

**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 JORIKI TOPCO INC. AND JORIKI INC.**

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

FEBRUARY 25, 2025

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1.0 INTRODUCTION

- 1.1 On January 28, 2025 (the “**Filing Date**”), Joriki TopCo Inc. (“**Joriki TopCo**”) and Joriki Canada Inc. (“**Joriki Canada**”, and together 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**”).
- 1.2 Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as monitor of the Applicants (in such capacity, the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”). Joriki USA Inc. (“**Joriki USA**”, and together with the Applicants, “**Joriki**” or the “**Company**”), is the Company’s US operating subsidiary, but is not an applicant in these CCAA Proceedings. On January 12, 2025, Joriki USA filed a petition under Chapter 7 of the United States Bankruptcy Code before the United States Bankruptcy Court for the District of Delaware.
- 1.1 Prior to the commencement of these CCAA Proceedings, on December 31, 2024, Joriki Canada filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3 (the “**BIA**”, and the proceedings, the “**NOI Proceeding**”) and A&M was appointed as Proposal Trustee (in such capacity, the “**Proposal Trustee**”).
- 1.2 Pursuant to the Initial Order:
 - (a) the NOI Proceeding was taken up and continued under the CCAA, and the provisions of Part III of the BIA had no further application to Joriki Canada,

provided that: (i) any and all steps, agreements and procedures validly taken, done or entered into by Joriki Canada or the Proposal Trustee during the NOI Proceeding shall remain valid and binding; and (ii) nothing in the Initial Order shall affect, vary, derogate from, limit or amend, and A&M shall continue to have the benefit of, any and all of the rights, approvals and protections in favour of the Proposal Trustee at law or pursuant to the BIA or otherwise;

- (b) notwithstanding Section 50.4(8) of the BIA, Joriki Canada shall not be deemed to have made an assignment in bankruptcy as a result of not having filed a proposal with the official receiver; and
- (c) A&M may take all necessary steps in furtherance of its discharge as Proposal Trustee, including the taxation of its fees and disbursements, in the CCAA Proceedings.

1.3 In addition to the foregoing, the Initial Order, among other things:

- (a) granted a stay of proceedings in favour of the Applicants for the period to and including February 28, 2025 (the “**Stay Period**”);
- (b) authorized the Applicants, with the prior written consent of the Monitor, to pay certain expenses incurred prior to the Filing Date, including expenses relating to:
 - (i) amounts owing for goods and services actually supplied to any of the Applicants;
 - (ii) amounts owing, if any, for services rendered by the professional advisors to the Agent (defined below); and
 - (iii) assistants retained by the Applicants;

- (c) approved the key employee retention plan (“**KERP**”) and the sealing of the confidential appendix in respect of the KERP, subject to further order of the Court;
- (d) approved the execution by the Applicants of a DIP financing term sheet (the “**DIP Term Sheet**”) entered into with the Senior Lenders (in such capacity, collectively, the “**DIP Lender**”), providing for borrowings of up to a maximum principal amount of \$1.2 million (plus interest, fees and expenses);
- (e) granted an Administration Charge, Directors’ Charge, KERP Charge, and DIP Lender’s Charge over the property and assets of the Applicants in the amounts and relative priority as set out in the Initial Order;
- (f) ordered that the Applicants meet the criteria prescribed by the *Wage Earners Protection Program Act* (Canada) (“**WEPPA**”) and its regulations; and
- (g) dispensed with the Monitor’s noticing obligations under subsections 23(1)(a)(ii)(B) and (C) of the CCAA.

1.4 On January 28, 2025, the Court also granted the Auction and Liquidation Approval Order (Pickering Facility) (the “**Liquidation Approval Order (Pickering Facility)**”) approving the agreement entered into between Joriki Canada and Maynards Industries II Canada Ltd. (the “**Liquidator**”) dated January 22, 2025 (the “**Liquidation Services Agreement**”), in respect of the liquidation of Joriki Canada’s assets at its Pickering facility (discussed below).

1.5 A copy of the First Report of the Proposal Trustee and Pre-Filing Report of the Proposed Monitor dated January 26, 2025, prepared by A&M in its capacity as the Proposal Trustee

and proposed monitor (the “**Pre-Filing Report**”), is attached hereto as **Appendix “A”**. The Pre-Filing Report, the Applicants’ CCAA application record, and other Court-filed documents and notices in the CCAA Proceedings and NOI Proceeding are available on the Monitor’s case website at www.alvarezandmarsal.com/joriki (the “**Case Website**”).

2.0 PURPOSE OF THIS REPORT

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

- (a) the Sale Process (defined below);
- (b) the Applicants’ motion for the following:
 - (i) an Approval and Vesting Order (the “**Delta Facility AVO**”), among other things:
 - (A) approving the asset purchase agreement dated January 31, 2025 (the “**Delta Facility Purchase Agreement**”), between Joriki Canada and Happy Planet Foods, Inc. (“**Happy Planet**”), and the transaction contemplated thereby (the “**Delta Facility Transaction**”);
 - (B) assigning the rights and obligations of Joriki Canada under the Delta Facility Lease (as defined in the Delta Facility Purchase Agreement) to Happy Planet; and

- (C) vesting in Happy Planet Joriki Canada's right, title and interest in and to the assets described in the Delta Facility Purchase Agreement free and clear of any claims and encumbrances as set out in the proposed Delta Facility AVO;
- (ii) an Approval and Vesting Order (the "**Toronto Facility AVO**"), among other things:
 - (A) approving the asset purchase agreement dated February 20, 2025 (the "**Toronto Facility Purchase Agreement**"), between Joriki Canada and Top Shelf Food and Beverage Corp. ("**Top Shelf**"), and the transaction contemplated thereby (the "**Toronto Facility Transaction**"); and
 - (B) vesting in Top Shelf Joriki Canada's right, title and interest in and to the assets described in the Toronto Facility Purchase Agreement free and clear of any claims and encumbrances as set out in the proposed Toronto Facility AVO;
- (iii) an Order (the "**Ancillary Relief Order**"), among other things:
 - (A) extending the Stay Period to and including March 31, 2025;
 - (B) deleting and replacing subparagraph 12(a) of the Initial Order;
 - (C) authorizing the Applicants to make distributions to the Agent, for the benefit of the Senior Lenders;

- (D) approving the Pre-Filing Report and this First Report, and the actions, conduct and activities of the Proposal Trustee and the Monitor as set out in the respective reports; and
 - (E) sealing the confidential appendices to this First Report until further Order of the Court;
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- (c) an update on the WEPP process;
 - (d) cash flow results of the Applicants for the six-week period ended February 21, 2025;
 - (e) the Applicants' updated cash flow forecast for the seven-week period ending April 11, 2025;
 - (f) the security review;
 - (g) the activities of the Proposal Trustee and the Monitor (since the Filing Date); and
 - (h) the Monitor's conclusions and recommendations in connection with the foregoing.

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, books and records and financial information prepared by the Applicants and has held discussions with management of the Applicants and their legal counsel (collectively, the “**Information**”). Except as otherwise described in this First Report:

- (a) 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
 - (b) 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 the Applicants’ 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 This First Report should be read in conjunction with the Affidavit of Michael G. Devon, the Chief Financial Officer of the Applicants, sworn on February 21, 2025 (the “**Second Devon Affidavit**”). Capitalized terms used and not defined in this First Report have the meanings given to them in the Second Devon Affidavit or the Pre-Filing Report.
- 3.4 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

4.0 SALE PROCESS

- 4.1 As described in the Pre-Filing Report, in November 2024, the Company commenced a formal sales process (the “**Sale Process**”) with the assistance of Alvarez & Marsal Canada Securities ULC (the “**Financial Advisor**”) to market the business and/or assets of Joriki Canada for sale as a going concern, by way of one or more transactions. The Sale Process initially prioritized the Toronto facility, with the Delta and Pickering facilities being added shortly thereafter.
- 4.2 The Sale Process launched on November 7, 2024, with the Financial Advisor initially contacting eighteen (18) strategically selected parties, including industry participants and financial sponsors with the expertise, financial capacity and ability to execute expeditiously. As the process evolved, and in consultation with the Senior Lenders, additional parties were added to the process.
- 4.3 In total, thirty-four (34) potential buyers (the “**Interested Parties**”) were contacted by the Financial Advisor. Twenty-four (24) of the Interested Parties executed a non-disclosure agreement and were granted access to a secure electronic data room, which included comprehensive financial and operational data, employee information, material contracts, agreements, and other due diligence materials with respect to the Company.
- 4.4 On November 14, 2024, the Financial Advisor issued a process letter to active Interested Parties, requesting the submission of non-binding Indications of Interest (each, an “**IOI**”) by November 26, 2024 (the “**IOI Submission Date**”). The IOIs were required to include details regarding the assets to be acquired, proposed transaction structure, valuation, source of financing, outstanding due diligence, and expected timeline to close.

