

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

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

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

**MOTION RECORD OF THE APPLICANTS
(Returnable February 9, 2026)**

February 3, 2026

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

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**ONTARIO
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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TAB 1

**ONTARIO
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INC.**

Applicants

**NOTICE OF MOTION
(Returnable February 9, 2026)
(Amended and Restated Initial Order)**

The Applicants will make a motion before the Honourable Justice Kimmel of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on Monday, February 9, 2026 at 11:00 a.m. (EST) or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard via videoconference. Zoom details will be provided by the Court.

THE MOTION IS FOR:

1. An amended and restated initial order (the “**ARIO**”) substantially in the form attached at Tab “3” of this motion record, among other things:
 - (a) abridging the time for service and filing of this notice of motion and the motion record and dispensing with service on any person other than those served;

- (b) extending the Stay of Proceedings to and including February 27, 2026. (the “**Stay Extension**”);
- (c) authorizing, but not obligating, the Applicants (as defined below) to pay up to \$300,000 in the aggregate, with the consent of the Monitor (as defined below), for amounts owing for goods and services supplied to the Applicants prior to the CCAA Proceedings;
- (d) increasing the quantum of each of the Administration Charge (to a maximum amount of \$800,000), and the Directors’ Charge (to a maximum amount of \$3,020,000);
- (e) approving a key employee retention plan (the “**KERP**”) and granting a related super-priority charge (the “**KERP Charge**”, and collectively with the Administration Charge and the Directors’ Charge the “**Charges**”), ranking subordinate to the Administration Charge and the Directors’ Charge but in priority to all other encumbrances;
- (f) sealing the KERP Summary (as defined below), to be appended to the First Report of Alvarez & Marsal Canada Inc. (“**A&M**” and the “**First Report**”), in its capacity as monitor of the Applicants (in such capacity, the “**Monitor**”), to be filed;
- (g) preserving the *status quo* of the Regulatory Licences (as defined below); and
- (h) granting certain customary ancillary relief to support the Applicants’ restructuring activities.

2. If the terms of a proposed debtor-in-possession credit facility and stalking horse purchase agreement are finalized in the very near term, the Applicants may file a further motion record seeking additional relief related thereto.¹

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

THE GROUNDS FOR THIS MOTION ARE:

4. All capitalized terms not otherwise defined herein have the meaning ascribed to them in:

- (a) the Initial Order of the Honourable Justice Kimmel dated January 30, 2026 (the “**Initial Order**”) in the Applicants’ proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”);
- (b) the affidavit of Igal Sudman sworn January 29, 2026, in support of the Initial Order (the “**First Sudman Affidavit**”); and
- (c) the affidavit of Igal Sudman sworn February 3, 2026, (the “**Second Sudman Affidavit**”).

Introduction and Background

5. Ayurcann Holdings Corp. (“**Ayurcann Parent**”) is a reporting issuer listed on the Canadian National Stock Exchange (the “**CSE**”) under the symbol “AYUR”, and cross-listed on the Frankfurt Stock Exchange (the “**FRA**”) under the symbol “3ZQ0”. Ayurcann Inc. is a wholly

¹ If the parties require additional time to complete diligence, negotiations and documentation, the Applicants will return before the Court as soon as reasonably practical upon finalizing the applicable definitive documents to seek this relief.

owned subsidiary of Ayurcann Parent (“**Ayurcann**”, and collectively with Ayurcann Parent, the “**Applicants**” or the “**Company**”).

6. The Company’s business focuses on the production and sale of cannabis products in recreational markets across Canada. Through Ayurcann, the Company holds certain cannabis licenses with Health Canada and the Canada Revenue Agency (the “**CRA**”). All of the Company’s cannabis production, processing, distribution and packaging takes place at a licensed facility leased by Ayurcann in Pickering, Ontario.

7. The Initial Order, among other things:

- (a) declared that the Applicants are parties to which the CCAA applies;
- (b) appointed A&M as the Monitor;
- (c) granted an initial stay of proceedings in favour of the Applicants, Ayurcann Holding Corp. and Can Ayurcann Merger Sub Inc. (together, the “**Non-Applicant Stay Parties**”) and their respective Directors and Officers, until and including February 9, 2026 (the “**Stay Period**”);
- (d) granted the Administration Charge and the Directors’ Charge (collectively, the “**Charges**”) in the amounts of \$250,000 and \$625,000 respectively; and
- (a) relieved Ayurcann Parent from any obligation to incur further expenses in relation to its securities reporting obligations.

