

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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## 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<sup>®</sup> and Great Value<sup>®</sup> 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](http://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.<sup>1</sup>

(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

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<sup>1</sup> 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:

<b>Cash Flow Variance Report</b>			
<i>Unaudited \$CAD 000's</i>			
<b>For the Period:</b>	<b>Dec. 31, 2024 to Jan. 10, 2025</b>		
<i>Actual/Forecast</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
<b>Receipts</b>			
Customer Receipts	933	726	207
<b>Total Receipts</b>	<b>933</b>	<b>726</b>	<b>207</b>
<b>Disbursements</b>			
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	-
<b>Total Disbursements</b>	<b>2,419</b>	<b>2,466</b>	<b>47</b>
<b>Net Cash Flow</b>	<b>(1,486)</b>	<b>(1,740)</b>	<b>254</b>
<b>Opening Cash</b>	3,538	3,538	-
Net Cash Flow	(1,486)	(1,740)	254
<b>Closing Cash</b>	<b>2,052</b>	<b>1,798</b>	<b>254</b>

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:

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

## 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:

<b><u>DIP Facility</u></b> (capitalized terms have the meanings ascribed thereto in this Report or in the DIP Term Sheet, as applicable)	
<b>Agreement</b>	<ul style="list-style-type: none"> <li>DIP Term Sheet dated as of [January 27], 2025</li> </ul>
<b>Borrowers</b>	<ul style="list-style-type: none"> <li>Joriki Canada and Joriki Topco (individually, a “<b>Borrower</b>” and together, the “<b>Borrowers</b>”)</li> </ul>
<b>Lender</b>	<ul style="list-style-type: none"> <li>The Senior Lenders</li> </ul>
<b>DIP Facility</b>	<ul style="list-style-type: none"> <li>A senior secured, super-priority, interim financing credit facility up to a Maximum Principal Amount of \$1.2 million</li> </ul>
<b>Interest</b>	<ul style="list-style-type: none"> <li>Fixed interest rate of 12.5% per annum, payable in arrears on the last day of each calendar month</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>Commitment Fee of \$30,000, payable to the DIP Lenders upon court approval</li> </ul>
<b>Maturity Date</b>	<ul style="list-style-type: none"> <li>The earlier of: (a) April 9, 2025 (the “<b>Maturity Date</b>”); (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.</li> </ul>
<b>Material Conditions Precedent</b>	<ul style="list-style-type: none"> <li>Initial Order shall have been issued by the Court, including granting of the DIP Lenders’ Charge</li> <li>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</li> </ul>



<b>DIP Facility</b> (capitalized terms have the meanings ascribed thereto in this Report or in the DIP Term Sheet, as applicable)	
	<p>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</p> <ul style="list-style-type: none"> <li>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</li> </ul>
<b>Milestones</b>	<ul style="list-style-type: none"> <li>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 "<b>Sales Transactions</b>")</li> <li>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</li> <li>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</li> </ul>
<b>Prepayments</b>	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>DIP Collateral</b>	<ul style="list-style-type: none"> <li>To be secured by the DIP Lender's Charge (as defined below)</li> </ul>

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 26<sup>th</sup> 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 A**

**UPDATED CASH FLOW FORECAST**

Joriki TopCo Inc. and Joriki Inc.  
**13-Week Cash Flow Forecast ending April 11, 2025**  
*Unaudited \$CAD 000's*

Cash Flow Week:		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	13-Week
Week Ending:	Notes	17-Jan	24-Jan	31-Jan	7-Feb	14-Feb	21-Feb	28-Feb	7-Mar	14-Mar	21-Mar	28-Mar	4-Apr	11-Apr	Total
<b>Receipts</b>															
Customer Receipts	1	402	2,462	210	-	-	-	-	-	-	-	-	-	-	3,074
<b>Total Receipts</b>		<b>402</b>	<b>2,462</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,074</b>
<b>Disbursements</b>															
Payroll & Benefits	2	50	177	-	134	-	134	-	134	-	114	114	-	-	855
Property Taxes		-	-	-	-	55	-	20	-	-	-	20	-	55	149
HST/GST Remittance		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	3	4	-	-	100	-	100	-	80	-	80	-	80	-	444
Utilities	4	-	-	96	64	88	27	1	20	25	27	1	-	-	348
Professional Fees	5	287	250	596	80	240	70	274	70	100	25	169	-	-	2,162
Other Expenditures	6	38	10	50	50	50	50	25	25	25	25	25	10	10	393
KERP	7	-	-	-	-	-	-	-	-	-	-	350	-	-	350
<b>Total Disbursements</b>		<b>380</b>	<b>437</b>	<b>742</b>	<b>428</b>	<b>433</b>	<b>381</b>	<b>320</b>	<b>328</b>	<b>150</b>	<b>270</b>	<b>679</b>	<b>90</b>	<b>65</b>	<b>4,703</b>
<b>Net Cash Flow</b>		<b>22</b>	<b>2,025</b>	<b>(532)</b>	<b>(428)</b>	<b>(433)</b>	<b>(381)</b>	<b>(320)</b>	<b>(328)</b>	<b>(150)</b>	<b>(270)</b>	<b>(679)</b>	<b>(90)</b>	<b>(65)</b>	<b>(1,629)</b>
<b>Opening Cash</b>		2,051	2,074	4,098	3,566	3,138	2,705	2,325	2,005	1,676	1,526	1,256	577	487	2,051
Net Cash Flow		22	2,025	(532)	(428)	(433)	(381)	(320)	(328)	(150)	(270)	(679)	(90)	(65)	(1,629)
<b>Closing Cash</b>		<b>2,074</b>	<b>4,098</b>	<b>3,566</b>	<b>3,138</b>	<b>2,705</b>	<b>2,325</b>	<b>2,005</b>	<b>1,676</b>	<b>1,526</b>	<b>1,256</b>	<b>577</b>	<b>487</b>	<b>422</b>	<b>422</b>
<b>Opening Restricted Cash (KERP)</b>		<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	-	-	<b>233</b>
Less: KERP Payment		-	-	-	-	-	-	-	-	-	-	(233)	-	-	(233)
<b>Closing Restricted Cash</b>		<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**Disclaimer**