- 4.5 On or about the IOI Submission Date, four IOIs were received, including: (a) one IOI for substantially all of the assets at the Toronto and Delta facilities, plus certain assets at the Pickering facility; (b) one IOI for substantially all of the assets at the Toronto facility, with the potential inclusion of the assets at the Delta facility; (c) one IOI for substantially all of the assets at the Delta facility and one production line at the Toronto facility; and (d) one IOI for substantially all of the assets at the Toronto facility.
- 4.6 Following consultations with the Senior Lenders, and recognizing that all IOIs included substantial outstanding due diligence, it was determined that the most effective course of action was to continue to move forward with all four parties that had submitted IOIs. As such, the Financial Advisor continued to work closely with each party to facilitate due diligence and coordinate facility tours to advance the refinement and enhancement of each respective bid, and work towards binding agreements.
- 4.7 On December 4, 2024, the Financial Advisor issued a process letter to parties that had submitted an IOI, requesting the submission of binding, or as-close-to-binding as possible, Letters of Intent (each an “**LOI**”) by December 18, 2024 (the “**LOI Submission Date**”), refining the terms of their IOI with emphasis on minimizing conditions, including any outstanding due diligence.
- 4.8 On or about the LOI Submission Date, two LOIs were received: (a) one for substantially all assets at the Delta facility with minimal conditions; and (b) one for substantially all assets at the Toronto and Delta facilities, subject to several due diligence conditions.
- 4.9 On January 7, 2025, the Financial Advisor received an unsolicited inquiry from an industry participant (Top Shelf’s parent company) interested in acquiring the Toronto facility assets,

who quickly mobilized, completed a site visit, and submitted an LOI on January 15, 2025, for substantially all of the assets at the Toronto facility.

- 4.10 The Financial Advisor, in consultation with the Senior Lenders, reviewed each LOI based on, among other factors, economic value and execution certainty, including remaining conditions and closing timeline. It was determined that the respective parties who submitted LOIs to acquire: (a) the Delta facility assets (an affiliate of Happy Planet); and (b) the Toronto facility assets (an affiliate of Top Shelf) were the optimal bidders based on proposed value and certainty of execution, and Happy Planet and Top Shelf worked expeditiously to advance asset purchase agreements, culminating in the two asset purchase agreements described below.
- 4.11 The assets at the Pickering facility are being liquidated pursuant to the Liquidation Approval Order (Pickering Facility). An update on the liquidation process is provided in Section 7.0 of this Report.
- 4.12 The Sale Process was a comprehensive process that appropriately canvassed the market for the Applicants' assets. The Monitor does not believe that further marketing efforts for the Applicants' assets would yield better results. Additionally, based on the marketing and results of the Sales Process, the Senior Lenders support the Delta Facility Transaction and the Toronto Facility Transaction and there appears to be no benefit to incurring further costs in marketing the business and/or assets of Joriki Canada.

5.0 DELTA FACILITY AVO

Delta Facility Purchase Agreement

5.1 The Delta Facility Purchase Agreement is described in detail in the Second Devon Affidavit, to which a redacted copy of the Delta Facility Purchase Agreement is attached as Exhibit B. Certain key terms of the Delta Facility Purchase Agreement are summarized in the following table:

APA ¹	
Parties	<ul style="list-style-type: none">• Joriki Canada as Seller. Happy Planet as Buyer.
Purchase Price	<ul style="list-style-type: none">• All Cash Purchase Price payable in full on Closing.• The Buyer has paid a deposit equal to 15% of the Purchase Price to the Monitor, which will be applied against the Cash Purchase Price at Closing. The balance of the Purchase Price will be paid in cash at Closing.• The Buyer will also satisfy any Cure Costs required to be paid in accordance with the Delta Facility Purchase Agreement.• The Purchase Price may be increased by any amount equal to any amount of rent that is prepaid by the Seller under the Delta Facility Lease for the period from and after the Closing Date.
Purchased Delta Assets	<ul style="list-style-type: none">• The Purchased Delta Assets include:<ul style="list-style-type: none">○ all machinery and equipment (“M&E”) owned by the Seller, located at the Delta Facility;○ the Transferred Contracts, namely the Delta Facility Lease;○ all operating manuals, software and documentation in respect of the M&E; and○ all warranty rights against manufacturers or suppliers for Purchased Delta Assets.
Assumed Liabilities	<ul style="list-style-type: none">• The Buyer will assume the following liabilities:<ul style="list-style-type: none">○ all liabilities under the Transferred Contracts accrued from and after the Closing; and○ all liabilities pertaining to the ownership and use of the Purchased Delta Assets from and after the Closing Date.
Excluded Assets	<ul style="list-style-type: none">• The Purchased Delta Assets do not include, among other things:<ul style="list-style-type: none">○ all cash, cash equivalents, bank accounts and investments;○ all amounts receivable by the Seller;○ the benefit of all prepaid expenses and deposits including the deposits held by the Lessor;○ all items held for sale, license, rental, lease, or other distribution (inventory);

¹ Capitalized terms used in this table and not otherwise defined herein have the meanings given to such terms in the Delta Facility Purchase Agreement. This chart is provided as a summary only and parties should refer to the Delta Facility Purchase Agreement for further details regarding the Delta Facility Transaction.

APA ¹	
	<ul style="list-style-type: none"> ○ all right, title and interest to all intellectual property owned by or used by Seller; ○ all Contracts other than Transferred Contracts; ○ the goodwill of the Seller including lists of customers and suppliers, credit information, research and development and confidential and contact information; ○ all books and financial records of the Seller's business; ○ all assets, property and undertakings of the Seller's Affiliates including Joriki TopCo and Joriki USA; and ○ securities held by the Seller including shares of Joriki USA.
Employees	<ul style="list-style-type: none"> • While the Buyer intends to consider the possibility of making offers of employment to certain Employees and Former Employees of the Seller, nothing shall obligate the Buyer to make any such offers of employment. • If the Buyer elects to make an offer to an Employee or Former Employee before or within 30 days after the Closing Date, the Seller shall reasonably cooperate with the Buyer to facilitate that offer of employment. • If Buyer elects to make an offer of employment to an Employee or Former Employee, the Buyer shall be responsible for all liabilities and obligations with respect to each such Employee or Former Employee who accepts the Buyer's offer.
Key Closing Conditions	<ul style="list-style-type: none"> • The Approval and Vesting Order shall have been issued and entered on or before March 7, 2025. • The consent of the landlord under the Delta Facility Lease shall have been obtained to assign the Delta Facility Lease to the Buyer or a Court Order under Section 11.3 of the CCAA shall have been obtained directing the assignment of the Delta Facility Lease to the Buyer.
Closing Date	<ul style="list-style-type: none"> • Five (5) business days after Court Approval of the Delta Facility Transaction, or such other date as the Parties with the consent of the Monitor, may agree.
Outside Date	<ul style="list-style-type: none"> • The agreement may be terminated by written notice from the Seller or the Buyer if closing has not occurred on or before March 31, 2025 (or such later date as the Parties may agree).

5.2 The Monitor notes the following with respect to the Delta Facility Purchase Agreement and the Delta Facility Transaction:

- (a) the proposed Delta Facility Purchase Agreement and the Delta Facility Transaction are the result of: (i) the Sale Process that was conducted by Joriki Canada and the Financial Advisor, which canvassed a broad group of potential strategic and financial purchasers; and (ii) significant negotiations among Joriki Canada, Happy Planet, the Financial Advisor, the Monitor and their respective counsel;

- (b) as described above, the Delta Facility Transaction contemplates that Happy Planet will acquire Joriki Canada's right, title and interest in and to the lease for the Delta Facility;
- (c) the Delta Facility Transaction contemplates the hiring of current and former Joriki employees. The Monitor understands that Happy Planet expects to offer employment to approximately 15 current or former employees as of closing, with the possibility of 10 to 20 additional hirings in the days that follow closing;
- (d) the Transaction proceeds will be delivered to the Monitor on closing. Provided that the proposed Delta Facility AVO and the proposed Ancillary Relief Order are granted, the Monitor intends to distribute the proceeds of the Delta Facility Transaction, subject to a reserve for priority charges and amounts necessary to facilitate the ongoing administration of the CCAA Proceedings and the remaining activities of the Applicants, to the Agent for the benefit of the Senior Lenders in accordance with the Ancillary Relief Order;
- (e) the Delta Facility Transaction represents the most value maximizing transaction identified in the Sale Process for the Delta facility; and
- (f) in light of each of the foregoing, the Monitor is of the view that the Delta Facility Transaction, including the consideration being provided by Happy Planet, is fair and reasonable in the circumstances.

Delta Facility AVO

- 5.3 Pursuant to the proposed Delta Facility AVO, Joriki Canada is seeking the approval of the Delta Facility Purchase Agreement and the Delta Facility Transaction, and the vesting of all of the property and assets described in section 2.1 of the Delta Facility Purchase Agreement (collectively, the “**Purchased Delta Assets**”) in and to Happy Planet free and clear of all claims and encumbrances. Such vesting shall be effective upon the delivery by the Monitor to Happy Planet of a certificate confirming that: (a) Happy Planet has satisfied the Purchase Price for the Purchased Delta Assets in accordance with the Delta Facility Purchase Agreement; and (b) Happy Planet, Joriki Canada and the Monitor are satisfied that all closing conditions have been satisfied or waived by the applicable parties.
- 5.4 The Delta Facility Purchase Agreement contemplates the acquisition of Joriki Canada’s right, title and interest in and to the Delta Facility Lease which may occur by either consent of the landlord or an order of the Court pursuant to Section 11.3 of the CCAA directing the assignment. The Monitor is aware that discussions remain ongoing between the purchaser and the landlord regarding the proposed consent. The Monitor approves of the proposed assignment of the Delta Facility lease to Happy Planet as an integral component of the Delta Facility Transaction.

