negotiating the Revised Emblem Bid and selecting it as the Successful Bid;
- (ii) with the assistance of its legal counsel, Reconstruct LLP (“RECON”), reviewing closing documents and supporting efforts to advance various closing workstreams to facilitate the closing of the proposed Transactions;
- (iii) engaging in meetings with Emblem and the Applicants related to the transition of the business and closing matters;

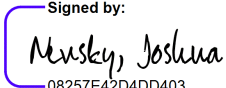
- (iv) monitoring the Applicants' cash receipts and disbursements, assisting in preparing weekly cash flow variance reporting and assisting in preparing the Updated Cash Flow Forecast;
- (v) engaging with certain customers, and stakeholders who have reached out to the Monitor;
- (vi) updating the Case Website and coordinating the posting of Court-filed documents to the Case Website;
- (vii) responding to creditor and other inquiries received via the Monitor's toll-free number and email account for the CCAA Proceedings;
- (viii) reviewing and commenting on the Applicants' materials filed in support of the relief sought in the Approval and Reverse Vesting Order; and
- (ix) with the assistance of RECON, preparing this Third Report.

10.0 MONITOR'S RECOMMENDATION

10.1 For the reasons set out in this Third Report, the Monitor respectfully recommends that the Court grant the Approval and Reverse Vesting Order in the form sought by the Applicants.

All of which is respectfully submitted to this Court this 24th day of April, 2026.

ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Monitor of Ayurcann
Holdings Corp. *et al.*

Per:  Signed by:
Nevsky, Joshua
08257E42D4DD403...

Josh Nevsky
Senior Vice President

APPENDIX A
SECOND REPORT OF THE MONITOR

**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.**

**SECOND REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

FEBRUARY 11, 2026

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APPENDICES

Appendix A –First Report of the Monitor (without Appendices)

Appendix B – Summary of Recent Comparable DIP Facilities

Appendix C – Updated Cash Flow Forecast for the Period Ending May 1, 2026

1.0 INTRODUCTION

1.1 On January 30, 2026 (the “**Filing Date**”), Ayurcann Holdings Corp. (“**Ayurcann Parent**”) and Ayurcann Inc. (collectively, the “**Applicants**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The proceedings commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.

1.2 The Initial Order, among other things: (i) appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of the Applicants (in such capacity, the “**Monitor**”); (ii) granted an initial 10 day stay of proceedings (as extended from time-to time in these proceedings, the “**Stay**”); (iii) extended the benefit of the Stay to Ayurcann Holding Corp. and Ayurcann Merger Sub Inc. (the “**Non-Applicant Stay Parties**” and together with the Applicants, “**Ayurcann**”); and (iv) granted the Administration Charge and the Directors’ Charge (each as defined in the Initial Order).

1.3 On February 9, 2026, the Court granted the Amended and Restated Initial Order (the “**ARIO**”), which modified the Initial Order in certain respects. The ARIO, among other things:

- (i) increased the Administration Charge and Directors’ Charge up to a maximum of \$800,000 and \$3,020,000, respectively;
- (ii) approved the Applicants’ key employee retention plan (the “**KERP**”) and granted a super-priority charge over the Property as security for payments to be made in accordance with the KERP in the maximum amount of \$66,250;

- (iii) authorized the Applicants, with the consent of the Monitor, to pay certain amounts owing for goods and services supplied to the Applicants prior to the Filing Date;
- (iv) preserved the *status quo* of the Regulatory Licenses; and
- (v) extended the Stay in favour of the Applicants and the Non-Applicant Stay Parties up to and including February 27, 2026.

1.4 Additional details regarding Ayurcann as well as their business and financial circumstances are set out in the Pre-Filing Report of the Proposed Monitor dated January 29, 2026 (the “**Pre-Filing Report**”) and the First Report of the Monitor dated February 6, 2026 (the “**First Report**”). The Pre-Filing Report, the First Report and other public Court-filed documents in the CCAA Proceedings are available on the Monitor’s case website at: www.alvarezandmarsal.com/Ayurcann (the “**Case Website**”). A copy of the First Report is attached hereto (without appendices) as **Appendix “A”**.

1.5 This second report of the Monitor (the “**Second Report**”) should be read in conjunction with the affidavit of Igal Sudman, Chief Executive Officer of Ayurcann, sworn February 8, 2026 (the “**Third Sudman Affidavit**”). Capitalized terms used and not defined in this Second Report have the meanings given to them in the First Report or the Third Sudman Affidavit, as applicable.

2.0 PURPOSE OF THIS REPORT

2.1 The purpose of this report (the “**Second Report**”) is to provide the Court with information regarding, and where applicable, the Monitor’s views on:

- (i) the proposed sale process (the “**Sale Process**”);

- (ii) the Applicants’ motion for an order (the “**Sale Process Approval Order**”), which among other things:
- (a) approves the Sale Process in a form substantially similar to the form attached as Schedule “A” to the Sale Process Approval Order;
 - (b) authorizes and directs the Applicants and the Monitor to implement the Sale Process, and to take any and all actions as may be necessary or desirable to implement and carry out the Sale Process in accordance with its terms and the Sale Process Approval Order;
 - (c) authorizes and approves the Applicants’ execution of the Agreement of Purchase and Sale dated February 8, 2026 (the “**Stalking Horse Purchase Agreement**”) between the Applicants and Auxly Cannabis Group Inc. (“**Auxly**” and in such capacity, the “**Stalking Horse Bidder**”), and approves the Stalking Horse Purchase Agreement solely for the purposes of acting as the “**Stalking Horse Bid**” under the Sale Process; and
 - (d) grants a Court-ordered charge over the Property in favour of the Stalking Horse Bidder as security for payment of the Bid Protections (as defined below);
- (iii) the Applicants’ motion for a Second Amended and Restated Initial Order (the “**Second ARIO**”), which among other things:
- (a) extends the Stay in favour of the Applicants and the Non-Applicant Stay Parties to and including April 30, 2026; and

- (b) approves the proposed interim debtor-in-possession financing facility (the “**DIP Facility**”) and the related DIP Lender’s Charge (as defined below);
- (iv) the Applicants’ cash flow results for the one-week period ended February 6, 2026;
- (v) the Applicants’ updated cash flow forecast for the 12-week period ending May 1, 2026;
- (vi) the activities of the Monitor since the date of the First Report (February 6, 2026);
and
- (vii) the Monitor’s conclusions and recommendations in connection with the foregoing.

3.0 TERMS OF REFERENCE AND DISCLAIMER

3.1 In preparing this Second Report, A&M, in its capacity as the Monitor, has been provided with, and has relied upon, unaudited financial information and the books and records prepared by Ayurcann, and has had discussions with management of Ayurcann and its legal counsel (collectively, the “**Information**”). Except as otherwise described in this Second Report in respect of Ayurcann’s cash flow forecast:

- (i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor

expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

- (ii) some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

3.2 Future oriented financial information referred to in this Second Report was prepared based on Ayurcann's management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

3.3 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

4.0 STALKING HORSE PURCHASE AGREEMENT AND SALE PROCESS

Stalking Horse Purchase Agreement

4.1 The objective of these CCAA Proceedings is to stabilize and restructure the Applicants' business and to commence a Court-supervised sale process for Ayurcann's business and assets to seek a value maximizing going concern transaction for the benefit of the Applicant's stakeholders. The Monitor supports the Applicants entering into a stalking horse agreement as beneficial to such Sale Process as it provides greater transactional certainty, helps preserve the business as a going concern, and establishes a minimum bid

price for the Sale Process, while permitting an opportunity to broadly canvass the market for superior offers, through the proposed Sale Process.