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

*In preparing this Forecast, the Applicants 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 January 11, 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:** Includes collections of existing accounts receivable and proceeds from the sale of on-hand inventory. No finished good product remains on hand, but accounts receivable for previously shipped goods continues to be collected. The Applicants are working with customers to monetize on-hand WIP inventory.
2. **Payroll & Benefits:** Includes salaries, wages, remittances and employee benefits for salaried and part-time employees at the three production plants and head office.
3. **Rent:** Includes amounts payable for the three production plants and head office. For February onward, 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.
4. **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.
5. **Professional Fees:** Includes fees paid to the Applicants’ legal counsel and consultants, the Proposal Trustee and Proposed Monitor and its legal counsel, and the lenders’ advisors.
6. **Other Expenditures:** Includes disbursements to secure and maintain assets of the Applicants during the realization process.
7. **KERP:** Includes disbursements to retain key employees through the Cash Flow Period.



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

January 24, 2025

Dear Sirs:

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

In connection with the application by the Applicants for the commencement of proceedings under the *Companies' Creditors Arrangement Act*, management of Joriki has, with the assistance of Alvarez & Marsal Canada Inc., prepared the attached 13-week projected cash flow statement for the period January 11, 2025 to April 11, 2025 (the "**Cash Flow Forecast**") 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 CCAA proceedings.

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 B**  
**DIP TERM SHEET**

**DIP FINANCING TERM SHEET**

**DATED:** [ ]

**WHEREAS** Joriki Inc., an Ontario corporation (“**Joriki**”), Joriki Topco Inc., an Ontario corporation (“**Joriki Topco**”), and Joriki USA Inc., a Delaware corporation (“**Joriki USA**”) are party to a fourth amended and restated credit agreement dated as of March 11, 2024, as amended by a first amending agreement dated September 23, 2024, a second amending agreement dated November 12, 2024, a third amending agreement dated November 19, 2024, and a fourth amending agreement dated December 4, 2024 (together, as amended, the “**Pre-Filing Credit Agreement**”) among, *inter alios*, Joriki, as borrower, Joriki Topco and Joriki USA, as guarantors, and the lenders from time to time party thereto (collectively, the “**Pre-Filing Lenders**”), and The Bank of Nova Scotia, as administrative agent;

**AND WHEREAS** Joriki has filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as Proposal Trustee of Joriki (the “**BIA Proceedings**”);

**AND WHEREAS** Joriki intends to convert the BIA Proceedings to proceedings under the *Companies’ Creditors Arrangement Act* (Canada), RSC 1985, c C-36 (the “**CCAA**”) (the “**CCAA Proceedings**”);

**AND WHEREAS** The Borrowers (defined below) require, and the DIP Financing Lenders (defined below) are willing to provide to the Borrowers, interim financing in the context of the CCAA Proceedings, subject to the terms and conditions set out herein (this “**DIP Financing Term Sheet**”);

**NOW THEREFORE** the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1. **Borrowers:** Joriki and Joriki Topco (individually, a “**Borrower**” and together, the “**Borrowers**”).
2. **Sole Lead Arranger:** The Bank of Nova Scotia.
3. **Administrative and Collateral Agent:** The Bank of Nova Scotia (in such capacity, the “**DIP Agent**”).
4. **DIP Financing Lenders:** Each of the Pre-Filing Lenders (collectively, the “**DIP Financing Lenders**” and individually each a “**DIP Financing Lender**”). The commitment amount of each DIP Financing Lender under the DIP Financing Credit Facility (defined below) is set forth in Schedule A hereto (collectively, the “**Commitments**”).
5. **Currency:** Unless otherwise stated all currency is in Canadian Dollars.
6. **Credit Facility, Advances:** \$1,200,000 (such amount, the “**Maximum Principal Amount**”) senior secured super-priority interim financing credit facility (the “**DIP Financing Credit Facility**”).

Advances shall be made to the Borrowers under this DIP Financing Term Sheet and from the DIP Financing Credit Facility (such advances being referred to herein as “**DIP Advances**”, and “**DIP Advance**” means each such advance) by the DIP Financing Lenders in accordance with the conditions set out in Section 13 hereof.