Sealing of the Delta Facility Transaction Purchase Price and Confidential Appendix “C”

- 5.5 The Applicants and the Monitor consider the purchase price contemplated by the Delta Facility Purchase Agreement to be highly confidential and commercially sensitive information. Further, in the event that the Delta Facility Transaction does not close, Joriki

Canada and the Monitor believe that disclosure of the purchase price may materially impair the ability to negotiate an alternative transaction.

5.6 On that basis the Monitor supports the relief sought in the Ancillary Relief Order, sealing the purchase price payable under the Delta Facility Transaction specified in Confidential Appendix “C” attached hereto.

6.0 TORONTO FACILITY AVO

Toronto Facility Purchase Agreement

6.1 The Toronto Facility Purchase Agreement is described in detail in the Second Devon Affidavit, to which a redacted copy of the Toronto Facility Purchase Agreement is attached as Exhibit C. Certain key terms of the Toronto Facility Purchase Agreement are summarized in the following table:

APA ²	
Parties	<ul style="list-style-type: none">• Joriki Canada as Seller. Top Shelf as Buyer.
Purchase Price	<ul style="list-style-type: none">• All Cash Purchase Price payable in full on Closing.• The Buyer has paid a deposit equal to approximately 15% of the Cash Purchase Price to the Monitor, which will be applied against the Cash Purchase Price at Closing. The balance of the Purchase Price will be paid in cash at Closing.• The Purchase Price may be increased by any amount equal to any amount of rent that is prepaid by the Seller under the Delta Facility Lease for the period from and after the Closing Time, up to a maximum of one (1) month’s rent.
Purchased Toronto Assets	<ul style="list-style-type: none">• The Purchased Toronto Assets include:<ul style="list-style-type: none">○ all machinery and equipment (“M&E”) owned by the Seller, used in the Seller’s operations at the Toronto Facility;○ the Toronto Facility Lease;○ all operating manuals, software and documentation in respect of the M&E;○ all warranty rights against manufacturers or suppliers for Purchased Toronto Assets; and

² Capitalized terms used in this table and not otherwise defined herein have the meanings given to such terms in the Toronto Facility Purchase Agreement. This chart is provided as a summary only and parties should refer to the Toronto Facility Purchase Agreement for further details regarding the Toronto Facility Transaction.

APA ²	
	<ul style="list-style-type: none"> ○ all remaining inventory located at the Toronto Facility, but excluding any Customer Proprietary Inventory.
Assumed Liabilities	<ul style="list-style-type: none"> • The Buyer will assume the following liabilities: <ul style="list-style-type: none"> ○ all liabilities and obligations arising after the Closing Date in respect of the Toronto Facility Lease; and ○ all liabilities and obligations of the Buyer pursuant to Section 7.5 (Employee Matters) as of the Closing Date.
Excluded Assets	<ul style="list-style-type: none"> • The Purchased Toronto Assets do not include, among other things: <ul style="list-style-type: none"> ○ all cash, cash equivalents, bank accounts and investments; ○ all amounts receivable by the Seller; ○ the benefit of all prepaid expenses and deposits including the lease deposits held by the lessor; ○ most intellectual property; ○ all items held for sale, license, rental, lease, or other distribution (inventory); ○ all right, title and interest to all intellectual property owned by or used by Seller; ○ all Contracts other than Transferred Contracts; ○ the goodwill of the Seller including lists of customers and suppliers, credit information, research and development and confidential and contact information; ○ all books and financial records of the Seller's business; ○ all assets, property and undertakings of the Seller's Affiliates including Joriki TopCo and Joriki USA; and ○ securities held by the Seller including shares of Joriki USA.
Employees	<ul style="list-style-type: none"> • While the Buyer intends to consider the possibility of making offers of employment to certain Employees and Former Employees of the Seller, nothing shall obligate the Buyer to make any such offers of employment. • If the Buyer elects to make an offer to an Employee or Former Employee before or within 30 days after the Closing Date, the Seller shall reasonably cooperate with the Buyer to facilitate that offer of employment. • If Buyer elects to make an offer of employment to an Employee or Former Employee, the Buyer shall be responsible for all liabilities and obligations with respect to each such Employee or Former Employee who accepts the Buyer's offer.
Key Closing Conditions	<ul style="list-style-type: none"> • The Approval and Vesting Order shall have been issued and entered on or before March 7, 2025. • The consent of the landlord under the Toronto Facility Lease shall have been obtained to assign the Toronto Facility Lease to the Buyer or a Court Order under Section 11.3 of the CCAA shall have been obtained directing the assignment of the Toronto Facility Lease to the Buyer.
Closing Date	<ul style="list-style-type: none"> • Two (2) business days after Court Approval of the Toronto Facility Transaction.
Outside Date	<ul style="list-style-type: none"> • The agreement may be terminated by written notice from the Seller or the Buyer if closing has not occurred on or before March 31, 2025 (or such later date as the Parties with the consent of the Monitor, may agree).

6.2 The Monitor notes the following with respect to the Toronto Facility Purchase Agreement and the Toronto Facility Transaction:

- (a) the proposed Toronto Facility Purchase Agreement and the Toronto Facility Transaction are the result of: (i) the Sale Process that was conducted by Joriki Canada and the Financial Advisor, which canvassed a broad group of potential strategic and financial purchasers; and (ii) significant negotiations among Joriki Canada, Top Shelf, the Financial Advisor, Monitor and their respective counsel;
- (b) as described above, the Toronto Facility Transaction contemplates that Top Shelf will acquire Joriki Canada's right, title and interest in and to a lease for the Toronto facility;
- (c) the Toronto Facility Transaction contemplates the hiring of current and former Joriki employees. The Monitor understands that Top Shelf plans to offer employment to approximately 70 to 100 current and former Joriki employees;
- (d) the Transaction proceeds will be delivered to the Monitor on closing. Provided that the proposed Toronto Facility AVO and the proposed Ancillary Relief Order are granted, the Monitor intends to distribute the proceeds of the Toronto Facility Transaction, subject to a reserve for priority charges and amounts necessary to facilitate the ongoing administration of the CCAA Proceedings and the remaining activities of the Applicants, to the Agent for the benefit of the Senior Lenders in accordance with the Ancillary Relief Order;
- (e) the Toronto Facility Transaction represents the most value maximizing transaction identified in the Sale Process for the Toronto facility; and

- (f) in light of each of the foregoing, the Monitor is of the view that the Toronto Facility Transaction, including the consideration being provided by Top Shelf, is fair and reasonable in the circumstances.

Toronto Facility AVO

- 6.3 Pursuant to the proposed Toronto Facility AVO, Joriki Canada is seeking the approval of the Toronto Facility Purchase Agreement and the Toronto Facility Transaction, and the vesting of all of the property and assets described in section 2.1 of the Toronto Facility Purchase Agreement (collectively, the “**Purchased Toronto Assets**”) in and to Top Shelf free and clear of all claims and encumbrances. Such vesting shall be effective upon the delivery by the Monitor to Top Shelf of a certificate confirming that: (a) Top Shelf has satisfied the Purchase Price for the Purchased Toronto Assets in accordance with the Toronto Facility Purchase Agreement; and (b) Top Shelf, Joriki Canada and the Monitor are satisfied that all closing conditions have been satisfied or waived by the applicable parties.

Sealing of the Toronto Facility Purchase Price and Confidential Appendix “D”

- 6.4 The Applicants and the Monitor consider the purchase price contemplated by the Toronto Facility Purchase Agreement to be highly confidential and commercially sensitive information. Further, in the event that the Toronto Facility Transaction does not close, Joriki Canada and the Monitor believe that disclosure of the purchase price may materially impair the ability to negotiate an alternative transaction.

- 6.5 On that basis the Monitor supports the relief sought in the Ancillary Relief Order, sealing the purchase price payable under the Toronto Facility Transaction specified in Confidential Appendix “D” attached hereto.

7.0 UPDATE ON THE PICKERING FACILITY LIQUIDATION

- 7.1 On January 28, 2025, the Court granted the Auction and Liquidation Approval Order (Pickering Facility) approving the Liquidation Services Agreement with the Liquidator in respect of the liquidation of Joriki Canada’s assets at its Pickering facility.
- 7.2 Following the granting of the Auction and Liquidation Approval Order (Pickering Facility), the Liquidator has generally readied the equipment and other assets located at the Pickering facility for sale, prepared and distributed marketing materials, and facilitated asset inspections by interested parties.
- 7.3 As advertised in the marketing materials, an online auction is to be conducted on March 6, 2025. From March 7 to 31, 2025, successful bidders/purchasers will be required to remove their purchased assets. In accordance with the Liquidation Services Agreement, the Liquidator is to leave the premises in an orderly and broom swept condition, but is not required to remedy or repair any condition resulting from the removal of assets, except to the extent required to comply with applicable building or electrical codes or to the extent incurred as a result of the negligence of the Liquidator in the performance of its obligations under the Liquidation Services Agreement.