- 4.2 In the weeks leading up to the commencement of the CCAA Proceedings, the Applicants engaged in discussions with a small group of parties that had been identified by the Applicants' senior management team regarding potential opportunities to provide the Applicants with the interim financing required to continue operations and fund these CCAA Proceedings and serve as a stalking horse bid in the contemplated sale process.
- 4.3 Following A&M's engagement as financial advisor on January 12, 2026, A&M participated in discussions with these interested parties. On January 21, 2026, A&M distributed a draft form of term sheet outlining key terms of a stalking horse bid and DIP financing structure, and requested marked-up versions from the parties. Following receipt of the submissions, negotiations were held with each of the parties in an attempt to increase their purchase price and enhance overall bid terms.
- 4.4 On January 27, 2026, A&M established a "final bid deadline", requesting each participant's best and final offer. After reviewing the submissions, the Applicants, in consultation with the Monitor, determined that Auxly (an arm's length third-party) provided the most favourable bid and the Applicants continued to advance the proposed Auxly transaction from that time.
- 4.5 On February 8, 2026, the Applicants entered into the Stalking Horse Purchase Agreement (subject to Court approval) with the Stalking Horse Bidder, as purchaser, to acquire substantially all of the assets or shares of Ayurcann on the terms and conditions set forth

therein. A copy of the Stalking Horse Purchase Agreement is attached as Exhibit “F” to the Third Sudman Affidavit.

4.6 Pursuant to the Sale Process Approval Order, the Applicants seek, among other things: (i) authorization to enter into the Stalking Horse Purchase Agreement; (ii) approval of the Stalking Horse Purchase Agreement as the Stalking Horse Bid under the Sale Process; and (iii) approval of the Bid Protections (as defined below) in the event that the Stalking Horse Bidder is not the Successful Bid under the Sale Process, and granting of a charge (the “**Bid Protections Charge**”) in the maximum amount of \$264,200, as security for payment of the Bid Protections. Capitalized terms used and not defined in this section of the Second Report have the meanings given to them in the Stalking Horse Purchase Agreement.

4.7 The Monitor’s understanding of certain key terms of the Stalking Horse Purchase Agreement is summarized below:

- (i) the Stalking Horse Bidder will subscribe to newly issued common shares of Ayurcann, through a reverse vesting transaction, pursuant to which all equity interest in Ayurcann will be cancelled without consideration (the “**Transaction**”);
- (ii) all of the Excluded Assets, Excluded Contracts and Excluded Liabilities of the Applicants will be transferred to a new subsidiary of Ayurcann Parent, to be incorporated, which will be added as an applicant in these CCAA Proceedings (or, alternatively, one of the Non-Applicant Stay Parties);
- (iii) the Purchase Price under the Stalking Horse Purchase Agreement is \$4,640,000, comprised of: (i) a credit-bid in the full amount outstanding under the DIP Facility,

inclusive of interest, fees and costs; and (ii) a cash payment for the remaining balance of the Purchase Price;

- (iv) in addition to the Purchase Price, the Stalking Horse Bidder: (ii) will assume certain Retained Liabilities, which include, among other things, certain employer liabilities of Retained Employees, Cure Costs, liabilities required by Applicable Law to maintain the retained Permits and Licenses, trade payables and other liabilities relating to the Business incurred in the ordinary course after the Filing Date, and certain tax obligations;
- (v) the Stalking Horse Bidder, will acquire all of the assets or shares of Ayurcann, which will remain possessed of the Retained Assets and Retained Liabilities. The Stalking Horse Bidder has various rights to exclude or add certain assets and liabilities at prescribed times under the Stalking Horse Purchase Agreement;
- (vi) the Stalking Horse Purchase Agreement is conditional upon, among other things, the Court issuing the Sale Process Approval Order, the Stalking Horse Bid being selected as the Successful Bid and the Court issuing the Vesting Order;
- (vii) the Stalking Horse Purchase Agreement includes certain termination rights in favour of the Stalking Horse Bidder, among others, if the Stalking Horse Bidder is not the Successful Bid (as defined in the Sale Process) and the transaction contemplated by the Successful Bid is closed. In such case, the Stalking Horse Bidder is entitled to: (i) a break fee of \$139,200 (the “**Break Fee**”); and (ii) an expense reimbursement for the Stalking Horse Bidder’s legal and other costs up to a maximum amount of \$125,000 (together with the Break Fee, the “**Bid**

Protections”). The maximum amount of the Bid Protections is equal to approximately 5.7% of the Purchase Price; and

(viii) the outside date to consummate the Transaction is May 15, 2026.

Overview of the Sale Process

4.8 Pursuant to the Sale Process Approval Order, the Applicants are also seeking, among other things, the Court’s approval of the Sale Process and the Bidding Procedures set forth therein. Capitalized terms in this section not otherwise defined herein have the meanings ascribed to them in the proposed Sale Process.

4.9 The Sale Process contemplates a single-phase process administered by the Monitor and the Applicants over approximately 46 days. Pursuant to the Bidding Procedures, the Sale Process is intended to solicit interest in, and opportunities for, higher and better offers than that set out in the Stalking Horse Bid in contemplation of a sale of all or part of Ayurcann’s assets and business operations, on a going-concern basis (the **“Opportunity”**). If Qualified Bids other than the Stalking Horse Bid are received, the Sale Process provides for an Auction in order to determine the highest or otherwise best bid.

4.10 The following is a summary of the key terms and milestones contemplated by the Sale Process:

Sale Process Summary <i>(Certain capitalized terms below have the meanings ascribed in the proposed Sale Process)</i>		
Phase / Event	Timeline	Description of Activities
Approval and Commencement	February 13, 2026	<ul style="list-style-type: none"> Scheduled hearing of the Sale Process Approval Order.

Sale Process Summary <i>(Certain capitalized terms below have the meanings ascribed in the proposed Sale Process)</i>		
of the Sale Process		<ul style="list-style-type: none"> • Commencement of the Sale Process on February 13, 2026 or as soon as practicable thereafter (the “Commencement Date”). • The Monitor in consultation with the Applicants, shall prepare a list of known bidders, publish a notice of the Sale Process on the Case Website, prepare the Teaser Letter, the NDA and a virtual data room.
Notification Process	For a period of up to 46 days after the commencement of the Sale Process	<ul style="list-style-type: none"> • The Monitor and the Applicants will solicit interest from potential bidders and distribute the Teaser Letter. • Upon execution of the NDA, parties will be granted access to the virtual data room and provided due diligence materials.
Bid Deadline	5:00PM ET on Tuesday March 31, 2026	<ul style="list-style-type: none"> • Parties must satisfy certain criteria to be considered a Qualified Bid.
Review of Qualified Bids	April 6, 2026	<ul style="list-style-type: none"> • At a minimum, a Qualified Bid must provide cash consideration sufficient to pay in full the Stalking Horse Bid of \$4,640,000, plus the Bid Protections of \$264,200 and a minimum overbid increment of \$100,000 (the “Minimum Purchase Price”). • Qualified Bids must also be accompanied by a cash deposit equal to 10% of the proposed Consideration Value. • Bids must satisfy all criteria set out in paragraph 19 of the Sale Process to be considered a Qualified Bid. • If no Qualified Bid is received, then the Stalking Horse Bid will be deemed the Successful Bid and the Applicants will promptly seek Court approval of the Stalking Horse Purchase Agreement.
Auction	April 10, 2026	<ul style="list-style-type: none"> • If one or more Qualified Bids, other than the Stalking Horse Bid, are received, the Sale Process will proceed to an Auction to identify the highest or otherwise best bid. • The Monitor will identify a Lead Bid, and a copy will be provided to all Qualified Bidders participating in the Auction by April 6, 2026. • Following each auction round, the Applicants and the Monitor will determine the highest and/or best bid to serve as the opening bid for the next round. • At the conclusion of each round, the Monitor will advise the Qualified Bidders of the material terms of the then highest and/or best offer and the basis of the calculation. • Any Qualified bid that elects not to submit a further bid will be excluded from subsequent auction round. • If only one Qualified Bid is submitted in a round, that bid will be deemed the Successful Bid.
Evaluation and Successful Bid	April 10, 2026 or such later date immediately thereafter if the	<ul style="list-style-type: none"> • The highest or otherwise best bid at the completion of the Auction will be designated as the Successful Bid.