7. **Availability and Advances Under DIP Facility:** Provided that a draw request in the form attached hereto as Schedule B (each a “**Draw Request**”) has been made by the Borrowers to the DIP Financing Lenders, each DIP Advance may be made by the DIP Financing Lenders to the Borrowers, subject to the terms and conditions contained herein. Each Draw Request shall, in all cases, be consistent with the Agreed Budget (defined below), or otherwise agreed to by the DIP Financing Lenders.
- All DIP Advances shall be deposited into a deposit account acceptable to the DIP Agent within three (3) business days of receiving a Draw Request.
8. **Termination:** 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 Financing Lenders; and (c) the closing of a transaction or transactions for the sale or liquidation of all or substantially all of the assets of Joriki through an asset purchase, share purchase, or some combination thereof satisfactory to the DIP Financing Lenders.
9. **Interest Rates:** DIP Advances shall be made available in Canadian dollars at a fixed interest rate of 12.50% per annum. Interest shall be calculated daily and payable in arrears on the last business day of each calendar month.
10. **Upfront Fees:** The Borrowers shall pay an upfront fee to the DIP Agent for the account of the DIP Financing Lenders in the aggregate amount of \$30,000, which fee is to be allocated to each DIP Financing Lender based on its Commitment in respect of the DIP Financing Credit Facility specified on Schedule A hereto (collectively the “**Upfront Fees**”) and which Upfront Fees shall be due and payable immediately upon court approval.
11. **Purpose of DIP Financing Term Sheet and DIP Financing Credit Facility:** To provide for the short-term liquidity needs of the Borrowers pursuant to the Agreed Budget (defined below) while the CCAA Proceedings are continuing.
12. **Security & Collateral:** The obligations of the Borrowers under this DIP Financing Term Sheet and the DIP Financing Credit Facility (the “**DIP Financing Obligations**”) shall be joint and several, and secured against all of the assets, property and undertakings of the Borrowers (the “**Collateral**”) by a super-priority charge (the “**DIP Financing Lenders’ Charge**”) (subject only to Permitted Priority Liens (defined below)) pursuant to an order of the Ontario Superior Court of Justice (the “**Canadian Court**”) granted pursuant to the provisions of the CCAA.
- “**Permitted Priority Liens**” means: (i) a Canadian Court ordered administration charge to secure obligations owing to certain professionals in the CCAA Proceedings in an amount not to exceed \$700,000, (ii) a Canadian Court ordered charge in favour of the directors and officers of the Borrowers to secure the customary obligations and liabilities that they may incur in such capacity from and after the commencement of the CCAA Proceedings in an amount not to exceed \$200,000, as a backstop to any available

directors' and officers' insurance and to the extent that any funds in trust for such person are not sufficient to satisfy such claims, (iii) a Canadian Court ordered charge to secure amounts payable under the Borrowers' key employee retention plan (as consented by the DIP Financing Lenders) and (iv) such other Liens (defined below) (including any Canadian court-ordered charges) as may be agreed to in writing by the DIP Financing Lenders.

13. **Conditions Precedent to Effectiveness and to DIP Advances:**

The effectiveness of this DIP Financing Term Sheet and the DIP Financing Lenders' agreement to make any DIP Advance, which DIP Advance shall not exceed the amount outlined in the Agreed Budget (defined below), to the Borrowers under this DIP Financing Term Sheet, is subject to the satisfaction of the conditions precedent set out below (collectively, the "**Funding Conditions**"):

- (a) the DIP Financing Term Sheet shall have been executed and delivered by all required parties;
- (b) an initial order in form and substance satisfactory to the DIP Agent, acting reasonably (the "**Initial Order**") shall have been issued by the Canadian Court, that, among other things, (i) grants protection to the Borrowers pursuant to the provisions of the CCAA, (ii) approves the DIP Financing Term Sheet, (iii) grants a super-priority DIP Financing Lenders' Charge in an amount not less than the Maximum Principal Amount, plus interest, fees and expenses (subject only to Permitted Priority Liens (defined above)) against the Collateral to secure the DIP Financing Obligations and (iv) appoints A&M as monitor (in such capacity, the "**Monitor**");
- (c) the DIP Financing Lenders shall have received and approved the Agreed Budget (defined below);
- (d) all of the representations and warranties of the Borrower as set forth in the DIP Financing Term Sheet are true and accurate in all materials respects;
- (e) no Event of Default (defined below) has occurred or will occur as a result of any DIP Advance;
- (f) subject only to approval by the Canadian Court, Joriki shall have entered into a binding agreement for the purchase and sale of Joriki's assets at the production facility located at 695 Derwent Way, Delta, BC, on terms acceptable to the Lenders, acting reasonably;
- (g) such requested DIP Advance shall not cause the aggregate amount of all outstanding DIP Advances to: (i) exceed the Maximum Principal Amount, or (ii) be greater than the amount shown for the total aggregate DIP Advances on the Agreed Budget (defined below) for the applicable time period;

- (h) the Upfront Fees and all other applicable DIP Financing Fees and Expenses (defined below) shall have been paid;
- (i) the Borrowers shall have made all necessary or advisable registrations and taken all other steps in applicable jurisdictions to perfect and give effect to the DIP Financing Lenders' Charge as reasonably requested by the DIP Agent;
- (j) there are no mortgages, debentures, pledges, hypothecs, liens, charges, assignments by way of security, hypothecation or security interest granted or permitted by the Borrowers or arising by operation of law, in respect of any of the Collateral, or any arrangement having the effect of security for the payment of any debt, liability or obligation (each a "**Lien**" and collectively "**Liens**") ranking pari passu or in priority to the DIP Financing Lenders' Charge, other than the Permitted Priority Liens;
- (k) there shall be no order of the Canadian Court in the CCAA Proceedings that contravenes the DIP Financing Term Sheet so as to materially adversely impact the rights or interest of the DIP Agent or DIP Financing Lenders, as determined by the DIP Agent or by the DIP Financing Lenders, acting reasonably; and
- (l) the Initial Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a manner that materially adversely impacts the rights and interests of the DIP Financing Lenders, without the consent of the DIP Agent (which consent the DIP Agent may not provide without the consent of the DIP Financing Lenders).