7.4 During the week ended February 14, 2025, the Liquidator concluded the sale of certain assets at the Pickering facility for a total net amount of approximately \$1.2 million. The cash proceeds from this sale were received by Joriki Canada on February 18, 2025.

7.5 The Monitor understands that the Liquidator intends to sell and have all equipment removed by March 31, 2025, at which time the Pickering facility will be vacated and turned over to the landlord.

8.0 UPDATE ON THE WEPP PROCESS

8.1 Pursuant to the Initial Order, the Applicants meet the criteria prescribed by WEPPA and its regulations. As such, the Monitor has assisted the Applicants in preparing the calculations of WEPPA eligible amounts for each of its former employees and facilitated the submission of necessary documentation to Service Canada for the processing of WEPP claims.

9.0 CASH FLOW RESULTS RELATIVE TO FORECAST

9.1 Actual receipts and disbursements for the six-week period from January 11 to February 21, 2025 (the “**Reporting Period**”), as compared to the cash flow forecast appended to the Pre-Filing Report are summarized in the table on the following page:

Cash Flow Variance Report			
<i>Unaudited \$CAD 000's</i>			
For the Period:	Jan. 11, 2025 to Feb. 21, 2025		
<i>Actual/Forecast</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Receipts			
Customer Receipts	3,596	3,074	522
Liquidation Proceeds	1,235	-	1,235
Total Receipts	4,831	3,074	1,757
Disbursements			
Payroll & Benefits	596	494	(102)
Property Taxes	-	55	55
Insurance	5	-	(5)
Rent	191	205	14
Utilities	3	275	272
Professional Fees	1,518	1,524	6
Other Expenditures	414	248	(165)
Transfer to Joriki USA Inc.	28	-	(28)
Total Disbursements	2,754	2,800	46
Net Cash Flow	2,076	273	1,803
Opening Cash	2,051	2,051	-
Net Cash Flow	2,076	273	1,803
Closing Cash	4,128	2,325	1,803

9.2 During the Reporting Period the Applicants experienced a positive net cash flow variance of approximately \$1.8 million compared to the cash flow forecast appended to the Pre-Filing Report, primarily attributable to higher than forecast customer receipts and liquidation proceeds.

9.3 No draws have been required on the DIP Facility, nor is it anticipated that any future draws will be required during the remainder of these CCAA Proceedings.

10.0 UPDATED CASH FLOW FORECAST

10.1 The Applicants, with the assistance of the Monitor, prepared an updated cash flow forecast (the “**Updated Cash Flow Forecast**”) for the seven-week period from February 22 to April 11, 2025 (the “**Cash Flow Period**”). A copy of the Updated Cash Flow Forecast, together with the notes and summary of assumptions as well as a copy of management’s representation letter, is attached hereto as **Appendix “B”**.

10.1 A summary of the Updated Cash Flow Forecast is provided in the following table:

Cash Flow Forecast Summary	
<i>Unaudited \$CAD 000's</i>	
Receipts³	
Customer Receipts	-
Liquidation Proceeds	-
Total Receipts	-
Disbursements	
Payroll & Benefits	370
Property Taxes	147
Rent	230
Utilities	303
Professional Fees	1,056
Other Expenditures	170
KERP	350
Total Disbursements	2,627
Net Cash Flow	(2,627)
Opening Cash	4,128
Net Cash Flow	(2,627)
Closing Cash	1,501

³ Excludes proceeds anticipated to be received upon closing of the Delta Facility Transaction and the Toronto Facility Transaction.

11.0 SECURITY REVIEW

11.1 The Monitor's counsel has undertaken a review of the security granted by Joriki Canada in favour of the Administrative Agent for the Senior Lenders pursuant to the Senior Credit Agreement (collectively, the "**Loan Documents**"). Subject to qualifications and assumptions customary in rendering security opinions of this nature, the Monitor's counsel concluded that the security granted by Joriki Canada in respect of the Loan Documents constitutes valid and enforceable security and creates a valid security interest in favour of the Administrative Agent for the Senior Lenders, registered and perfected in the Provinces of Ontario and British Columbia. In addition, the Monitor is not aware of any priority claim being asserted by Joriki's creditors that would rank ahead of the claims of the Senior Lenders (subject to the priority charges granted in the CCAA Proceedings).

12.0 STAY EXTENSION

- 12.1 Pursuant to the Initial Order, the Stay Period is set to expire on February 28, 2025.
- 12.2 The Applicants are seeking an order extending the Stay Period to and including March 31, 2025.
- 12.3 The Monitor supports extending the Stay Period to and including March 31, 2025, as:
- (a) the proposed extension of the stay of proceedings will provide the stability and certainty required to continue to enable the Applicants to advance their realization efforts, including closing of the Delta Facility Transaction and the Toronto Facility Transaction, and completion of the auction for the assets located at the Pickering facility;

- (b) the Applicants are projected to have sufficient liquidity to fund their activities, as reflected in the Cash Flow Forecast, through the end of the proposed Stay Period;
- (c) the Applicants have acted in good faith and with due diligence since commencing these CCAA Proceedings, and are expected to continue to do so during the CCAA Proceedings; and
- (d) the Monitor does not believe any creditor will be prejudiced if the stay is extended.

12.4 For the reasons set out above, the Monitor supports the requested relief to extend the Stay Period.

13.0 ACTIVITIES OF THE PROPOSAL TRUSTEE AND MONITOR

Proposal Trustee's Activities

13.1 In connection with the NOI Proceeding, the Proposal Trustee engaged in the following activities:

- (a) assisted Joriki Canada in the compilation of a listing of all known creditors with amounts owed of \$250 or more;
- (b) prepared and coordinated the completion of Form 33 and the Estate Information Summary required to file the NOI;
- (c) submitted the NOI to the Office of the Superintendent of Bankruptcy (“**OSB**”) and liaised with the OSB to obtain the Certificate of Filing;

- (d) established the Case Website, which initially was used to post documents related to the NOI Proceeding;
- (e) prepared and coordinated the mailing of a notice, which included a copy of the NOI to all known creditors of Joriki Canada;
- (f) assisted in preparing and filing with the OSB, the cash flow forecast and accompanying Forms 29 and 30 required to be filed within 10 days of commencing the NOI Proceeding;
- (g) responded to inquiries submitted via the Proposal Trustee's case email account and toll-free telephone number;
- (h) submitted the Statement of Receipts and Disbursements for the NOI Proceeding to the OSB and received a positive letter of comment regarding same; and
- (i) with the assistance of Osler, prepared the Pre-Filing Report.

Monitor's Activities

13.2 Since the date of the Pre-Filing Report, the Monitor has engaged in the following activities:

- (a) assisting Joriki Canada and the Financial Advisor with advancing the Sale Process, including the negotiation of the Delta Facility Purchase Agreement and Toronto Facility Purchase Agreement with the purchasers; reviewing and providing comments on documents related to the transactions;
- (b) assisting Joriki Canada in its efforts to maximize realizations from its working capital assets;


- (c) liaising with Joriki Canada and the Liquidator with respect to the liquidation of assets at the Pickering facility;
- (d) assisting Joriki Canada with communications to employees, suppliers, landlords and other stakeholders;
- (e) coordinating publication of notice of the CCAA Proceedings in *The Globe and Mail* (National Edition) newspaper on January 31 and February 7, 2025;
- (f) monitoring the Applicants' cash receipts and disbursements, and assisting in preparing weekly cash flow variance reporting;
- (g) coordinating with Service Canada and assisting in preparing letters to former employees with respect to WEPP;
- (h) posting non-confidential materials filed with the Court to the Case Website;
- (i) responding to inquiries submitted via the Monitor's case email account and toll-free telephone number; and
- (j) with the assistance of Osler, preparing this First Report.

14.0 CONCLUSIONS AND RECOMMENDATIONS


- 14.1 For the reasons set out in this First Report, the Monitor is of the view that the relief sought in the Delta Facility AVO, Toronto Facility AVO, and Ancillary Relief Order is, in each case, reasonable, appropriate and necessary having regard to the Applicants' current circumstances and respectfully recommends that the Court grant the relief requested.

All of which is respectfully submitted to the Court this 25th day of February, 2025.