Sale Process Summary <i>(Certain capitalized terms below have the meanings ascribed in the proposed Sale Process)</i>		
Selection Deadline	Auction is not completed in one day	<ul style="list-style-type: none"> The next highest offer, as determined by the Applicants and the Monitor (the “Back-Up Bid”), must remain open and available for acceptance until closing of the Court-approved transaction with the Successful Bidder.
Approval and Vesting Order Motion	April 24, 2026 (or earliest date available thereafter)	<ul style="list-style-type: none"> The Applicants will bring a motion for an Order approving the Successful Bid(s). The Approval and Vesting Order Motion will be brought as soon as practicable following the Auction, if competing Qualified Bids are received, or following the Bid Deadline if no Qualified Bids are received and the Stalking Horse Bid is deemed the Successful Bid. The Applicants, with the consent of the Monitor, may adjust the timing of the Approval and Vesting Order Motion to maximize value, provided such timing remains consistent with the terms of the Stalking Horse Bid.
Outside Date	May 15, 2026	<ul style="list-style-type: none"> The Sale Process has an outside date of May 15, 2026, by which the parties are to close the transaction(s) contemplated in the Successful Bid(s).

4.11 The Monitor, with the assistance of the Applicants, has developed a list of potential bidders, a Teaser Letter describing the Opportunity and a form of non-disclosure agreement (“**NDA**”), each of which will be sent to potential bidders and other parties expressing interest in the Opportunity upon the commencement of the Sale Process.

General Comments Regarding the Sale Process and Stalking Horse Purchase Agreement

4.12 The Sale Process timeline was negotiated among the Applicants, the Monitor, and the proposed DIP Lender. The Sale Process and its timeline are supported by all of the aforementioned parties and adherence to the timelines and milestones set out in the Sale Process is a requirement of the DIP Lender providing the DIP Facility. The Sale Process milestones were developed to balance the time required to administer a commercially reasonable marketing process designed to maximize opportunities for value maximizing sale of all or part of the Applicants’ assets and business with the available financial resources of the Applicants.

- 4.13 The Sale Process provides the flexibility for the Monitor to modify, amend, vary or supplement the Bidding Procedures and the Auction Procedures, in order to give effect to the substance of the Sale Process without the need for obtaining an order of the Court. Specifically, the Monitor may extend the milestones and deadlines in the Sale Process, in consultation with the Applicants and in accordance with the Sale Process and DIP Facility.
- 4.14 The Monitor will manage the day-to-day execution of the Sale Process. The Applicants are required to assist and support the efforts of the Monitor as provided for in the Sale Process. In the event that clarification is required with respect to the Sale Process, the Monitor has the ability to seek the advice and direction of the Court.
- 4.15 The Monitor has considered and supports the relief sought by the Applicants pursuant to the proposed Sale Process Approval Order for the following reasons:
- (i) the Monitor is of the view that the Sale Process, the Bidding Procedures and the Auction Procedures are commercially reasonable and have been designed to maximize value through a competitive bidding process, and to provide greater certainty of a going concern outcome for the business should the Sale Process not produce a superior result to the Stalking Horse Purchase Agreement;
 - (ii) the Monitor is of the view that Sale Process participants will have sufficient time to review the Opportunity and submit a binding Qualified Bid (46 days). Of note, the Monitor has sufficiently advanced the materials supporting the Sale Process (i.e. a Teaser Letter, NDA, list of interested parties, and information to be populated in the virtual data room) such that the materials can be sent to interested parties and

known Potential Bidders immediately following the issuance of the Sale Process Approval Order, if granted;

- (iii) the Monitor has compared the Bid Protection (5.7% of the Purchase Price) to other stalking horse break fees and expense reimbursements approved by this Court in similar proceedings, and based on the Monitor's review, the Bid Protections appear to be reasonable in the circumstances and typical for a transaction of this size and complexity. The Monitor observes that previously approved bid protections tend to be higher as a percentage of purchase price where, as here, purchase prices are lower; and
- (iv) the Monitor does not believe the creditors of the Applicants would be materially prejudiced by the Stalking Horse Purchase Agreement, the Sale Process, the Bidding Procedures or the Auction Procedures.

5.0 DIP FINANCING

- 5.1 The Updated Cash Flow Forecast indicates that interim financing is required to fund the Applicants' operations during the CCAA Proceedings and through the course of the Sale Process. Accordingly, on February 8, 2026, at the same time the Stalking Horse Purchase Agreement was executed, the Applicants entered into the DIP Facility with Auxly (in such capacity, the "**DIP Lender**").
- 5.2 The requested Second ARIIO contemplates that borrowings under the DIP Facility will be secured by way of a court-ordered priority charge (the "**DIP Lender's Charge**"), subordinate only to the Administration Charge.

5.3 A summary of certain key terms of the DIP Facility is set out below. Reference should be made to the full terms and conditions of the Debtor-in-Possession Facility Commitment Letter dated February 8, 2026, a copy of which is attached to the Third Sudman Affidavit as Exhibit “E” (the “**DIP Agreement**”).

DIP Facility <i>(capitalized terms have the meaning ascribed thereto in this First Report or in the DIP Agreement)</i>	
Parties	<ul style="list-style-type: none"> • Borrower: Ayurcann Inc. • Guarantor: Ayurcann Holdings Corp. • DIP Lender: Auxly Cannabis Group Inc.
Facility Size	<ul style="list-style-type: none"> • Non-revolving loan up to the principal amount of \$2,000,000 • Available in advances on the dates and in the amounts noted in the Cash Flow Projections, which must be approved by the Lender (the “Advances”)
Purpose	<ul style="list-style-type: none"> • Advances shall be used in accordance with the Cash Flow Projections for the following purposes: <ol style="list-style-type: none"> 1. to fund the working capital and restructuring expenses of the Loan Parties necessary for the preservation of the business and assets of the Loan Parties during the CCAA Proceedings; 2. to fund the reasonable and documented professional fees and disbursements associated with the CCAA Proceedings; 3. to fund the payment of interest, fees, and other amounts payable under the DIP Facility; and 4. to fund such other costs and expenses as agreed to in advance, in writing, by the Lender.
Interest and Fees	<ul style="list-style-type: none"> • Interest: 12% per annum • Commitment Fee: \$40,000 (2% of DIP Facility)
Cash Flow Test	<ul style="list-style-type: none"> • An Event of Default occurs for each Test Period: (a) if the sum of actual cumulative Operating Disbursements exceeds 115% of the sum of the cumulative Operating Disbursements set forth in the then approved Cash Flow Projections (all excluding professional fees); or (b) if actual cumulative cash receipts is less than 85% of the cumulative cash receipts set forth in the then approved Cash Flow Forecast. • Test Period means every two-week period on a cumulative and rolling basis commencing at the end of Week 3 in the Cash Flow Projections.
Term and Repayment	<ul style="list-style-type: none"> • The DIP Facility shall terminate on the earliest to occur of (“DIP Termination Date”): <ol style="list-style-type: none"> 1. the closing of the purchase and sale of all or substantially all of the assets or shares of the Borrower; 2. the effective date of any Plan;

DIP Facility <i>(capitalized terms have the meaning ascribed thereto in this First Report or in the DIP Agreement)</i>	
	<ol style="list-style-type: none"> 3. the early termination of the DIP Facility in accordance with the terms of this Agreement by the Lender (in writing) upon the occurrence and during the continuation of an Event of Default; 4. unless otherwise consented to by the Lender, May 15, 2026; 5. the termination, expiration, or conversion of the CCAA Proceedings; and 6. payment in full of all amounts owing under the DIP Facility.
DIP Collateral	<ul style="list-style-type: none"> • To be secured by the DIP Lender’s Charge

Monitor’s View on the DIP Facility

5.4 The Monitor respectfully recommends that the Court approve the DIP Facility for the following reasons:

- (i) the Applicants have no other financing alternative and, in the absence of the DIP Facility being approved, the Applicant will have no liquidity to fund its operations or these CCAA Proceedings for the duration of the requested extended Stay period;
- (ii) the Monitor has reviewed comparable DIP financing facilities and is of the view that the terms of the DIP Facility, including the interest rate and fees charged, are reasonable and within market parameters. Attached as Appendix “B” is a summary of select DIP financing facilities that have recently been approved by this Court in similar CCAA proceedings. The Monitor notes that these comparable DIP loans:
 - (a) range in size from \$0.4 million to \$31.0 million;
 - (b) have interest rates in the range of 8% to 20%, with an average rate of 12%; and
 - (c) have incremental fees that average 1.9%. In comparison, the proposed DIP Facility contemplates an interest rate of 12% and a commitment fee of 2%; and

(iii) as set out in the Updated Cash Flow Forecast below, the DIP Facility is projected to provide the Applicants with sufficient liquidity through the requested extended Stay period to allow the Applicants to maintain business and ordinary course operations through the completion of the Sale Process.