For greater certainty, no DIP Financing Lender shall be obligated to make any DIP Advance or otherwise make available funds pursuant to this DIP Financing Term Sheet unless and until all the Funding Conditions have been satisfied.

14. **Milestones:**

Failure to achieve the following milestones (the "**Milestones**") on the following dates shall constitute an Event of Default (defined below):

- (a) by no later than February 14, 2025, the Borrowers shall have executed such definitive agreements, in form and substance acceptable to the Pre-Filing Lenders and the DIP Financing Lenders, acting reasonably, as necessary to complete a sale or liquidation of all or substantially all of the assets of Joriki at the Delta and Toronto facilities with a purchaser or purchasers (the "**Sales Transactions**");
- (b) 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 Pre-Filing Lenders and DIP Financing Lenders and authorizing the necessary action to complete such Sales Transactions; and (ii) an order authorizing the distribution of the proceeds of sale of the Sales Transactions and any liquidation proceeds received

by the Borrowers to first repay the DIP Financing Obligations and second the obligations owing by the Borrowers to the Pre-Filing Lenders under the Pre-Filing Credit Agreement and related documents, subject only to holdback in an amount necessary to satisfy the amounts secured by the Permitted Priority Liens and accrued but unpaid post-filing payables, as determined by the Monitor with the consent of the Borrowers and the DIP Agent or in such amount otherwise ordered by the Court; and

- (c) 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 Financing Lenders in their sole discretion.

15. **Costs and Expenses:** The Borrowers shall pay all of the DIP Agent and DIP Financing Lenders' reasonable legal fees and out-of-pocket disbursements, and any costs of realization or enforcement, in each case in connection with or otherwise related to the DIP Financing Credit Facility, the DIP Financing Lenders' Charge, or the CCAA Proceedings (collectively, the "**DIP Financing Fees and Expenses**") and such payment shall be made forthwith upon receipt of the applicable invoice, provided, however, that the DIP Financing Fees and Expenses may, with the consent of the DIP Agent, be added to the total obligations of the Borrowers owing under the DIP Financing Obligations.

16. **Communications with the Monitor:** The Monitor shall be authorized to have direct discussions with the DIP Agent and the DIP Financing Lenders, and the DIP Agent and the DIP Financing Lenders shall be entitled to receive information from the Monitor as may be requested by the DIP Financing Lenders from time to time.

17. **Agreed Budget and Updated Budgets:** The following terms will have the meanings ascribed below:

"**Agreed Budget**" means the Initial Agreed Budget (together with any update thereto pursuant to an Updated Budget (defined below) approved by the DIP Financing Lenders in their sole and absolute discretion or otherwise as amended with the approval of the DIP Financing Lenders in their sole and absolute discretion).

On Thursday of each week by 5:00 p.m. (Toronto time), commencing on the Thursday of the first full calendar week following the first DIP Advance, the Borrowers shall deliver to the DIP Agent, for distribution to the DIP Financing Lenders, reports showing:

- (i) actual cash receipts and actual expenditures for each line item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Initial Agreed Budget for such line item during such one-week period and providing

qualitative analysis of variances between actual to budget (a **"Budget Variance Report"**); and

- (ii) actual cash receipts and expenditures on a cumulative basis covering all subsequent weeks since the delivery of the Initial Agreed Budget, and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures on a cumulative basis, and providing qualitative analysis of variances between actual to budget (a **"Cumulative Budget Variance Report"**, and together with the Budget Variance Report, the **"Variance Reports"**).

Without limiting any other obligation of the Borrowers, the Borrowers shall advise the DIP Agent if, as at the end of any week ending on Friday, an Excess Negative Cash Flow Variance (defined below) exists.

**"Excess Negative Cash Flow Variance"** means, in respect of any week ending on Friday, or cumulative period since the Initial Agreed Budget (defined below), where there is Negative Projected Cash Flow for such period, that the difference between (A) the Borrowers' actual aggregate cash expenditures and outflows in such period minus (B) the Borrowers' actual aggregate cash receipts in such period is more than the Negative Projected Cash Flow for such period by greater than 20% or \$250,000, on a weekly or cumulative basis.

**"Initial Agreed Budget"** means the first such Agreed Budget (defined below) delivered by the Borrower to the DIP Financing Lenders attached as Schedule C hereto.

**"Negative Projected Cash Flow"** means, in respect of any week ending on Friday, or cumulative period since the Initial Agreed Budget, the amount by which the projected total cash inflows of the Borrowers for such period is less than the projected total cash outflows for such period, in each case, as shown in the Agreed Budget.

**Updated Budgets:** to the extent there are any material updates or changes to the Agreed Budget, the Borrowers shall prepare an update to the Agreed Budget (each an **"Updated Budget"**), for the period commencing from the end of the previous week through and including the end of the period set forth in the Agreed Budget, which shall reflect the Borrower's good faith projections and be in form and detail consistent with the Initial Agreed Budget and subject to the approval of the DIP Financing Lenders (for certainty, the Updated Budget shall not constitute an amendment of the Agreed Budget unless otherwise agreed to by the DIP Financing Lenders in their sole and absolute discretion).