Extension of the Stay Period

8. The Initial Order granted the Ayurcann Entities an initial Stay Period until and including February 9, 2026.

9. Since the granting of the Initial Order, the Applicants have acted in good faith and with due diligence to, among other things, stabilize their business, continue to develop and negotiate the sale process and stalking horse purchase agreement, and with the assistance of the Monitor, deploy a communications plan notifying key stakeholders of the CCAA Proceedings. Specifically, the communications plan has included:

- (a) disseminating a press release through The Newswire informing investors and other interested parties that the Applicants had obtained protection pursuant to the CCAA;
- (b) hosting meetings with the Applicants' employees;
- (c) contacting key customers and suppliers; and
- (d) notifying Health Canada and the CRA of these proceedings.

10. Pursuant to the ARIO, the Applicants seek the Stay Extension until and including February 27, 2026.

11. It is just, convenient, necessary and in the best interests of the Applicants and their stakeholders that the proposed Stay Extension be granted as it will allow the Monitor, with the assistance of the Applicants, to continue to negotiate and finalize the stalking horse purchase

agreement, sale process and debtor-in-possession financing, which will ultimately preserve and maximize the value of the Applicants' business for their stakeholders.

12. The Applicants have sufficient liquidity to maintain normal course operations through the end of the proposed Stay Extension. The Monitor is supportive of the proposed Stay Extension and it believes that such extension is reasonable in the circumstances.

The Monitor believes that the extension of the Stay of Proceedings in favour of the Non-Applicant Stay Parties continues to be appropriate in the circumstances.

Ability to Pay Certain Pre-Filing Amounts

13. Pursuant to the proposed ARIO, the Applicants are seeking authorization (but not the obligation) to pay up to \$300,000 in the aggregate, with the consent of the Monitor, for amounts owing for goods and services actually supplied to the Applicants prior to the date of the Initial Order (i.e., January 30, 2026), with the Monitor considering, among other factors, whether:

- (a) the supplier or service provider is essential to the business and ongoing operations of the Applicants and the payment is required to ensure ongoing supply;
- (b) making such payment will preserve, protect or enhance the value of the Property or the business;
- (c) making such payment is required to address regulatory concerns; and
- (d) the supplier or service provider is required to continue to provide goods or services to the Applicants after the date of the Initial Order, including pursuant to the terms of the Initial Order.

14. Absent authorization to make certain pre-filing payments, the Applicants are concerned that their third-party suppliers may cease providing essential goods and services. A disruption in the supply of essential goods and services to the Applicants could imperil their ability to comply with contractual and customer obligations and jeopardize their ability to continue operating the business – all to the detriment of the Applicants and their stakeholders.

15. The Applicants understand that the Monitor is supportive of the Applicants' authorization to pay for certain pre-filing goods and services. Further, the Monitor has advised that it will engage with the Applicants to ensure that any payments made to suppliers and service providers in connection with the Applicants' pre-filing liabilities will be limited to the extent reasonably necessary.

Increases to the Administration Charge and the Directors' Charge

16. Pursuant to the Initial Order, the Administration Charge and the Directors' Charge were granted up to a maximum of \$250,000 and \$625,000 respectively. These charges, among other things, were required to: (i) obtain the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge to complete a successful restructuring; and (ii) ensure the participation of the Applicants' directors and officers in the CCAA Proceedings.

17. In the Initial Order, the Administration Charge and the Directors' Charge were each limited to only what was reasonably necessary during the initial Stay Period. Pursuant to the ARIO, the Applicants now seek to increase the quantum of the Administration Charge and the Directors' Charge up to a maximum of \$800,000 and \$3,020,000, respectively.

18. The increased quantum of the Administration Charge is based on the needs of the Applicants to obtain the expertise, knowledge, and continued participation of the Monitor, as well as counsel to the Monitor and the Applicants, during the CCAA Proceedings in order to complete a successful restructuring.