6.0 COURT-ORDERED CHARGES SOUGHT IN THE SECOND ARIO

6.1 The proposed Second ARIO seeks the granting of the DIP Lender’s Charge up to a maximum amount of \$2,000,000 plus accrued and unpaid interest, fees and expenses in accordance with the DIP Agreement. The proposed Second ARIO also contemplates a charge as security for payment of the Bid Protections over the Property of Ayurcann. Besides the approval of the quantum and priority of the DIP Lender’s Charge and the Bid Protections Charge, no changes to the remaining Court-ordered Charges from the relief granted in the ARIO are requested.

6.2 The priorities of the Charges are proposed to be as follows:

Proposed Charges & Priorities		
1. Administration Charge		\$800,000
2. DIP Lender’s Charge	\$2,000,000 plus interest, fees, and expenses	
3. Directors’ Charge		\$3,020,000
4. KERP Charge		\$66,250
5. Bid Protection Charge		\$264,200

DIP Lender’s Charge

6.3 The Applicants seek to borrow up to a maximum principal amount of \$2,000,000 under the DIP Facility and are seeking the approval of the DIP Lender’s Charge on the Property as security for the outstanding obligations under the DIP Facility.

6.4 The DIP Lender's Charge is a condition of the DIP Facility, without which, the Applicants would have to cease going concern operations in the near term and not have the liquidity to fund their operations until the end of the Sale Process.

Bid Protections Charge

6.5 The Applicants seeks the granting of a Court-ordered charge up to the maximum amount of \$264,200 over the Property in favour of the Stalking Horse Bidder as security for the Stalking Horse Bid.

6.6 The Bid Protections Charge is a requirement of the Stalking Horse Bidder to enter into the Stalking Horse Purchase Agreement which is a key feature of the Sale Process. The Bid Protections are an integral term of the Stalking Horse Purchase Agreement, which is a key feature of the Sale Process. Without the Bid Protections, the Stalking Horse Bidder has advised that it would not have agreed to act as the Stalking Horse Bid in the Sale Process.

6.7 As described above, the Monitor believes that the Charges are reasonable in the circumstances.

7.0 CASH FLOW RESULTS RELATIVE TO FORECAST

7.1 Receipts and disbursements for the period from January 31, 2026 to February 6, 2026 (the "**Reporting Period**"), as compared to the cash flow forecast attached as Appendix "C" to the First Report (the "**Cash Flow Forecast**"), are summarized here:

Cash Flow Variance Report			
<i>(CAD \$000s, unaudited)</i>	<u>Actual</u>	<u>Forecast</u>	<u>Variance</u>
Receipts	641	389	252
Disbursements			
Payroll & Benefits	(--)	(8)	8
Sales and Marketing	(--)	(--)	--
Excise Taxes	(--)	(--)	--
Sales Taxes	(--)	(--)	--
Office and General	(74)	(100)	27
Professional Fees	(--)	(--)	--
Total Disbursements	(74)	(108)	35
Net Cash Flow	567	281	287
Beginning Cash	876	876	--
Net Cash Flow	567	281	287
Ending Cash	1,444	1,157	287

7.2 As at February 6, 2026, Ayurcann’s cash balance was approximately \$1.4 million.

7.3 During the Reporting Period, the Applicants’ net cash flow was approximately \$287,000 greater than projected in the Cash Flow Forecast. This variance is primarily attributed to the timing of collection and disbursements, and is expected to reverse in future weeks.

8.0 UPDATED CASH FLOW FORECAST

8.1 Ayurcann, with the assistance of the Monitor, has prepared an updated cash flow (the “**Updated Cash Flow Forecast**”) for the 12-week period ending May 1, 2026 (the “**Cash Flow Period**”). A copy of the Updated Cash Flow Forecast, together with a summary of assumptions (the “**Cash Flow Assumptions**”), are attached hereto as **Appendix “C”**.

8.2 A summary of the Updated Cash Flow Forecast is set out in the following table:

Ayurcann Cash Flow Forecast	12-Weeks \$000's
Receipts	\$7,474
Disbursements	
Payroll & Benefits	(927)
Sales and Marketing	(4,543)
Excise Taxes	(2,479)
Sales Taxes	(464)
Office and General	(864)
KERP	(66)
Restructuring Professional Fees	(1,080)
Total Disbursements	(10,423)
Net Cash Flow	(2,949)
Opening Cash Balance	1,444
Net Cash Flow	(2,949)
DIP Draws	1,900
Ending Cash Balance	\$395

8.3 The Monitor notes the following:

- (i) receipts include the collection of existing accounts receivable and forecast sales from the continuing operations;
- (ii) payroll and benefits include salaries, benefits, and taxes;
- (iii) sales and marketing include cost of supplies and materials relating to product sales along with other selling expenses required for operations;
- (iv) office and general include non-merchandise vendor payments, including rent, insurance and other expenses; and
- (v) restructuring professional fees include the fees of Ayurcann's counsel, the Monitor and the Monitor's counsel.

8.4 During the Cash Flow Period, net cash flows are projected to be negative \$2.9 million, which is projected to be funded by cash on hand, and anticipated draws under the DIP Facility.

Monitor's Review

8.5 Based on the Monitor's review¹, nothing has come to its attention that causes it to believe, in all material respects that: (i) the Cash Flow Assumptions are not consistent with the purpose of the Updated Cash Flow Forecast; (ii) as at the date of this Second Report, the Updated Cash Flow Assumptions are not suitably supported and consistent with the plans of Ayurcann or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the Cash Flow Assumptions; or (iii) the Updated Cash Flow Forecast does not reflect the Cash Flow Assumptions.

8.6 The Cash Flow Forecast has been prepared solely for the purpose described above and readers are cautioned that it may not be appropriate for other purposes.

9.0 STAY OF PROCEEDINGS

9.1 The Stay under the Amended and Restated Initial Order expires on February 29, 2026. Pursuant to the proposed Second ARIIO, the Applicants are seeking an extension of the Stay to and including April 30, 2026.

¹ The Monitor has reviewed the Updated Cash Flow Forecast to the standard required of a Court-appointed Monitor by section 23(1)(b) of the CCAA. Section 23(1)(b) requires a Monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the Monitor's findings. Pursuant to this standard, the Monitor's review of the Updated Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by Ayurcann's key members of management. The Monitor reviewed information provided by management for the Cash Flow Assumptions. Since the Cash Flow Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Updated Cash Flow Forecast.

9.2 The Monitor supports the Applicants' request to extend the Stay for the following reasons:

- (i) the proposed Stay extension will provide the Applicants with the time and stability necessary to implement the proposed Sale Process and pursue a value maximizing going concern sale transaction and return to Court to seek approval of the Successful Bid in the Sale Process;
- (ii) as demonstrated in the Updated Cash Flow Forecast and subject to the approval of the DIP Facility, the Applicants are expected to have sufficient liquidity to fund their operations through the requested extension of the Stay;
- (iii) the Applicants' have acted and continue to act in good faith and with due diligence to advance their restructuring efforts and the CCAA Proceedings; and
- (iv) The Monitor is not aware of any party that would be materially prejudiced by the proposed Stay extension.