18. **Prepayments:**

Subject to the Monitor's consent, the Borrowers may prepay any amounts outstanding or any portion of any amounts outstanding

under the DIP Financing Credit Facility at any time prior to the Maturity Date, without any prepayment fee or penalty. Any repayments of principal will not be able to be re-drawn and the Maximum Principal Amount will be reduced by the amount of such repayment.

**19. Representations and Warranties:**

Each Borrower represents and warrants to each DIP Financing Lender, upon which each DIP Financing Lender is relying in entering into this DIP Financing Term Sheet, that, subject to entry of the Initial Order, as applicable:

- (a) the transactions contemplated by the DIP Term Sheet:
  - (i) are within the powers of each Borrower;
  - (ii) have been duly executed and delivered by or on behalf of each Borrower;
  - (iii) constitute legal, valid and binding obligations of each Borrower, enforceable against each Borrower in accordance with their terms, subject to bankruptcy, insolvency, moratorium laws or similar laws affecting creditors rights generally;
  - (iv) do not require any authorization from, the consent or approval of, registration or filing with, or any other action by, any governmental authority or any third party; and
  - (v) will not violate the charter documents, articles by-laws or other constating documents of any of the Borrowers or any applicable law relating to any of the Borrowers;
- (b) the business operations of each Borrower will be conducted in material compliance with all laws of each jurisdiction in which the business has been or is carried out;
- (c) the Borrowers own their respective assets and undertakings free and clear of all Liens other than the Permitted Priority Liens, Liens permitted by the Pre-Filing Credit Agreement and related security documents, and the DIP Financing Lenders' Charge;
- (d) each Borrower has been duly formed and is validly existing under the laws of its jurisdiction of incorporation; and
- (e) no Event of Default (defined below) has occurred and is continuing.

**20. Affirmative Covenants:**

Each Borrower covenants and agrees to perform and do each of the following until the DIP Financing Obligations are permanently and indefeasibly repaid in full and the DIP Financing Credit Facility is terminated:



- (a) allow the DIP Agent, the DIP Financing Lenders or their respective agents and advisors, on reasonable notice during regular business hours, to enter on and inspect each of the Borrowers' assets and properties;
- (b) deliver to the DIP Agent and the DIP Financing Lenders periodic reporting packages and other information reasonably requested by the DIP Agent and the DIP Financing Lenders within a reasonable time frame after such requests are made;
- (c) use the proceeds of the DIP Financing Credit Facility only for the purposes described in Section 11, and in a manner consistent with the restrictions set out herein;
- (d) conduct all activities and make disbursements in a manner consistent with the Agreed Budget, in all material respects, and, pursuant to Section 17, deliver to the DIP Agent each Budget Variance Report and Cumulative Budget Variance Report;
- (e) forthwith notify the DIP Agent and DIP Financing Lenders of the occurrence of any Event of Default (defined below);
- (f) provide the DIP Agent or its counsel with draft copies of all motions, applications, proposed orders, or other material or documents that any of them intend to file in the CCAA Proceedings as soon as practically possible prior to any such filing (which substantially final draft copies the DIP Agent or its counsel shall distribute, as soon as practicable after receipt, to any DIP Financing Lender who has requested copies of same), and any motion, petition and/or applicable materials and similar pleadings that affect the DIP Financing Lenders or the Collateral shall be satisfactory to the DIP Agent, acting reasonably;
- (g) in respect of any Sale Transaction, such Sale Transaction shall be acceptable to the DIP Financing Lenders, in their sole discretion, in all respects and approved by the Canadian Court; and
- (h) use all reasonable commercial efforts to achieve the Milestones at the prescribed times.

**21. Negative Covenants:**

Each Borrower covenants and agrees not to do the following, other than with the prior written consent of the DIP Financing Lenders:

- (a) except in the ordinary course of business, transfer, lease, or otherwise dispose of all or any part of the Collateral after the date hereof without the prior written consent of the DIP Financing Lenders;
- (b) make any payment of principal or interest in respect of existing (pre-filing) debt or obligation, other than as may be

permitted by a Canadian Court order and is provided for in the Agreed Budget;

- (c) create or permit to exist indebtedness (including guarantees thereof or indemnities or other financial assistance in respect thereof) other than existing (pre-filing) debt, debt contemplated by this DIP Financing Term Sheet, or the Agreed Budget, post-filing trade payables, debt secured by Permitted Priority Liens or as otherwise permitted by a Canadian Court order;
- (d) make any payments not consistent with the Agreed Budget, unless approved by the DIP Financing Lenders in their sole discretion;
- (e) create, permit to exist or seek or support a motion by another party for an order (i) to provide to any third party a Lien on the Collateral which is senior to or pari passu with the DIP Financing Lenders' Charge, other than the Permitted Priority Liens or (ii) that materially adversely impacts the rights or interests of the DIP Agent or DIP Financing Lenders, as determined by the DIP Agent, acting reasonably;
- (f) take any action to challenge the validity, perfection or enforceability of the DIP Financing Term Sheet, the DIP Financing Lenders' Charge, the Pre-Filing Credit Agreement, or any security granted to the Pre-Filing Lenders under the Pre-Filing Credit Agreement or other credit documents; and
- (g) take any other action inconsistent with the DIP Financing Term Sheet, the DIP Financing Lenders' Charge, or any orders entered in the CCAA Proceedings.