19. The increased quantum of the Directors' Charge was calculated based on an estimate of the maximum potential liability the directors and officers could have during the CCAA Proceedings, and is supported by the Monitor. The Directors and Officers have already played a critical role in identifying and negotiating the potential stalking horse purchase agreement and debtor-in-possession financing, and stabilizing operations through their valuable relationships with customers, suppliers and employees. They are also expected to play an integral role in administering and soliciting interest in any sale process.

Approval of the KERP

20. The Applicants are seeking approval of the KERP, which was developed in consultation with the Monitor. Through the KERP, the Applicants propose to make retention payments to four employees and one contractor (each a “**Key Employee**” and collectively, the “**Key Employees**”). The Key Employees are essential to the continued operation of the business during the CCAA Proceedings and will be needed to assist with any sale process and the closing of any transaction thereunder.

21. Pursuant to the KERP, payments in a maximum amount of \$66,250 (the “**KERP Payment Amount**”) are being made to the Key Employees in the aggregate. Pursuant to the terms of agreements to be entered into with the Key Employees (the “**KERP Agreements**”), each Key

Employee is entitled to its share of the KERP Payment Amount if the following conditions are met:

- (a) the ARIO has been granted;
- (b) the Key Employee remains employed by the Company (or in the case of the contractor remains under contract with the Company) and continues to perform its duties to the best of its abilities;
- (c) the Key Employee has not disclosed the terms of the KERP or its respective KERP Agreement, subject to certain limited exceptions.

22. The Monitor assisted the Applicants to develop the KERP, and its terms are comparable to key employee retention plans approved in CCAA proceedings undertaken by other cannabis companies.

23. The Applicants believe that the KERP will provide the necessary incentive for the Key Employees to remain engaged with Ayurcann for the benefit of the Applicants and their stakeholders.

24. In connection with the KERP, the Applicants are also seeking approval of the KERP Charge to secure the KERP Payment Amount, which will be subordinate only to the Administration Charge and the Directors' Charge. The KERP Charge is supported by the Monitor.

Sealing

25. The Applicants are seeking a sealing order with respect to the a schedule containing the names of the proposed KERP recipients, their positions, their current compensation and the proposed amount to be received by each recipient (the “**KERP Summary**”).

26. The KERP Summary contains confidential and sensitive information regarding the identity and compensation of the Key Employees. Accordingly, the Applicants request that the KERP Summary remain sealed subject to further order of the Court.

Approval of the KERP Charge

27. Pursuant to the ARIO the Applicants are seeking the approval of the KERP Charge, which, with the Administration Charge and the Directors’ Charge, would rank in the following priority:

First – Administration Charge (to the maximum amount of \$800,000);

Second – Directors’ Charge (to the maximum amount of \$3,020,000); and

Third – KERP Charge (to the maximum amount of \$66,250).

28. The Initial Order provides that the beneficiaries of the existing Charges are entitled to seek priority for their respective Charge over any Encumbrance in favour of any person that was not previously served with notice of the hearing in respect of the Initial Order.

29. Pursuant to the ARIO, the Applicants are seeking to have the Charges rank in priority to all Encumbrances.

30. The persons benefiting from the Encumbrances have been given notice of the within motion and the proposed form of the ARIO.

Regulatory Licences

31. To avoid costly disruptions to the Applicants' business, the Applicants are seeking to maintain the *status quo* of Ayurcann's Regulatory Licences throughout the Stay Period (as may be amended from time to time). To the extent that any Regulatory Licence expires during the Stay Period, the proposed ARIO would deem such Regulatory Licence to be extended for a period equal to the Stay Period.

32. Ayurcann holds: (i) a standard processing licence with Health Canada (the "**Health Canada Licence**"); (ii) a licence with the CRA requiring it to apply cannabis excise stamps to its cannabis products in accordance with the Excise Act (the "**CRA Cannabis Licence**"), and (iii) an excise duty licence authorizing Ayurcann, in accordance with the Excise Act, to use bulk-alcohol,² non-duty paid package alcohol and/or a restricted formulation, on a duty-free basis (the "**Excise Duty Licence**", and collectively with the Health Canada Licence and the CRA Cannabis Licence, the "**Regulatory Licences**").