10.0 ACTIVITIES OF THE MONITOR

10.1 Since the date of the First Report, the primary activities of the Monitor have included the following:

- (i) together with the Monitor's legal counsel, Reconstruct LLP ("**Reconstruct**"), assisting the Applicants to negotiate the DIP Facility and Stalking Horse Purchase Agreement, and develop the Sale Process;
- (ii) preparing for and attending by videoconference the comeback hearing held on February 9, 2026;

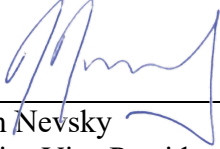
- (iii) monitoring the Applicants' cash receipts and disbursements, and assisting in preparing weekly cash flow variance reporting;
- (iv) engaging with certain customers, and stakeholders who have reached out to the Monitor;
- (v) coordinating and uploading of Court-filed documents to the Case Website;
- (vi) with the Applicants' management, developing a list of potentially interested parties in the Sale Process as well as the Teaser Letter;
- (vii) responding to creditor and other inquiries received via the Monitor's toll-free number and email account for the CCAA Proceedings; and
- (viii) with the assistance of Reconstruct, preparing this Second Report.

11.0 MONITOR'S RECOMMENDATION

11.1 For the reasons set out in this Second Report, the Monitor respectfully recommends that the Court grant the Sale Process Approval Order and the Second ARIO in the form sought by the Applicants.

All of which is respectfully submitted to this Court this 11th day of February, 2026.

ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Monitor of Ayurcann
Holdings Corp. *et al.*

Per: 

Josh Nevsky
Senior Vice President

APPENDIX A
FIRST REPORT OF THE MONITOR

**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.**

**FIRST REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

FEBRUARY 6, 2026

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APPENDICES

Appendix A – Pre-Filing Report of the Proposed Monitor (without Appendices)

Confidential Appendix B – Key Employee Retention Plan

Appendix C – Updated Cash Flow Forecast for the Period Ending March 13, 2026

Appendix D – Management’s Representation Letter Regarding the Cash Flow Forecast

1.0 INTRODUCTION

- 1.1 On January 30, 2026 (the “**Filing Date**”), Ayurcann Holdings Corp. and Ayurcann Inc. (collectively, the “**Applicants**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The proceedings commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.
- 1.2 The Initial Order, among other things: (i) appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of the Applicants (in such capacity, the “**Monitor**”); (ii) granted an initial 10 day stay of proceedings (the “**Stay**”) in favour of the Applicants until February 9, 2026; (iii) extended the benefit of the Stay to Ayurcann Holding Corp. and Ayurcann Merger Sub Inc. (the “**Non-Applicant Stay Parties**” and together with the Applicants, “**Ayurcann**”); and (iv) granted the Administration Charge and the Directors’ Charge (each as defined in the Initial Order).
- 1.3 Additional details regarding Ayurcann as well as their business and financial circumstances are set out in the Pre-Filing Report of the Proposed Monitor dated January 29, 2026 (the “**Pre-Filing Report**”) filed by A&M prior to the commencement of the CCAA Proceedings. The Pre-Filing Report and other public Court-filed documents in the CCAA Proceedings are available on the Monitor’s case website at: www.alvarezandmarsal.com/Ayurcann (the “**Case Website**”). A copy of the Pre-Filing Report is attached hereto (without appendices) as **Appendix “A”**.

1.4 This first report of the Monitor (the “**First Report**”) should be read in conjunction with the Pre-Filing Report, the affidavit of Igal Sudman, Chief Executive Officer of Ayurcann, sworn January 29, 2026 (the “**First Sudman Affidavit**”), and the affidavit of Igal Sudman sworn February 3, 2026 (the “**Second Sudman Affidavit**” and together with the First Sudman Affidavit, the “**Sudman Affidavits**”). Capitalized terms used and not defined in this First Report have the meanings given to them in the Pre-Filing Report, the Initial Order, or the Sudman Affidavits, as applicable.

2.0 PURPOSE OF THIS REPORT

2.1 The purpose of this First Report is to provide the Court with information regarding, and where applicable, the Monitor’s views on:

- (i) certain updates on Ayurcann’s business and restructuring efforts during the 10 day period since the granting of the Initial Order;
- (ii) the relief sought by Ayurcann pursuant to the proposed Amended and Restated Initial Order (the “**ARIO**”), which among other things:
 - (a) extends the Stay in favour of the Applicants and the Non-Applicant Stay Parties to and including February 27, 2026;
 - (b) approves a key employee retention plan (the “**KERP**”), grants a corresponding super-priority charge up to a maximum amount of \$66,250 over the Property as security for the obligation of the Applicants to make the payments under the KERP (the “**KERP Charge**”), and seals a summary

of the KERP appended hereto as **Confidential Appendix “B”** (the “**KERP Summary**”), subject to further order of the Court;

- (c) preserves the *status quo* of the Regulatory Licences (as defined below);
 - (d) authorizes the Applicants to pay, with the consent of the Monitor, certain amounts owing to critical suppliers who supplied goods and/or services prior to the Filing Date; and
 - (e) increases the quantum of the Administration Charge to \$800,000, and the Directors’ Charge to \$3,020,000;
- (iii) the activities of the Monitor since the Filing Date; and
 - (iv) the Monitor’s conclusions and recommendations in connection with the relief sought at the comeback hearing returnable February 9, 2026.

3.0 TERMS OF REFERENCE AND DISCLAIMER

3.1 In preparing this First Report, A&M, in its capacity as the Monitor, has been provided with, and has relied upon, unaudited financial information and the books and records prepared by Ayurcann, and has had discussions with management of Ayurcann and its legal counsel (collectively, the “**Information**”). Except as otherwise described in this First Report in respect of Ayurcann’s cash flow forecast:

- (i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the

Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“CASs”) pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

(ii) some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

3.2 Future oriented financial information referred to in this First Report was prepared based on Ayurcann’s management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

3.3 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

4.0 UPDATES SINCE THE INITIAL ORDER

4.1 Since the Filing Date, the Applicants have made efforts to stabilize their business, develop a sale process (the “**Sale Process**”), advance negotiations with a potential third-party purchaser (the “**Potential Stalking Horse Bidder**”) regarding a proposed stalking horse purchase agreement (the “**Stalking Horse Purchase Agreement**”) as well as potential debtor-in-possession financing (“**DIP Financing**”) to be provided by the Potential Stalking

Horse Bidder, and deploy a communication plan, which among other things notified key stakeholders of the CCAA Proceedings.

- 4.2 Active discussions among the Applicants, the Monitor and the Potential Stalking Horse Bidder are ongoing at this time. The Applicants intend to return to Court in the near term once definitive documents have been finalized to seek approval of the proposed DIP Financing, the Stalking Horse Purchase Agreement, and the Sale Process.

5.0 AMENDED AND RESTATED INITIAL ORDER

- 5.1 The Applicants are seeking approval of the ARIO. The following paragraphs summarize the material changes from the Initial Order.

Extension of the Stay

- 5.2 The Stay under the Initial Order expires on February 9, 2026. Pursuant to the proposed ARIO, the Applicants are seeking a brief extension of the Stay to and including February 27, 2026.
- 5.3 The Monitor supports the Applicants' request to extend the Stay for the following reasons:
- (i) the proposed Stay extension will provide the Applicants with the time and stability necessary to operate the business in the normal course, and provide the Applicants with additional time to complete negotiations with the Potential Stalking Horse Bidder in respect to the Stalking Horse Purchase Agreement and the related Sale Process, and finalize terms of the proposed DIP Financing;

- (ii) as demonstrated in the Updated Cash Flow Forecast (as defined below), the Applicants are expected to have sufficient liquidity to fund their operations and the costs of the CCAA Proceedings during the requested Stay extension without the need for additional financing;
- (iii) the Applicants' have acted, and continue to act in good faith and with due diligence to advance their restructuring efforts and the CCAA Proceedings; and
- (iv) the Monitor is not aware of any party that would be materially prejudiced by the proposed Stay extension.