22. **Indemnity And Release:** Each Borrower agrees, on a joint and several basis, to indemnify and hold harmless the DIP Agent, the DIP Financing Lenders and their respective directors, officers, employees, agents, attorneys, advisors, and affiliates (each, an "**Indemnified Person**") and release any and all claims any Borrower may have against the Indemnified Persons, provided, however, the Borrowers shall not be obligated to indemnify any Indemnified Person against any loss, claim, damage, expense, or liability to the extent it resulted from the gross negligence, wilful misconduct, or bad faith of any Indemnified Person as finally determined by a court of competent jurisdiction. None of the Indemnified Persons nor the Borrowers shall be responsible or liable to any other person for consequential or punitive damages.

The indemnities granted under the DIP Financing Term Sheet shall survive any termination of the DIP Financing Credit Facility.

23. **Events Of Default:** The occurrence of any one or more of the following events without the DIP Financing Lenders' written consent shall constitute an event of default ("**Event of Default**"):

- (a) failure to achieve the Milestones by the prescribed times or such later times as the DIP Financing Lenders may agree to in writing (including by email from counsel) in their sole and absolute discretion;
- (b) the breach of any affirmative covenant, negative covenant, representation and warranty, or any other obligation owing by any of the Borrowers under the DIP Financing Term Sheet;
- (c) any update in the Updated Budget or any Budget Variance Report or any Cumulative Budget Variance Report forecasts that borrowings under the DIP Financing Credit Facility will exceed the Maximum Principal Amount at any time (unless and until the DIP Financing Lenders consent to increase the Maximum Principal Amount, which shall be in the DIP Financing Lenders' sole and absolute discretion), or if, as at the end of any week, an Excess Negative Cash Flow Variance exists;
- (d) any representation or warranty by a Borrower in the DIP Financing Term Sheet shall be incorrect or misleading in any material respect when made;
- (e) any of the Borrowers become subject to any receivership proceedings or proceedings under the BIA (for the avoidance of doubt, excluding the BIA Proceedings) which is not otherwise stayed;
- (f) the appointment of a receiver and manager, receiver, interim receiver or similar official, or any process of any court becomes enforceable against any of the Borrowers or any of their material property, or any of their material property is seized or levied upon, or a creditor or governmental agency takes possession of a material amount of property of the Borrowers, provided for certainty that for the purposes of this paragraph, materiality shall be determined in reference to the collective property or operations of the Borrowers taken as a whole;
- (g) any proceeding, motion, or application is commenced or filed by a Borrower or otherwise consented to by a Borrower seeking the invalidation, subordination, or other challenge of the terms of the DIP Financing Lenders' Charge or this DIP Financing Term Sheet; and
- (h) termination or amendment of the Sales Transactions without the consent of the DIP Financing Lenders; and
- (i) any material violation or breach of any Canadian Court order.

24. **Remedies:** Upon the occurrence and continuance of an Event of Default, the DIP Agent may, upon written notice to the Borrowers and the Monitor and subject to the requirements of any Canadian Court order:
- (a) terminate the DIP Financing Credit Facility and all of the DIP Financing Obligations shall become immediately due and payable to the DIP Financing Lenders without any further notice or action by the DIP Agent or the DIP Financing Lenders;
  - (b) seek, by way of an application to the Canadian Court, on not less than 3 business days written notice to the Borrowers, the appointment of a receiver, interim receiver, receiver and manager, or similar official or seek to adjudicate the Borrowers bankrupt;
  - (c) seek to expand the powers of the Monitor, pursuant to the terms of an order of the Canadian Court satisfactory to the Monitor, to allow the Monitor to realize on the Collateral; and
  - (d) exercise any rights afforded to secured lenders under the *Personal Property Security Act* (Ontario) and any similar personal property security legislation in any applicable jurisdiction.
25. **Agency and Required Lender Provisions:** Except as set out in the immediately following paragraph, no amendment or waiver of any provision of any of this DIP Financing Term Sheet, nor consent to any departure by the Borrowers or any other person from such provisions, shall be effective unless in writing and approved by the DIP Financing Lenders. Any amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.
- Any amendment to this DIP Financing Term Sheet relating to the following matters shall require the unanimous agreement of the DIP Financing Lenders:
- (a) decreases in interest rates and fees in respect of the DIP Financing Credit Facility;
  - (b) increases in any DIP Financing Lender's Commitments;
  - (c) extensions of the Maturity Date of the DIP Financing Credit Facility;
  - (d) releases of all or any material portion of the Collateral and the DIP Financing Lenders' Charge, except to the extent otherwise permitted pursuant to this DIP Financing Term Sheet;
  - (e) the definition of "Permitted Priority Liens"; and
  - (f) this Section 25.