**Alvarez & Marsal Canada Inc.,
solely in its capacity as Monitor of Joriki TopCo Inc. and Joriki Inc.,
and not in its personal or corporate capacity**

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Stephen R. Moore
Vice-President

APPENDIX A

**FIRST REPORT OF THE PROPOSAL TRUSTEE
AND PRE-FILING REPORT OF THE PROPOSED MONITOR
(EXCL. APPENDICES)**

District of: Ontario
Division No.: 09 – Toronto
Court No.: 31-3170452

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF JORIKI INC., IN THE
CITY OF TORONTO, IN THE PROVINCE OF
ONTARIO**

**FIRST REPORT OF THE PROPOSAL TRUSTEE
ALVAREZ & MARSAL CANADA INC.**

- AND –

Court File No. CV-25-00735458-00CL

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
JORIKI TOPCO INC. AND JORIKI INC.**

**PRE-FILING REPORT OF ALVAREZ & MARSAL CANADA INC.
AS PROPOSED MONITOR OF JORIKI TOPCO INC. AND JORIKI INC.**

JANUARY 26, 2025

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Appendix A – Updated Cash Flow Forecast (incl. Management’s Representation Letter)

Appendix B – DIP Term Sheet

Appendix C – Proposed KERP (Confidential)

1.0 INTRODUCTION

- 1.1 On December 31, 2024 (the “**NOI Filing Date**”), Joriki Inc. (“**Joriki Canada**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3 (the “**BIA**”, and the proceedings, the “**NOI Proceedings**”) and Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as Proposal Trustee (in such capacity, the “**Proposal Trustee**”). Joriki Canada has not filed a proposal in the NOI Proceedings.
- 1.2 Joriki Canada is a wholly owned subsidiary of Joriki TopCo Inc. (“**Joriki TopCo**”). Joriki TopCo has not filed an NOI but is an applicant in these CCAA Proceedings (defined below). Joriki USA Inc. (“**Joriki USA**”, and, collectively with Joriki TopCo and Joriki Canada, “**Joriki**” or the “**Company**”), is the Company’s U.S. operating subsidiary. On January 12, 2025, Joriki USA filed a petition under Chapter 7 of the United States Bankruptcy Code before the United States Bankruptcy Court for the District of Delaware (the “**Chapter 7 Case**”). Joriki USA is not an applicant in these CCAA Proceedings.
- 1.3 Until very recently, Joriki manufactured and packaged consumer beverages, including juices and plant-based beverages, primarily for large consumer packaged goods companies, from four leased production facilities (three in Canada and one in the United States). Joriki Canada’s three facilities are in Toronto and Pickering, Ontario and in Delta, British Columbia. Joriki USA’s facility is in Pittston, Pennsylvania.
- 1.4 Production at the Pickering facility was halted in July 2024, as the Pickering facility was implicated in a Canada-wide recall of Silk[®] and Great Value[®] plant-based beverages as a result of a *Listeria monocytogenes* outbreak (the “**Recall**”).

- 1.5 Production at each of the Toronto, Delta and Pittston facilities was halted at the end of December 2024. At that time, the Company had approximately 565 full-time and temporary employees, approximately 337 of whom were employed by Joriki Canada. The employment of virtually all employees was terminated on December 31, 2024, save for a small number of employees retained to assist with winding-down the Company's operations.
- 1.6 Joriki Canada, as borrower, Joriki USA and Joriki TopCo, as guarantors, are indebted to The Bank of Nova Scotia and The Toronto-Dominion Bank (the "**Senior Lenders**") under secured creditor agreements, as amended and restated (the "**Senior Secured Facilities**"), which are in default. As of December 31, 2024, there was approximately \$192 million owed under the Senior Secured Facilities. It is expected that the Senior Lenders will incur a significant shortfall on their outstanding secured loans upon completion of the CCAA Proceedings and the Chapter 7 Case.
- 1.7 Extensive background information with respect to the Company, including the events leading up to, and the reasons for, the filing of the NOI, the Chapter 7 Case, and commencement of these CCAA Proceedings, is provided in the Affidavit of Michael G. Devon, the Chief Financial Officer of Joriki TopCo and Joriki Canada, sworn on January 22, 2025 (the "**Devon Affidavit**"), and is not repeated herein. As such, this First Report of the Proposal Trustee and Pre-Filing Report of the Proposed Monitor (the "**Report**") should be read in conjunction with the Devon Affidavit.
- 1.8 Joriki TopCo and Joriki Canada (together, the "**Applicants**") have now made an application to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") for

an order (the “**Initial Order**”), granting a stay of proceedings for an initial 30-day period (the “**Initial Stay Period**”) pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the “**CCAA**”, and the proceedings, the “**CCAA Proceedings**”), appointing A&M as Monitor of the Applicants (in such capacity, the “**Proposed Monitor**”) and providing for, among other relief:

- (a) continuing the NOI Proceedings into these CCAA Proceedings;
- (b) approving the proposed key employee retention plan (the “**KERP**”);
- (c) sealing the confidential appendix in respect of the KERP attached here as Appendix “C” (the “**Confidential KERP Appendix**”), subject to further order of the Court;
- (d) approving the execution by the Applicants of a DIP financing term sheet (the “**DIP Term Sheet**”) expected to be entered into with the Senior Lenders (in such capacity, collectively, the “**DIP Lender**”), providing for borrowings of up to a maximum principal amount of \$1.2 million (plus interest, fees and expenses) (the “**DIP Loan**”);
- (e) authorizing the Applicants to continue to utilize their cash management system and to maintain their banking arrangements;
- (f) granting of the Administration Charge, Directors’ Charge, KERP Charge and DIP Lender’s Charge (each as defined below) over the property and assets of the Applicants (collectively, the “**Property**”);

- (g) ordering that the Applicants meet the criteria prescribed by the *Wage Earners Protection Program Act* (Canada) (“**WEPPA**”) and its regulations; and
- (h) dispensation of the Monitor’s obligations under subsections 23(1)(a)(ii)(B) and (C) of the CCAA.

1.9 In addition to the application for the Initial Order, the Applicants are also seeking an order (the “**Auction and Liquidation Approval Order (Pickering Facility)**”) approving the agreement entered into between Joriki Canada and Maynards Industries II Canada Ltd. (“**Maynards**”) dated January 22, 2025 (the “**Liquidation Services Agreement**”) in respect of the liquidation of Joriki Canada’s assets at its Pickering facility (described below).

1.10 Copies of the documents related to the NOI Proceedings are available on the Proposal Trustee’s case website at: www.alvarezandmarsal.com/Joriki (the “**Case Website**”). Should the Initial Order be granted, the Monitor will update and post copies of the CCAA Court materials and other relevant documents to the Case Website.

2.0 PURPOSE OF REPORT

2.1 The purpose of this Report is to provide the Court with information on:

- (a) Joriki Canada’s NOI Proceedings, including the reasons for continuing the NOI Proceedings into these CCAA Proceedings;
- (b) A&M’s qualifications to act as Monitor;
- (c) the Applicants’ cash management system;

- (d) Joriki Canada's cash flow results for the period ended January 10, 2025;
- (e) the Applicants updated cash flow forecast for the 13-week period ending April 11, 2025;
- (f) the DIP Term Sheet;
- (g) the KERP;
- (h) the Court-ordered charges sought in the Initial Order;
- (i) the WEPPA declaration;
- (j) the Proposal Trustee's activities and extension of the stay of proceedings; and
- (k) the recommendations of A&M as Proposal Trustee and Proposed Monitor in connection with the foregoing.

3.0 TERMS OF REFERENCE AND DISCLAIMER

3.1 In preparing this Report, A&M, in its capacity as the Proposal Trustee and Proposed Monitor, has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Company and has held discussions with management of the Company and its legal counsel (collectively, the **"Information"**). Except as otherwise described in this Report:

- (a) the Proposal Trustee and Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee and Proposed 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 Proposal Trustee and Proposed Monitor express no opinion or other form of assurance contemplated under CASS in respect of the Information; and

- (b) some of the information referred to in this 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 Report was prepared based on the Applicants’ 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 This Report should be read in conjunction with the Devon Affidavit. Capitalized terms used and not defined in this Report have the meanings given to them in the Devon Affidavit.

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

4.0 NOI PROCEEDINGS

- 4.1 As described above, on December 31, 2024 (the NOI Filing Date), Joriki Canada filed an NOI under the BIA and A&M was appointed as Proposal Trustee. The activities of the Proposal Trustee since the time of the NOI Filing are summarized later in this Report.
- 4.2 The NOI Proceedings were commenced on an urgent basis as a result of Joriki's decreasing liquidity and a lack of go-forward funding. The stay of proceedings obtained through filing the NOI provided the stability necessary to cease active business operations and to continue to: (a) advance a sale process that had commenced well in advance of the NOI Filing Date, including pursuing "turn-key" transactions for the Delta and Toronto facilities; (b) attempt to maximize recoveries on accounts receivable and inventory; (c) negotiate the Liquidation Services Agreement; and (d) finalize the terms of the DIP Term Sheet with the Senior Lenders.

Sale Process

(i) Delta and Toronto Facilities

- 4.3 In November 2024, the Company commenced a sale process (the "**Sale Process**") with the assistance of Alvarez & Marsal Canada Corporate Finance ULC (the "**Financial Advisor**") to market the business and/or assets of the Company for sale. The Sale Process initially generated interest from a number of prospective buyers; however, in late December certain parties that had been pursuing the acquisition of a portion of Joriki Canada's business, as well as a potential purchaser of Joriki USA's business, withdrew from the process. The withdrawal of those parties led to a reassessment by the Senior Lenders as to whether they were prepared to continue to fund the Company as a going concern, which in turn led to

the decision by the Company to cease production at each of the Toronto, Delta and Pittston facilities in late December.