Key Employee Retention Plan & KERP Charge

- 5.4 To facilitate and encourage the continued participation of key employees during the CCAA Proceedings, the Applicants are seeking approval of: (i) a KERP for four employees and one contractor who are considered by the Applicants to be critical to the business and to advance the Sale Process and the CCAA Proceedings generally (collectively, the “**KERP Participants**”); and (ii) the granting of the KERP Charge to secure the obligation of the Applicants to make payments due under the KERP.
- 5.5 The proposed KERP provides for retention bonuses calculated as a percentage of the KERP Participants' annual salary, totaling approximately \$66,250 in the aggregate across the KERP Participants. The retention bonuses will be payable pursuant to the terms of agreements to be entered into with the KERP Participants, which agreements, among other things, will require that each KERP Participant continues to be employed by the Applicants through the earlier of: (i) the closing date of a sale of all or substantially all of the assets of

the Company to an acquiring entity; (ii) the date specified in a notice of termination on which the KERP Participant's employment with the Applicants ends without cause; or (iii) the Applicants' exit from the CCAA Proceedings.

5.6 The proposed ARIO provides for the granting of a KERP Charge over the Property in an amount not to exceed \$66,250 in favour of the KERP Participants.

5.7 As part of its review and consideration of the KERP, the Monitor examined key employee retention plans that have recently been approved by the Court in similar proceedings. The Monitor supports the approval of the KERP and the granting of the KERP Charge as:

- (i) the KERP will provide stability to the business and facilitate the Sale Process and successful completion of the CCAA Proceedings by appropriately incentivizing the retention and continued participation of the KERP Participants;
- (ii) the Applicants consider the KERP Participants crucial to advancing the Sale Process and the CCAA Proceedings in order to successfully restructure the business for the benefit of the Applicants' stakeholders;
- (iii) the Applicants believe the KERP Participants would likely consider other employment opportunities without the KERP, and that the process to find appropriately qualified replacements would be lengthy, difficult and costly;
- (iv) the Applicants exercised their business judgment in developing the KERP; and
- (v) the Monitor was consulted in the development of the KERP and terms of the KERP, including the quantum of the payments expected to be made thereunder. The

Monitor is of the view that the terms of the KERP are appropriate, reasonable and justified in the circumstances and are comparable to other key employee retention and incentive plans approved in similar CCAA proceedings.

Sealing

5.8 The Applicants are requesting a sealing order for the KERP Summary, which includes personal employee information, including compensation information. The Monitor believes it is appropriate to seal the KERP Summary until further order of the Court. The sealing of this type of sensitive and personal information is consistent with the approach taken in other CCAA proceedings for sensitive personal and financial information of this nature, protects the privacy of the KERP Participants and will help to avoid any unnecessary disruption or distraction to Ayurcann’s business that such disclosure may cause. The Monitor does not believe that any stakeholder will be prejudiced if the information in the confidential KERP Summary is sealed, including because the aggregate cost of the KERP has been disclosed.

Regulatory Licenses

5.9 The proposed ARIO contemplates the preservation of certain Regulatory Licenses, which will provide the Applicants the ability to process and sell cannabis inventory in the ordinary course.

5.10 The Monitor understands that Ayurcann holds a standard processing license with Health Canada (the “**Health Canada License**”), a license with the CRA to apply cannabis excise stamps to its products (the “**CRA Cannabis License**”), and an excise duty license with the

CRA to use bulk-alcohol, non-duty paid packaged alcohol and restricted formulation, on a duty-free basis (the “**Excise Duty License**” and collectively with the Health Canada License and the CRA Cannabis License, the “**Regulatory Licenses**”).

- 5.11 The Monitor understands that the Regulatory Licenses are necessary for the business to preserve the *status quo* and continue as a going concern during the CCAA Proceedings, with the intention of maintaining enterprise value to maximize value for the benefit of all stakeholders. The Monitor also understands that the preservation of the Regulatory Licenses contemplated in the ARIO will avoid costly disruptions to the Applicants’ business, and the Monitor is of the view that protection of the Regulatory Licenses is consistent with the spirit of the Stay provisions granted in the model Initial Order.

Critical Vendor and Other Payments

- 5.12 The proposed ARIO permits, but does not obligate, the Applicants to pay, with the consent of the Monitor, up to a maximum amount of \$300,000 to certain suppliers for amounts owing for goods and services actually supplied to the Applicants prior to the Filing Date.
- 5.13 The Monitor understands that the Applicants acquire products and services from a relatively small number of suppliers given the regulated nature of the cannabis industry. Any interruption of service from these third parties may prevent the Applicants from operating in the ordinary course and continuing to provide uninterrupted services to their customers.
- 5.14 The Monitor intends to work closely with the Applicants to identify certain critical suppliers that will be paid for these pre-filing amounts. In considering whether a pre-filing

debt shall be paid to a supplier, the Monitor shall consider among other factors, whether:

- (i) the supplier or service provider is essential to the business and ongoing operations of the Applicants and the payment is required to ensure ongoing supply;
- (ii) making such payment will preserve, protect or enhance the value of the Property or the business;
- (iii) making such payment is required to address regulatory concerns necessary for the preservation of the business; and
- (iv) the supplier or service provider is required to continue to provide goods or services to the Applicants after the Filing Date.

6.0 COURT-ORDERED CHARGES

6.1 The proposed ARIO seeks an increase to the Administration Charge, and the Directors' Charge, and the granting of a KERP Charge over the Property (collectively, the "**Charges**")

Administration Charge

6.2 The Initial Order provides for a super-priority charge over the Property in an amount not to exceed \$250,000 in favour of the Monitor, counsel to the Monitor and counsel to the Applicants (the "**Administration Charge**"). The Applicants are seeking to increase the quantum of the Administration Charge to \$800,000 in the ARIO.

6.3 The Monitor assisted the Applicants in the calculation of the Administration Charge and is of the view that the amount of the charge is reasonable and appropriate in the circumstances having regard to: (i) the nature of the proceedings; (ii) the need for the continued participation of the proposed beneficiaries of the Administration Charge during the CCAA Proceedings to complete a successful restructuring; (iii) the distinct roles of the proposed beneficiaries; and (iv) the quantum of administration charges approved in similar CCAA proceedings.

Directors' Charge

- 6.4 The Initial Order provides that the Applicants shall indemnify their respective directors and officers against obligations and liabilities that they may incur as directors and officers of the Applicants after the commencement of the CCAA Proceedings, except to the extent that the obligation or liability was incurred as a result of an officer's or director's gross negligence or wilful misconduct.
- 6.5 The Initial Order approved a super priority charge over the Property in the amount of \$625,000 in favour of the Applicants' directors and officers as security for such indemnity (the "**Directors' Charge**"). The Applicants are seeking an increase in the amount of the Directors' Charge to \$3,020,000 in the ARIO.
- 6.6 The Monitor assisted the Applicants in the calculation of the quantum of the Directors' Charge, taking into consideration the amount of the Applicants' payroll, vacation pay, federal and provincial sales tax liabilities, and excise tax liabilities. The components that comprise the Directors' Charge are as follows:

Proposed Director's Charge	
Provision for employee wages and source deductions (2 pay periods)	\$200,000
Provision for accrued vacation, employee benefits, and other amounts	80,000
Provision for sales taxes (HST, GST) (2 months)	340,000
Provision for post-filing excise taxes (2 months)	2,400,000
Total	\$3,020,000

- 6.7 The priorities of the Charges are proposed to be as follows:

Proposed Charges & Priorities	
1. Administration Charge	\$800,000
2. Directors' Charge	\$3,020,000
3. KERP Charge	\$66,250

6.8 As described above, the Monitor believes that the Charges are reasonable in the circumstances.

7.0 UPDATED CASH FLOW FORECAST

7.1 Ayurcann, with the assistance of the Monitor, has prepared an updated cash flow (the “**Updated Cash Flow Forecast**”) for the 6-week period ending March 13, 2026 (the “**Cash Flow Period**”). A copy of the Updated Cash Flow Forecast, together with a summary of assumptions (the “**Cash Flow Assumptions**”) and management’s report on the cash-flow statement required by section 10(2)(b) of the CCAA, are attached hereto as **Appendices “C” and “D”**, respectively.