26. **Evidence of Indebtedness:** The DIP Financing Lenders' accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrowers to the DIP Financing Lenders under the DIP Financing Credit Facility.
27. **Entire Agreement:** This DIP Financing Term Sheet, including the schedules hereto, constitutes the entire agreement between the parties relating to the subject matter hereof.
28. **Assignment:** The DIP Financing Lenders may assign this DIP Financing Term Sheet and its rights and obligations hereunder, in whole or in part, to any party acceptable to the DIP Financing Lenders in their sole and absolute discretion, provided that the Monitor shall have provided its prior written consent based solely on the Monitor being satisfied that the proposed assignee has the financial capacity to act as DIP Financing Lender. Neither this DIP Financing Term Sheet nor any right and obligation hereunder may be assigned by the Borrowers.
29. **Severability:** Any provision in this DIP Financing Term Sheet that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.
30. **Counterparts and Signatures:** This DIP Financing Term Sheet may be executed in any number of counterparts and by electronic transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this DIP Financing Term Sheet by signing any counterpart of it.
31. **Disclosure:** Except as required by applicable laws (including any court orders), the Borrowers shall not issue any press release or make any public announcement concerning this DIP Financing Term Sheet (the "**Communications**"), without the prior written consent of the DIP Financing Lenders.
32. **Notice:** Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the person as set forth below:

(a) In the case of the DIP Agent and DIP Financing Lenders:

The Bank of Nova Scotia  
 Global Loan Syndication – Agency Services  
 40 Temperance Street, 6th Floor  
 Toronto, ON M5H 0B4

Attention: Head of Agency Services, Rocco Fabiano, Justin Mitges, and Jim Cook

Email: [agency.services@scotiabank.com](mailto:agency.services@scotiabank.com)  
[rocco.fabiano@scotiabank.com](mailto:rocco.fabiano@scotiabank.com)

[justinl.mitges@scotiabank.com](mailto:justinl.mitges@scotiabank.com)  
[james.cook@scotiabank.com](mailto:james.cook@scotiabank.com)

with a copy to:

McMillan LLP  
Brookfield Place, 181 Bay Street, Suite 4400  
Toronto, Ontario M5J 2T3

Attention: Wael Rostom and Christopher Keliher  
Email: [wael.rostom@mcmillan.ca](mailto:wael.rostom@mcmillan.ca)  
[christopher.keliher@mcmillan.ca](mailto:christopher.keliher@mcmillan.ca)

(b) In the case of the Borrowers:

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

Attention: Michael G. Devon  
Email: [mdevon@jorikiinc.com](mailto:mdevon@jorikiinc.com)

with a copy to:

Goodmans LLP  
333 Bay Street 34th Floor  
Toronto, ON M5H 2S7

Attention: Robert Chadwick and Christopher Armstrong  
Email: [rchadwick@goodmans.ca](mailto:rchadwick@goodmans.ca)  
[carmstrong@goodmans.ca](mailto:carmstrong@goodmans.ca)

(c) In the case of the Monitor:

Alvarez & Marsal Canada Inc.  
Royal Bank Plaza, South Tower  
200 Bay Street, Suite 3501  
Toronto ON M5J 2J1  
Canada

Attention: Al Hutchens and Stephen Moore  
Email: [ahutchens@alvarezandmarsal.com](mailto:ahutchens@alvarezandmarsal.com)  
[smoore@alvarezandmarsal.com](mailto:smoore@alvarezandmarsal.com)

33. **Governing Law and Jurisdiction:**

This DIP Financing Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

***[Signature Pages Follow]***

**IN WITNESS HEREOF**, the parties hereby execute this DIP Financing Term Sheet as of the date first written above.

**BORROWERS:**

**Address:**

3431 McNicoll Avenue  
Scarborough, ON M1V 2V3

Attention: Michael G. Devon  
Email: [mdevon@jorikiinc.com](mailto:mdevon@jorikiinc.com)

with a copy to:

Goodmans LLP  
333 Bay Street 34th Floor  
Toronto, ON M5H 2S7

Attention: Robert Chadwick and  
Christopher Armstrong  
Email: [rchadwick@goodmans.ca](mailto:rchadwick@goodmans.ca)  
[carmstrong@goodmans.ca](mailto:carmstrong@goodmans.ca)

**Address:**

3431 McNicoll Avenue  
Scarborough, ON M1V 2V3

Attention: Michael G. Devon  
Email: [mdevon@jorikiinc.com](mailto:mdevon@jorikiinc.com)

with a copy to:

Goodmans LLP  
333 Bay Street 34th Floor  
Toronto, ON M5H 2S7

Attention: Robert Chadwick and  
Christopher Armstrong  
Email: [rchadwick@goodmans.ca](mailto:rchadwick@goodmans.ca)  
[carmstrong@goodmans.ca](mailto:carmstrong@goodmans.ca)

**JORIKI INC.**

by \_\_\_\_\_  
Name:  
Title:

by \_\_\_\_\_  
Name:  
Title:

**JORIKI TOPCO INC.**

by \_\_\_\_\_  
Name:  
Title:

by \_\_\_\_\_  
Name:  
Title:

**DIP FINANCING LENDERS:**

**Address:**

The Bank of Nova Scotia  
Global Loan Syndication – Agency Services  
40 Temperance Street, 6th Floor  
Toronto, ON M5H 0B4

Attention: Head of Agency Services,  
Rocco Fabiano, Justin Mitges,  
and Jim Cook

Email: [agency.services@scotiabank.com](mailto:agency.services@scotiabank.com)  
[rocco.fabiano@scotiabank.com](mailto:rocco.fabiano@scotiabank.com)  
[justinl.mitges@scotiabank.com](mailto:justinl.mitges@scotiabank.com)  
[james.cook@scotiabank.com](mailto:james.cook@scotiabank.com)

with a copy to:

McMillan LLP  
Brookfield Place, 181 Bay Street, Suite 4400  
Toronto, Ontario M5J 2T3