- 4.4 During the NOI Proceedings, Joriki Canada and its advisors have continued to advance the Sale Process and pursue “turn-key” sale transactions that could preserve customer and supplier relationships and the potential for the purchasers to hire some of Joriki Canada’s current and former workforce. Joriki Canada has now entered into two separate letters of intent (“**LOIs**”) with prospective purchasers of its assets at both the Delta and Toronto facilities (including assignments of the real property leases) and is in the process of advancing definitive transaction documentation with the purchasers.¹

(ii) *Pickering Facility*

- 4.5 No “turn-key” offers were received for the Pickering facility in the Sale Process (the go-forward prospects for the facility having been significantly impacted by the Recall). As such, the Applicants with the support of the Proposal Trustee and Proposed Monitor have entered into the Liquidation Services Agreement with the intention of maximizing realizations for the equipment and other assets located at the facility, and minimizing ongoing carry costs by exiting the facility as soon as reasonably practicable.
- 4.6 The Applicants, in consultation with their legal counsel, the Proposal Trustee and Proposed Monitor, and the Senior Lenders, selected Maynards as the third-party liquidator to assist with the liquidation of the machinery and equipment at the Pickering facility. The Proposed Monitor supports the engagement of Maynards and is satisfied that: (i) Maynards’ services

¹ An LOI for the Toronto facility was entered into on January 24, 2025, following finalization of the Devon Affidavit.

will assist the Applicants in conducting an efficient and value-maximizing liquidation; (ii) Maynards is qualified, experienced and capable of performing its obligations under the Liquidation Services Agreement; and (iii) Maynards' proposed fees, including a buyer's premium of 15% on all sales, plus out of pocket costs, are reasonable.

Continuation of the NOI Proceedings into CCAA

4.7 The Proposal Trustee and Proposed Monitor supports the application to continue the NOI Proceedings into the CCAA for the following reasons:

- (a) the proposed CCAA Proceedings will provide additional flexibility and time to advance the transactions for the Delta and Toronto assets, and to return to Court to seek approval of asset purchase agreements at the appropriate time;
- (b) a debtor in a CCAA proceeding is only required to return to Court when necessary, thus providing additional flexibility and efficiency as compared to a proposal proceeding under the BIA which obligates the debtor to return at statutory intervals for extensions of time to file a proposal. By continuing this matter as a CCAA proceeding, the Applicants may save on professional costs associated with Court appearances and other matters otherwise required in the NOI Proceedings; and
- (c) the continuation as a CCAA proceeding will permit Joriki Canada to avoid the negative impact and costs associated with a bankruptcy and liquidation in the event that the BIA proposal obligations cannot be met within the prescribed timeframes.

5.0 A&M'S QUALIFICATIONS TO ACT AS MONITOR

- 5.1 As A&M is currently the Proposal Trustee, it is familiar with the Applicants' business and affairs, and accordingly, it is logical and efficient for A&M to be appointed as Monitor.
- 5.2 A&M is related to Alvarez & Marsal Holdings, LLC, which is an independent international professional services firm, providing, among other things, bankruptcy, insolvency and restructuring services. A&M is a licensed trustee within the meaning of section 2 of the BIA. In addition, A&M is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.
- 5.3 The senior A&M professional personnel with carriage of this matter include experienced insolvency and restructuring practitioners who are Chartered Professional Accountants (Chartered Accountants), Chartered Insolvency and Restructuring Professionals, and Licensed Insolvency Trustees, and who have previously acted in CCAA matters of a similar nature and complexity in Canada.
- 5.4 The Proposed Monitor has retained Osler, Hoskin & Harcourt LLP ("**Osler**") to act as its independent legal counsel in the event of its appointment.
- 5.5 A&M has consented to act as Monitor of the Applicants should the Court grant the Applicants' request to commence the CCAA Proceedings.

6.0 CASH MANAGEMENT SYSTEM

- 6.1 The Applicants' cash management system is operated through four bank accounts with The Bank of Nova Scotia, in CAD and USD currencies (the "**Cash Management System**").

The Cash Management System is administered by Joriki's finance department at the head office in Toronto.

6.2 The Applicants intend to continue using their existing Cash Management System in substantially the same manner as before the commencement of the CCAA Proceedings and are seeking approval of the Court to do so. The Proposed Monitor is of the view that the continued use of the existing Cash Management System is appropriate during these CCAA Proceedings.

6.3 As part of its monitoring procedures, the Proposed Monitor will:

- (a) review disbursements, as reasonably appropriate, for compliance with provisions of the proposed Initial Order;
- (b) review receipts and disbursements processed through the bank accounts; and
- (c) review weekly receipts and disbursements summaries, compare the summaries to the corresponding cash flow forecasts and review variances with management.

7.0 CASH FLOW RESULTS RELATIVE TO FORECAST

7.1 Actual receipts and disbursements for the period from December 31, 2024 (the NOI Filing Date) to January 10, 2025 (the "**Reporting Period**"), as compared to the cash flow forecast filed in the NOI Proceedings are summarized in the following table on the next page of this Report:

Cash Flow Variance Report			
<i>Unaudited \$CAD 000's</i>			
For the Period:	Dec. 31, 2024 to Jan. 10, 2025		
<i>Actual/Forecast</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
Receipts			
Customer Receipts	933	726	207
Total Receipts	933	726	207
Disbursements			
Payroll & Benefits	509	468	(41)
HST/GST Remittance	8	8	(0)
Rent	197	197	0
Utilities	-	20	20
Professional Fees	765	790	25
Other Expenditures	220	264	44
Transfer to Joriki USA Inc.	719	719	-
Total Disbursements	2,419	2,466	47
Net Cash Flow	(1,486)	(1,740)	254
Opening Cash	3,538	3,538	-
Net Cash Flow	(1,486)	(1,740)	254
Closing Cash	2,052	1,798	254

7.2 Overall, Joriki Canada experienced a positive net cash flow variance of approximately \$254,000 during the Reporting Period, primarily attributable to higher than forecast customer receipts and timing variances relative to forecast disbursements.

8.0 UPDATED CASH FLOW FORECAST

8.1 The Applicants, with the assistance of the Proposed Monitor, prepared an updated cash flow forecast (the “**Updated Cash Flow Forecast**”) for the period from January 11 to April 11, 2025 (the “**Cash Flow Period**”). A copy of the Updated Cash Flow Forecast, together with the notes and summary of assumptions as well as copy of management’s representation letter, is attached hereto as **Appendix “A”**.

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

Cash Flow Forecast Summary	
<i>Unaudited \$CAD 000's</i>	
Receipts	
Customer Receipts	3,074
Total Receipts	3,074
Disbursements	
Payroll & Benefits	855
Property Taxes	149
Rent	444
Utilities	348
Professional Fees	2,162
Other Expenditures	393
KERP	350
Total Disbursements	4,703
Net Cash Flow	(1,629)
Opening Cash	2,051
Net Cash Flow	(1,629)
Closing Cash	422

9.0 DIP TERM SHEET

9.1 The Senior Lenders are the main operating and senior secured lender to the Applicants. In order to facilitate borrowings by the Applicants during the Initial Stay Period, to the extent that such borrowings should be required, the Initial Order, among other things: (i) authorizes and empowers the Applicants to borrow up to \$1.2 million under the DIP Term Sheet; (ii) grants the DIP Lenders' Charge in favour of the Senior Lenders; and (iii) grants certain related relief in favour of the Senior Lenders.

9.2 Following the NOI Filing Date, the Applicants, in consultation with the Proposed Monitor, engaged in negotiations with the Senior Lenders in furtherance of establishing a debtor-in-possession (“**DIP**”) financing facility to provide back-stop liquidity for the Applicants to finance ongoing wind-down expenses and these CCAA Proceedings in order to bridge to anticipated asset sales transactions. As a result of these negotiations, the Applicants are expected to enter into the DIP Term Sheet with the Senior Lenders (in such capacity, collectively, the “**DIP Lender**”) to establish a DIP borrowing facility (the “**DIP Facility**”). Although the DIP Term Sheet is in an agreed final form with the DIP Lender, the DIP Facility remains subject to credit committee approval from the DIP Lender. A copy of the DIP Term Sheet is appended as Appendix “B” to this Report.