7.2 A summary of the Updated Cash Flow Forecast is set out in the following table:

Ayurcann Cash Flow Forecast	6-Week \$000's
Receipts	\$1,944
Disbursements	
Payroll & Benefits	(458)
Sales and Marketing	(1,139)
Excise Taxes	(-)
Sales Taxes	(165)
Office and General	(331)
Restructuring Professional Fees	(443)
Total Disbursements	(2,536)
Net Cash Flow	(592)
Opening Cash Balance	876
Net Cash Flow	(592)
Ending Cash Balance	\$284

7.3 The Monitor notes the following:

- (i) receipts include the collection of existing accounts receivable and forecast sales from the continuing operations;
- (ii) payroll and benefits include salaries, benefits, and taxes;
- (iii) sales and marketing include cost of supplies and materials relating to product sales along with other selling expenses required for operations;
- (iv) office and general include non-merchandise vendor payments, including rent, insurance and other expenses; and
- (v) restructuring professional fees include the fees of Ayurcann's counsel, the Monitor and the Monitor's counsel.

7.4 During the Cash Flow Period, net cash flows are projected to be negative \$592,000, which is projected to be sufficiently funded by cash on hand, and customer collections. No additional interim financing is required during the Cash Flow Period, however as described above, the Applicants are currently negotiating the contemplated DIP Financing to fund its ongoing operations during the CCAA Proceedings.

Monitor's Review

7.5 Based on the Monitor's review¹, nothing has come to its attention that causes it to believe, in all material respects that: (i) the Cash Flow Assumptions are not consistent with the purpose of the Updated Cash Flow Forecast; (ii) as at the date of this First Report, the Updated Cash Flow Assumptions are not suitably supported and consistent with the plans of Ayurcann or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the Cash Flow Assumptions; or (iii) the Updated Cash Flow Forecast does not reflect the Cash Flow Assumptions.

7.6 The Cash Flow Forecast has been prepared solely for the purpose described above and readers are cautioned that it may not be appropriate for other purposes.

8.0 ACTIVITIES OF THE MONITOR SINCE THE FILING DATE

8.1 Since the Filing Date, the primary activities of the Monitor have included the following:

¹ The Monitor has reviewed the Updated Cash Flow Forecast to the standard required of a Court-appointed Monitor by section 23(1)(b) of the CCAA. Section 23(1)(b) requires a Monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the Monitor's findings. Pursuant to this standard, the Monitor's review of the Updated Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by Ayurcann's key members of management. The Monitor reviewed information provided by management for the Cash Flow Assumptions. Since the Cash Flow Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Updated Cash Flow Forecast.

- (i) together with the Monitor’s legal counsel, Reconstruct LLP (“**Reconstruct**”) assisting the Applicants to negotiate the DIP Financing and Stalking Horse Purchase Agreement, and develop the Sale Process;
- (ii) monitoring the Applicants’ cash receipts and disbursements, and assisting in preparing weekly cash flow variance reporting;
- (iii) activating the Case Website and coordinating the posting of Court-filed documents thereon;
- (iv) engaging with certain suppliers, and stakeholders who have reached out to the Monitor;
- (v) completing and/or coordinating the notice requirements pursuant to paragraph 39 of the Initial Order, including, among other things:
 - (a) arranging for publication of notice of the CCAA Proceedings, in the prescribed form, in *The Globe and Mail (National Edition)* on February 4, 2026 and February 11, 2026;
 - (b) posting the Initial Order to the Case Website on January 30, 2026;
 - (c) arranging for notice of the CCAA Proceedings to be emailed or mailed to all known creditors having a claim against the Applicants’ of more than \$1,000 (“**Notice Creditors**”), in the prescribed manner on February 3, 2026;

- (d) preparing and posting to the Case Website on February 3, 2026 a listing of the names and addresses of Notice Creditors; and
- (e) activating the Monitor's toll-free number and email account for the CCAA Proceedings and responding to creditors and other inquiries received through those and other contact points; and
- (vi) with the assistance of Reconstruct, preparing this First Report.

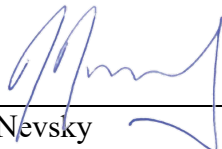
9.0 MONITOR'S RECOMMENDATION

- 9.1 For the reasons set out in this First Report, the Monitor respectfully recommends that the Court grant the ARIO in the form sought by the Applicants.

All of which is respectfully submitted to this Court this 6th day of February, 2026.

**ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Monitor of Ayurcann
Holdings Corp. *et al.***

Per:



Josh Nevsky
Senior Vice President

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

Court File No: CL-26- 00000039-0000

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
AYURCANN HOLDINGS CORP. AND AYURCANN INC.**

Applicants

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

FIRST REPORT OF THE MONITOR

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APPENDIX B
SUMMARY OF RECENT COMPARABLE DIP FACILITIES

Overview of DIP Facilities Granted

Debtor	DIP Lender	Filing Date	Industry	Jurisdiction	DIP Loan (C\$) ¹	Fees as a % of Loan ²	Interest Rate ³
Cabot Energy Inc.	High Power Petroleum LLC	Dec-25	Oil & Gas	AB	675,000	0.0%	12.0%
AgraCity Crop & Nutrition Ltd. et al.	2011329 Alberta Ltd.	Dec-25	Agriculture	SK	4,200,000	4.8%	20.0%
Jameson Broadway & Birch Limited Partnership et al	Maynbridge Capital Inc.	Nov-25	Real Estate	BC	31,000,000	5.4%	10.0%
Mera Cannabis Corp. et al.	Aggregated Investments Inc.	Oct-25	Cannabis	ON	2,600,000	0.0%	8.0%
Christenson Group of Companies	Canada ICI Capital Corporation	Oct-25	Real Estate	AB	2,125,000	0.0%	9.8%
AMCO Farms Inc. et al.	RBC	Aug-25	Agriculture	ON	4,100,000	3.0%	13.0%
QM GP Inc.	WeShall Investments Inc.	Jul-25	Construction	ON	14,000,000	1.0%	14.0%
Li-Cycle Holdings Corp. et al.	Glencore International AG	May-25	Cleantech	ON	14,175,000	0.0%	11.3%
Mernova Medicinal Inc. and Creso Canada Limited	La Plata Capital	Apr-25	Cannabis	NS	500,000	0.0%	12.0%
Ecoation Innovative Solutions Inc.	1001199137 Ontario Limited	Apr-25	Agriculture	BC	1,000,000	2.0%	12.0%
Joriki Inc.	BNS as agent	Jan-25	Food Manufacturing	ON	1,200,000	2.5%	12.5%
True North Cannabis Co. et al.	The Vancor Group	Jan-25	Cannabis	ON	2,000,000	2.0%	12.0%
Upper Canada Growers Ltd.	BNS	Jan-25	Agriculture	ON	2,700,000	1.9%	10.0%
Comark Holdings Inc.	CIBC	Jan-25	Retail	ON	18,000,000	1.5%	10.0%
Dykman Cattle Co. Ltd. et al.	BNS	Nov-24	Agriculture	BC	1,500,000	1.3%	10.0%
Noya Holdings Inc. et al.	Lending Stream Inc.	Nov-24	Cannabis	ON	400,000	6.3%	12.0%
Tokyo Smoke	TS Investments Corp.	Aug-24	Cannabis	ON	8,000,000	1.0%	13.0%
Freedom Cannabis Inc.	JL Legacy Ltd.	Aug-24	Cannabis	AB	3,000,000	2.0%	15.0%
Galaxie Brands Corporation	The Vancor Group Inc.	Aug-24	Cannabis	ON	1,650,000	2.0%	14.0%
Delta 9 Cannabis Inc. et al.	FIKA Herbal Goods	Jul-24	Cannabis	SK	16,000,000	0.0%	10.0%
Atlas Global Brands Inc. et al.	Shalcor Management Inc.	Jun-24	Cannabis	ON	7,000,000	3.0%	13.0%
Cannmart Labs Inc.	Lifeist Wellness Inc.	May-24	Cannabis	ON	400,000	2.0%	10.0%
Heritage Cannabis Holding Corp.	BJK Holdings Ltd.	Apr-24	Cannabis	ON	1,500,000	0.0%	12.5%
Hempsana Inc.	Movengo Developments Inc.	Mar-24	Cannabis	ON	500,000	7.0%	8.0%
Bifano Consolidated Inc.	BNS	Feb-24	Agriculture	BC	1,500,000	1.3%	15.0%
Wayne Patrick Consumer Products Ltd. et al.	1000592191 Ontario Inc.	Feb-24	Cannabis	ON	950,000	0.0%	12.0%
Safari Flower Company	NE SPEC II LP	Jan-24	Cannabis	ON	1,000,000	3.0%	14.0%
Humble & Fume Inc.	1000760498 Ontario Inc.	Jan-24	Cannabis	ON	3,375,000	0.0%	12.0%
Max					31,000,000	7.0%	20.0%
Average					5,180,000	1.9%	12.0%
Min					400,000	0.0%	8.0%