Attention: Wael Rostom and  
Christopher Keliher

Email: [wael.rostom@mcmillan.ca](mailto:wael.rostom@mcmillan.ca)  
[christopher.keliher@mcmillan.ca](mailto:christopher.keliher@mcmillan.ca)

**Address:**

The Toronto-Dominion Bank  
66 Wellington Street West, 12<sup>th</sup> Floor  
Toronto, Ontario M5K1A2

Attention: Michael Vos and Xiaovu Jia

Email: [michael.vos@td.com](mailto:michael.vos@td.com)  
[xioayu.jia@td.com](mailto:xioayu.jia@td.com)

**THE BANK OF NOVA SCOTIA**

by \_\_\_\_\_  
Name:  
Title:

by \_\_\_\_\_  
Name:  
Title:

**THE TORONTO-DOMINION BANK**

by \_\_\_\_\_  
Name:  
Title:

by \_\_\_\_\_  
Name:  
Title:



**MONITOR:**

**Address:**

Royal Bank Plaza, South Tower  
200 Bay Street, Suite 3501  
Toronto, Ontario M5J 2J1

Attention: Al Hutchens and  
Stephen Moore

Email: [ahutchens@alvarezandmarsal.com](mailto:ahutchens@alvarezandmarsal.com)  
[smoore@alvarezandmarsal.com](mailto:smoore@alvarezandmarsal.com)

**ALVAREZ & MARSAL CANADA INC.**

by \_\_\_\_\_  
Name:  
Title:

by \_\_\_\_\_  
Name:  
Title:

**SCHEDULE A**  
**COMMITMENTS**

	<b>Lender</b>	<b>Contribution</b>
<b>1.</b>	The Bank of Nova Scotia	60%
<b>2.</b>	The Toronto-Dominion Bank	40%

## SCHEDULE B

### DRAW REQUEST

To: The Bank of Nova Scotia (the "DIP Agent")

This Draw Request is delivered pursuant to the DIP Financing Term Sheet dated as of [ ], 2025 made between the Borrower, the DIP Agent, and the DIP Financing Lenders, (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "DIP Financing Term Sheet"). Terms used herein as defined terms shall have the respective meanings ascribed in the DIP Financing Term Sheet, unless otherwise defined.

1. The Borrower hereby requests a DIP Advance in Canadian Dollars as follows:

(a) Date of Advance: \_\_\_\_\_, 2025

(b) Amount of Advance: CAD\$[\_\_\_\_\_]

2. The Borrower hereby authorizes the DIP Agent and the DIP Financing Lenders to disburse the DIP Advance as follows:

(a) CAD\$[\_\_\_\_\_] to be deposited to Borrower's account number [\_\_\_\_\_]. **[NTD: Borrower to provide.]**

3. The Borrower hereby certifies in favour of the DIP Agent and the DIP Financing Lenders that as at the date hereof:

(a) the representations and warranties in the DIP Financing Term Sheet are true and correct in all respects as if made on the date hereof;

(b) no Event of Default has occurred and is continuing, nor shall the making of the DIP Advance result in the occurrence of an Event of Default; and

(c) the Borrower has complied with all of its obligations under the DIP Financing Term Sheet.

*[signature page follows]*

**BORROWERS:**

**Address:**

3431 McNicoll Avenue  
Scarborough, ON M1V 2V3

Attention: Michael G. Devon  
Email: [mdevon@jorikiinc.com](mailto:mdevon@jorikiinc.com)

with a copy to:

Goodmans LLP  
333 Bay Street 34th Floor  
Toronto, ON M5H 2S7

Attention: Robert Chadwick and  
Christopher Armstrong  
Email: [rchadwick@goodmans.ca](mailto:rchadwick@goodmans.ca)  
[carmstrong@goodmans.ca](mailto:carmstrong@goodmans.ca)

**Address:**

3431 McNicoll Avenue  
Scarborough, ON M1V 2V3

Attention: Michael G. Devon  
Email: [mdevon@jorikiinc.com](mailto:mdevon@jorikiinc.com)

with a copy to:

Goodmans LLP  
333 Bay Street 34th Floor  
Toronto, ON M5H 2S7

Attention: Robert Chadwick and  
Christopher Armstrong  
Email: [rchadwick@goodmans.ca](mailto:rchadwick@goodmans.ca)  
[carmstrong@goodmans.ca](mailto:carmstrong@goodmans.ca)

**JORIKI INC.**

by \_\_\_\_\_  
Name:  
Title:

by \_\_\_\_\_  
Name:  
Title:

**JORIKI TOPCO INC.**

by \_\_\_\_\_  
Name:  
Title:

by \_\_\_\_\_  
Name:  
Title:

**SCHEDULE C**  
**AGREED BUDGET**  
**[NTD: To be added]**

**APPENDIX C**

**PROPOSED KERP (CONFIDENTIAL)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF JORIKI INC. AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF JORIKI TOPCO INC. AND JORIKI INC.**

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

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**FIRST REPORT OF THE  
PROPOSAL TRUSTEE  
-AND-  
PRE-FILING REPORT OF  
THE PROPOSED MONITOR**

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**Osler, Hoskin & Harcourt LLP**  
Suite 6200, First Canadian Place  
100 King Street West  
Toronto, ON M5X 1B8

**Tracy Sandler** (LSO# 32443N)  
Tel: 416.862.5890  
tsandler@osler.com

**Justin Kanji** (LSO# 88178O)  
Tel: 416.862.6642  
jkanji@osler.com

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