9.3 Key terms and components of the DIP Facility include the following:

<u>DIP Facility</u> (capitalized terms have the meanings ascribed thereto in this Report or in the DIP Term Sheet, as applicable)	
Agreement	<ul style="list-style-type: none"> DIP Term Sheet dated as of [January 27], 2025
Borrowers	<ul style="list-style-type: none"> Joriki Canada and Joriki Topco (individually, a “Borrower” and together, the “Borrowers”)
Lender	<ul style="list-style-type: none"> The Senior Lenders
DIP Facility	<ul style="list-style-type: none"> A senior secured, super-priority, interim financing credit facility up to a Maximum Principal Amount of \$1.2 million
Interest	<ul style="list-style-type: none"> Fixed interest rate of 12.5% per annum, payable in arrears on the last day of each calendar month
Fees	<ul style="list-style-type: none"> Commitment Fee of \$30,000, payable to the DIP Lenders upon court approval
Maturity Date	<ul style="list-style-type: none"> The earlier of: (a) April 9, 2025 (the “Maturity Date”); (b) the effective date of a plan of compromise or arrangement that is in form and substance acceptable to the DIP Lenders; and (c) the closing of a transaction or transactions for the sale or liquidation of the assets of Joriki through purchase agreement(s) satisfactory to the DIP Lenders.
Material Conditions Precedent	<ul style="list-style-type: none"> Initial Order shall have been issued by the Court, including granting of the DIP Lenders’ Charge DIP Lenders shall have received and approved the Agreed Budget, as well as weekly reports showing actual cash receipts and actual expenditures and analysis of variances between actual

DIP Facility (capitalized terms have the meanings ascribed thereto in this Report or in the DIP Term Sheet, as applicable)	
	and budget, where actual net cash flow may exceed the Negative Projected Cash Flow for such period by no greater than 20% or \$250,000, on a weekly or cumulative basis <ul style="list-style-type: none"> The Applicants shall have entered into a binding agreement for the purchase and sale of the Applicants' assets at the production facility located at 695 Derwent Way, Delta, BC
Milestones	<ul style="list-style-type: none"> By no later than February 14, 2025, the Borrowers shall have executed definitive agreements, in form and substance acceptable to the DIP Lenders, acting reasonably, to complete a sale or liquidation of the assets of Joriki at the Delta and Toronto facilities with a purchaser or purchasers (the "Sales Transactions") By no later than February 19, 2025, the Borrowers shall have brought a motion seeking, (i) an order approving the Sales Transactions acceptable to the DIP Lenders; and (ii) an order authorizing the distribution of the proceeds of sale of the Sales Transactions and any liquidation proceeds received by the Borrowers By no later than March 7, 2025, the Borrowers shall have closed the Sales Transactions or, alternatively, have prepared a liquidation plan acceptable to the DIP Lenders
Prepayments	<ul style="list-style-type: none"> Applicants may repay any amounts or any portion thereof at any time prior to the Maturity Date, without any prepayment fee or penalty. Any repayments of principal will not be able to be redrawn
DIP Collateral	<ul style="list-style-type: none"> To be secured by the DIP Lender's Charge (as defined below)

9.4 The Proposed Monitor is of the view that the DIP Facility is appropriate in the circumstances for the following reasons:

- (a) the terms of the DIP Facility are the result of negotiations between the Applicants, the Senior Lenders, and their respective advisors in consultation with the Proposal Trustee/Proposed Monitor;
- (b) in light of the Senior Lenders' existing pre-filing secured debt, it is unlikely that the Applicants would be able to obtain acceptable DIP financing proposals other than that reflected in the DIP Facility, nor is it expected that the Senior Lenders would consent to or support such alternative DIP facility, if one were available;
- (c) the DIP Facility is conditional on the approval of the Court;

- (d) the DIP Facility will provide the Applicants with back-stop liquidity during the CCAA Proceedings and stability to allow the Applicants to continue winding-down operations and implement the contemplated asset sales transactions; and
- (e) in the Proposed Monitor's view, the DIP Milestones (as further defined in the DIP Term Sheet and summarized above), the pricing and other financial terms of the DIP Facility are reasonable in the circumstances.

10.0 KEY EMPLOYEE RETENTION PLAN

10.1 As described in the Devon Affidavit, following the Recall, a number of the Company's employees resigned, creating challenges in ensuring the continuation of operations and resulting in increased workloads for many of the Company's remaining employees. To address this, in early December 2024, the Company, with the assistance of A&M and the consent of the Senior Lenders, implemented a key employee retention program designed to incentivize certain employees who were critical to the ongoing operations of the business to remain with the Company (the "**Pre-Filing KERP**"). The Pre-Filing KERP remains important to the Applicants to ensure that the participating employees stay through the conclusion of the Sale Process, any transactions that are entered into, and the wind-down of the Applicants' business. The Pre-Filing KERP entitles employees to a lump sum cash payment (based on a percentage of their target annual compensation), provided that such key employee remains in the employment of Joriki Canada through the earlier of completion of a transaction and a specified date.

10.2 The Applicants' remaining senior management were not participants under the Pre-Filing KERP. In connection with commencing these CCAA Proceedings, the Applicants,

following consultation and with the support of the proposed Monitor, are seeking authorization to establish a key employee retention program for senior management structured in a manner consistent with the Pre-Filing KERP (the “**Senior Management KERP**” and, together with the Pre-Filing KERP, the “**KERP**”). As with the Pre-Filing KERP participants, the Applicants believe it is critical that the remaining senior management team be incentivized to remain in their roles pending completion of the Sale Process and any transactions that are entered into.

- 10.3 In the proposed Initial Order, the Applicants are seeking: (a) authorization to make the retention payments owing by Joriki Canada under the Pre-Filing KERP; (b) approval of the KERP; and (c) the granting of a priority charge (the “**KERP Charge**”) to secure the maximum amount of \$487,500 that could be owing under the KERP (*i.e.* under both the Pre-Filing KERP and the Senior Management KERP). The proposed priority of the KERP Charge is addressed in the waterfall set out in the Initial Order.
- 10.4 The Proposed Monitor supports the KERP and is of the view that the KERP is necessary and appropriate to ensure the continued engagement of the KERP participants, which participation remains important to the Applicants’ ongoing efforts to maximize realizations and wind-down the business. The Proposed Monitor supports the payment by the Applicants of the amounts due to employees under the Pre-Filing KERP. These amounts were necessary to preserve value for the benefit of the stakeholders and consented to by the Senior Lenders.
- 10.5 Pursuant to the proposed Initial Order, the Applicants are requesting that Confidential KERP Appendix be sealed, subject to further order of the Court. The Confidential KERP

Appendix contains private and highly sensitive information regarding the identities and compensation of the KERP participants. As a result and given that the aggregate maximum amount payable under the KERP has been disclosed, the Monitor recommends that the Confidential KERP Appendix be sealed, subject to further order of this Court. In the circumstances, the sealing of the Confidential KERP Appendix will protect the privacy interests of the KERP participants.

11.0 COURT-ORDERED CHARGES SOUGHT IN THE INITIAL ORDER

11.1 The proposed Initial Order provides for four charges (collectively, the “**Charges**”) over the Property of the Applicants, as described below.

Administration Charge

11.2 The Initial Order provides for a super-priority charge over the Property in an amount not to exceed \$700,000 in favour of the Monitor, counsel to the Monitor, and counsel to the Applicants.

11.3 As part of ongoing discussions with the Senior Lenders regarding Joriki Canada’s funding needs, A&M and the Financial Advisor agreed that a portion of their outstanding fees would be deferred and paid from the proceeds of future asset sales, and that the deferred fees would be secured by the Administration Charge. The amount of the Administration Charge reflects this arrangement and is supported by the Senior Lenders.

11.4 The Proposed Monitor assisted the Applicants in 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 nature of the proceedings, the scope and level of work expected to be required, and the size of charges approved in similar CCAA proceedings.

Directors' Charge

- 11.5 The Initial Order provides that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors and officers of the Applicants after 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. The Initial Order provides for a super-priority charge over the Property in the amount of \$200,000 in favour of the directors and officers of the Applicants as security for that indemnity.
- 11.6 The Proposed Monitor assisted the Applicants in the calculation of the amount of the Directors' Charge, taking into consideration the amount of payroll, source deductions, vacation pay, federal and provincial sales tax liabilities, and other potential sources of director and officer liability during the Initial Stay Period. The Proposed Monitor is of the view that the Directors' Charge is required and that the quantum of the charge is reasonable having regard to the ongoing wind-down activities of the Applicants.

KERP Charge

- 11.7 The Initial Order provides for a super-priority charge over the Property in an amount not to exceed \$487,500 in favour of the key employees (the "**KERP Charge**") who have entered into retention agreements with Joriki Canada. This charge will secure the amounts payable to key employees under the KERP should amounts become payable thereunder.

- 11.8 As described above, the Proposed Monitor supports the KERP and, therefore, is also of the view that the KERP Charge is reasonable and appropriate in the circumstances.

DIP Lender's Charge

- 11.9 The Initial Order provides for a super-priority charge over the Property in an amount not to exceed \$1.2 million in favour of the Senior Lenders (the “**DIP Lender's Charge**”) to secure interim financing that may be required as back-stop liquidity for the Applicants during these CCAA Proceedings.

- 11.10 The proposed Monitor supports the DIP Lender's Charge and is of the view that access to DIP financing is necessary and appropriate in the event that funding is required for the ongoing wind-down of the Applicants' business and to ensure stability of the proceedings. Absent DIP financing (or realizations from assets which are uncertain at this time), the Applicants could otherwise exhaust their current liquidity during these CCAA Proceedings.

Priority of the Charges Created by the Proposed Initial Order

- 11.11 The proposed priorities of the Charges, as between them, are as follows:
- (a) First – Administration Charge, to a maximum amount of \$700,000;
 - (b) Second – Directors' Charge, to a maximum amount of \$200,000;
 - (c) Third – KERP Charge, to a maximum amount of \$487,500; and
 - (d) Fourth – DIP Lender's Charge, to a maximum amount of \$1.2 million.

12.0 WEPPA DECLARATION

12.1 Section 5(1) of the WEPPA provides that an individual is eligible to receive payment under WEPPA if, among other things: (a) the former employer is subject to proceedings under the CCAA; (b) a Court determines under subsection 5(5) that the criteria prescribed by the *Wage Earner Protection Program Regulations*, SOR/2008-222 (the “**WEPP Regulation**”) are met; and (c) the individual is owed eligible wages by a former employer. Section 3.2 of the WEPP Regulation provides that the Court “may determine whether the former employer is the former employer of all of whose employees in Canada have been terminated other than any retained to wind down its business operations.”