Source: Insolvency Insider and Government of Canada Public CCAA Records

1. US dollar denominated loans are translated at 1.35 USD/CAD. Certain DIP Loans are presented as the maximum draw reported in the latest court materials.
2. Excludes amounts for "reasonable fees and expenses of the DIP Lender" if these are not specifically defined.
3. Interest rates that are determined by a benchmark rate (i.e. prime rate, SOFR) were calculated as of the respective filing date.

APPENDIX C
UPDATED CASH FLOW FORECAST

Ayurcann
Cash Flow Forecast

Unaudited, in CAD \$

	Notes	Week 1 Feb-13	Week 2 Feb-20	Week 3 Feb-27	Week 4 Mar-06	Week 5 Mar-13	Week 6 Mar-20	Week 7 Mar-27	Week 8 Apr-03	Week 9 Apr-10	Week 10 Apr-17	Week 11 Apr-24	Week 12 May-01	12 Week Total
Receipts	1	31,687	81,517	266,261	531,086	464,419	782,016	1,126,895	523,967	1,167,156	916,394	932,734	650,000	7,474,132
Disbursements														
Payroll & Benefits	2	(161,459)	--	(147,514)	--	(161,459)	--	(147,514)	--	(161,459)	--	(147,514)	--	(926,920)
Sales and Marketing	3	(370,120)	(326,000)	(338,555)	(357,960)	(359,006)	(308,774)	(271,801)	(353,397)	(247,988)	(488,271)	(373,628)	(747,255)	(4,542,755)
Excise Taxes	4	--	--	--	--	--	--	(1,262,434)	--	--	--	--	(1,216,593)	(2,479,027)
Sales Taxes	5	--	--	(156,265)	--	--	--	(156,367)	--	--	--	(151,578)	--	(464,210)
Office and General	6	(81,360)	(24,451)	(105,152)	(96,692)	(40,680)	(35,751)	(147,464)	(107,147)	(28,250)	(31,231)	(43,608)	(121,830)	(863,615)
Professional Fees	7	(140,815)	(195,000)	--	--	(117,093)	(117,093)	(170,000)	--	(170,000)	--	(170,000)	--	(1,080,000)
KERP	8	--	--	--	--	--	--	--	--	--	--	--	(66,250)	(66,250)
Total Disbursements		(753,753)	(545,451)	(747,486)	(454,653)	(678,237)	(461,618)	(2,155,581)	(460,544)	(607,696)	(519,502)	(886,328)	(2,151,928)	(10,422,777)
Net Cash Flow		(722,067)	(463,934)	(481,225)	76,433	(213,818)	320,399	(1,028,686)	63,423	559,460	396,891	46,407	(1,501,928)	(2,948,645)
Beginning Cash		1,443,897	721,831	257,897	276,671	353,105	439,287	759,686	531,000	594,423	1,153,882	1,550,774	1,597,180	1,443,897
+/- Net Cash Flow		(722,067)	(463,934)	(481,225)	76,433	(213,818)	320,399	(1,028,686)	63,423	559,460	396,891	46,407	(1,501,928)	(2,948,645)
DIP - Cash Draws		--	--	500,000	--	300,000	--	800,000	--	--	--	--	300,000	1,900,000
Ending Cash		721,831	257,897	276,671	353,105	439,287	759,686	531,000	594,423	1,153,882	1,550,774	1,597,180	395,252	395,252
DIP Facility														
Opening DIP Balance		--	40,000	40,000	542,400	542,400	842,400	842,400	1,642,400	1,707,488	1,707,488	1,707,488	1,707,488	--
Accrued Interest and Fees		40,000	--	2,400	--	--	--	--	65,088	--	--	--	197,088	304,576
Cash Draws	9	--	--	500,000	--	300,000	--	800,000	--	--	--	--	300,000	1,900,000
Ending DIP Balance		40,000	40,000	542,400	542,400	842,400	842,400	1,642,400	1,707,488	1,707,488	1,707,488	1,707,488	2,204,576	2,204,576

Ayurcann
12-Week Cash Flow Forecast
Notes and Summary of Assumptions

Disclaimer

In preparing this illustrative cash flow forecast (the "Forecast"), the Company has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast reflects assumptions including those discussed below with respect to the requirements and impact of a filing under the Companies' Creditors Arrangement Act ("CCAA"). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized. The Forecast is presented in thousands of CAD dollars.

The Forecast is presented in Canadian dollars.

1) Receipts

Includes collection of existing receivables and future sales based on management's forecast.

2) Payroll & Benefits

Includes salaries, wages, statutory remittances and benefits for salaried and hourly employees disbursed bi-weekly.

3) Sales and Marketing

Includes supplies and materials related to forecast sales.

4) Excise Taxes

Includes excise taxes relating to the sale of cannabis product during the post-filing period only.

5) Sales Taxes

Sales taxes are projected to be paid in the ordinary course.

6) Office and General

Includes rent, insurance and other overhead costs.

7) Professional Fees

Includes payments to the Applicants' legal counsel, the Monitor and the Monitor's counsel.

8) KERP

Represents payments related to the Key Employee Retention Plan.

9) DIP Facility

Represents draw on the DIP Facility based on the anticipated cash requirements of the Applicants.

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

Court File No: CL-26- 00000039-0000

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
AYURCANN HOLDINGS CORP. AND AYURCANN INC.**

Applicants

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

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APPENDIX B
UPDATED CASH FLOW FORECAS

Ayurcann

11-Week Cash Flow Forecast

Notes and Summary of Assumptions

Disclaimer

In preparing this illustrative cash flow forecast (the "Forecast"), the Company has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast reflects assumptions including those discussed below with respect to the requirements and impact of a filing under the Companies' Creditors Arrangement Act ("CCAA"). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized. The Forecast is presented in thousands of CAD dollars.

The Forecast is presented in Canadian dollars.

1) AR Collections

Includes collection of existing receivables and future sales based on management's forecast.

2) Transaction - Proceeds

Purchase Price, which will be satisfied by a cash payment on Closing

3) Payroll & Benefits

Includes salaries, wages, statutory remittances and benefits for salaried and hourly employees disbursed bi-weekly.

4) Sales and Marketing

Includes supplies and materials related to forecast sales.

5) Excise Taxes

Includes excise taxes relating to the sale of cannabis product during the post-filing period only.

6) Sales Taxes

Sales taxes are projected to be paid in the ordinary course.

7) Office and General

Includes rent, insurance and other overhead costs.

8) Professional Fees

Includes payments to the Applicants' legal counsel, the Monitor and the Monitor's counsel.

9) KERP

Represents payments related to the Key Employee Retention Plan.

10) Transaction - Bid Protections

Includes a break-fee and certain expense reimbursements

11) DIP Facility

Represents draw on the DIP Facility based on the anticipated cash requirements of the Applicants.

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

Court File No: CL-26- 00000039-0000

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
AYURCANN HOLDINGS CORP. AND AYURCANN INC.**

Applicants

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

THIRD REPORT OF THE MONITOR

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