12.2 As described in the Devon Affidavit, Joriki Canada has terminated all employees not required to wind down the Company’s business. Accordingly, the Monitor supports the Company’s request for a declaration pursuant to section 5(5) of the WEPPA.

12.3 Should the requested order be granted, the Monitor will work with Joriki Canada to identify all employees that may be eligible for payments under WEPPA and will assist those eligible employees in their claim submissions to Service Canada at the appropriate time.

13.0 ACTIVITIES OF THE PROPOSAL TRUSTEE

13.1 Since the NOI Filing Date, the Proposal Trustee has engaged in the following activities:

- (a) assisting Joriki Canada in its communications with employees, suppliers, landlord and other stakeholders;

- (b) preparing and mailing creditor packages to all known creditors notifying them of the NOI Proceedings;
- (c) filing the required cash flow forecast with the Office of the Superintendent of Bankruptcy Canada within ten (10) days of the NOI filing;
- (d) establishing and maintaining the Case Website;
- (e) managing and responding to inquiries submitted to the Proposal Trustee's inbox;
- (f) assisting in the Sale Process;
- (g) assisting Joriki Canada with discussions with customers regarding its accounts receivable collections and inventory monetization efforts;
- (h) monitoring receipts and disbursements, and assisting in preparing weekly cash flow variance reporting;
- (i) assisting in the preparation of the Updated Cash Flow Forecast;
- (j) engaging in consultations regarding the DIP Term Sheet;
- (k) assisting with determining the appropriate amounts for the Charges; and
- (l) with the assistance of Osler, preparing this Report.

14.0 EXTENSION OF THE STAY PERIOD

- 14.1 Pursuant to the NOI certificate of filing, the stay of proceedings is set to expire on January 30, 2025.

- 14.2 As part of the relief sought in the Initial Order, the Applicants are seeking an order granting a stay of proceedings in the CCAA Proceedings for the Initial Stay Period.
- 14.3 In the circumstances, the Proposed Monitor supports the granting of the relief requested and is of the view that it is reasonable and consistent with other cases where an NOI proceeding has continued into a CCAA proceeding, as:
- (a) (i) the breadth of the proposed stay of proceedings is consistent with the scope of the automatic stay of proceedings granted in the NOI Proceedings; (ii) the service list received five-days' notice of the relief sought in the Applicants' CCAA application; (iii) the requested extension would obviate the need for the Applicants to return to Court for the 10-day comeback hearing; and (iv) the proposed relief removing the need to return for a 10-day comeback has been granted by this Court in similar instances;
 - (b) the proposed stay of proceedings will provide the stability and certainty required to enable the Applicants to advance their realization efforts and, if transactions are entered into, return to the Court to seek approval of same;
 - (c) the Applicants are projected to have sufficient liquidity to fund their operations, as reflected in the Cash Flow Forecast, through the end of the proposed Initial Stay Period;
 - (d) Joriki Canada has acted, and continues to act, in good faith and with due diligence since commencing the NOI Proceedings, and is expected to continue to do so during the CCAA Proceedings;

- (e) the requested stay will allow Joriki Canada to continue the proposed Sale Process without the expense of frequently returning to Court for further stay extension motions; and
- (f) the Proposed Monitor does not believe any creditor will be prejudiced if the stay is granted.

14.4 For the reasons set out above, and in light of the underlying factors that support the Proposal Trustee's recommendation for the NOI Proceedings to be continued under the CCAA, the Proposal Trustee is supportive of this relief. The Proposal Trustee further notes that the proposed stay extension is within the maximum permitted 45-day period stay extension otherwise required under the BIA.

15.0 SERVICE AND NOTICE


15.1 The Proposed Monitor, if appointed, also seeks dispensation of its obligations pursuant to subsections 23(1)(a)(ii)(B) and (C) of the CCAA. As part of the NOI Proceedings, the Proposal Trustee completed all statutory noticing obligations and prepared a creditor's list as required pursuant to the BIA. Accordingly, the Proposed Monitor is of the view that repeating the noticing and creditor's list process with the Applicants known creditors is not necessary. The Proposed Monitor notes that the application record for the Initial Order has been served upon the service list as set out in Section 14.3(a)(ii) of this report. Furthermore, should the Initial Order be granted, the monitor intends to publish a notice containing the prescribed information under the CCAA in the Globe and Mail (National Edition), and also post notice of the commencement of the within proceedings on its Case Website.

16.0 CONCLUSIONS AND RECOMMENDATIONS


- 16.1 For the reasons described in this Report, the Proposal Trustee and Proposed Monitor is of the view that the relief sought in the Initial Order and the Auction and Liquidation Approval Order (Pickering Facility) is reasonable, appropriate and necessary having regard to the Applicants' current circumstances, and respectfully recommends that the Court grant the relief requested.

All of which is respectfully submitted to the Court this 26th day of January, 2025.

**Alvarez & Marsal Canada Inc.,
solely in its capacity as Proposal Trustee of Joriki Inc.,
and not in its personal or corporate capacity**

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Stephen R. Moore
Vice-President

APPENDIX B

CASH FLOW FORECAST FOR THE PERIOD FEBRUARY 22 TO APRIL 11, 2025

Joriki TopCo Inc. and Joriki Inc.
7-Week Cash Flow Forecast
Notes and Summary of Assumptions

Disclaimer

*Joriki Topco Inc. and Joriki Inc. (the “**Company**”) prepared this Cash Flow Forecast and the accompanying Notes and Summary of Assumptions (collectively the “**Forecast**”) in support of their motion under the Companies’ Creditors Arrangement Act (“**CCAA**”).*

*In preparing this Forecast, the Company relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast includes assumptions described 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 period February 22, 2025 to April 11, 2025 (the “**Cash Flow 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 prepared in thousands of Canadian dollars.

Forecast Assumptions

1. **Customer Receipts:** No finished good product remains on hand, but collection of accounts receivable for previously shipped goods continues to be pursued. The Company, with assistance from the Monitor, is working with customers to monetize remaining on-hand raw material inventory.
2. **Liquidation Proceeds:** Proceeds from remaining assets are to be determined and are therefore not included.
3. **Payroll & Benefits:** Includes salaries, wages, remittances and employee benefit costs for salaried and part-time employees at the three production plants and head office until respective transaction closing dates; costs at the Pickering Facility and head office only thereafter.
4. **Rent:** Includes amounts payable for the three production plants and head office. Monthly rent is forecast to be paid in equal instalments on the 1st and 15th of each month through to the timeframe for assigning or disclaiming the leases and vacating the premises.
5. **Utilities:** Includes estimated amounts payable for all three production plants and head office. Utilities are forecast to remain payable through to the timeframe for assigning or disclaiming the leases and vacating the premises.
6. **Professional Fees:** Includes fees paid to the Company’s legal counsel and consultants, the Monitor and its legal counsel, and the lenders’ advisors.
7. **Other Expenditures:** Includes disbursements to secure and maintain assets of the Company during the realization process.
8. **KERP:** Includes disbursements to retain key employees through the Cash Flow Period.



Joriki Inc.
3431 McNicoll Ave.
Scarborough, ON, M1V 2V3

February 20, 2025

Dear Sirs:

Re: Joriki Inc. ("Joriki") - CCAA section 10(2) Prescribed Representations with Respect to Cash Flow Forecast

In connection with the motion by the Applicants for various relief under the *Companies' Creditors Arrangement Act*, management of Joriki has, with the assistance of Alvarez & Marsal Canada Inc., prepared the attached 7-week projected cash flow statement (the "**Cash Flow Forecast**") for the period February 22, 2025 to April 11, 2025 (the "**Forecast Period**") and the list of assumptions on which the Cash Flow Forecast is based. The purpose of the Cash Flow Forecast is to determine the liquidity requirements of Joriki during the Forecast Period.

Joriki confirms that the hypothetical assumptions on which the Cash Flow Forecast is based are reasonable and consistent with the purpose described herein, and the probable assumptions are suitably supported and consistent with the plans of Joriki and provide a reasonable basis for the projections. All such assumptions are disclosed in notes to the Cash Flow Forecast (the "**Notes**").

Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projections have been prepared solely for the purpose described herein, using the probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.

Yours truly,

A handwritten signature in blue ink that reads "Michael Devon".

Per: Michael Devon
CFO
Joriki Inc.

APPENDIX C

DELTA FACILITY TRANSACTION PURCHASE PRICE

(CONFIDENTIAL)

APPENDIX D

TORONTO FACILITY TRANSACTION PURCHASE PRICE

(CONFIDENTIAL)

Court File No.: CV-25-00735458-00CL

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF JORIKI TOPCO INC. AND JORIKI INC.**

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

Proceeding commenced at Toronto

FIRST REPORT OF THE MONITOR

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Counsel for Alvarez & Marsal Canada Inc., solely
in its capacity as Monitor of Joriki TopCo Inc. and
Joriki Inc., and not in its personal or corporate
capacity.