33. The Health Canada Licence, the CRA Cannabis Licence and the Excise Duty Licence expire on January 18, 2028, January 18, 2028, and February 23, 2026, respectively. The Company has requested a renewal from the CRA in respect of the Excise Duty Licence, but such renewal has not been granted yet.

34. The Regulatory Licences are among the Company's most valuable assets and are necessary for the Applicants' operations to continue in the ordinary course. Among other things, the Regulatory Licences are required under the Cannabis Regulations to operate the Applicants'

² Ayurcann uses ethanol as part of its extraction process.

business (including Ayurcann's processing and extraction activities) and, as applicable, they preserve enterprise value by reducing excise-related costs.

OTHER GROUNDS:

35. The provisions of the CCAA and the inherent and equitable jurisdiction of this Court;

36. Rules 1.04, 1.05, 2.03, 3.02, 16, 37 and 39 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended and sections 106 and 137(2) of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and

37. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this motion:

- (a) the First Sudman Affidavit, and the exhibits attached thereto;
- (b) the Second Sudman Affidavit, and the exhibits attached thereto;
- (c) the Pre-Filing Report of the Monitor dated January 29, 2026;
- (d) the First Report and the appendices thereto, to be filed; and
- (e) such further and other evidence as counsel may advise and this Court may permit.

February 3, 2026

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Court File No.: CL-26-00000039-0000

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Proceedings Commenced in Toronto

NOTICE OF MOTION
(Amended and Restated Initial Order)

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**AFFIDAVIT OF IGAL SUDMAN
(Sworn February 3, 2026)**

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

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

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

Applicants

**AFFIDAVIT OF IGAL SUDMAN
(Sworn February 3, 2026)**

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

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

2. This affidavit should be read in conjunction with my affidavit sworn on January 29, 2026 (the "**First Sudman Affidavit**") in support of the Applicants' application for the Initial Order dated January 30, 2026 (the "**Initial Order**"). All capitalized terms not otherwise defined herein have the meaning ascribed to them in the First Sudman Affidavit or the Initial Order, as applicable. A copy of the First Sudman Affidavit (without exhibits) is attached hereto as **Exhibit "A"**.

3. I swear this affidavit in support of a motion by the Applicants for a proposed Amended and Restated Initial Order (the “**ARIO**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**” and the proceedings related thereto, the “**CCAA Proceedings**”), among other things:

- (a) extending the Stay of Proceedings to and including February 27, 2026, including in favour of the Non-Applicant Stay Parties;
- (b) increasing the quantum of: (i) the Administration Charge to a maximum amount of \$800,000; and (ii) the Directors’ Charge to a maximum amount of \$3,020,000;
- (c) approving a key employee retention plan (the “**KERP**”) and granting a related super-priority charge (the “**KERP Charge**”), ranking subordinate to the Administration Charge and the Directors’ Charge, but in priority to all other encumbrances;
- (d) sealing the KERP Summary (as defined below), to be appended to the First Report of Alvarez & Marsal Canada Inc. (“**A&M**” and the “**First Report**”), in its capacity as monitor of the Applicants (in such capacity, the “**Monitor**”), to be filed;
- (e) authorizing, but not obligating, the Applicants to pay, with the consent of the Monitor, amounts owing for goods and services supplied to the Applicants prior to the Filing Date (as defined below), up to a maximum aggregate amount of \$300,000;
- (f) preserving the *status quo* of the Regulatory Licences (as defined below); and

- (g) granting certain customary ancillary relief to support the Applicants' restructuring activities (as discussed in greater detail below).

4. Nothing in this affidavit is intended to waive any privilege of any kind including, without limitation, any privilege attaching to any communications between any of the Applicants and their legal counsel, other professional advisors or otherwise. All references to currency in this affidavit are in Canadian dollars.

I. INTRODUCTION AND BACKGROUND¹

5. Through its operating subsidiary (Ayurcann), the Company is a licenced cannabis producer and manufacturer which specializes in the formulation, packaging, distribution, and product development of high-quality cannabis products in the Canadian recreational market. Ayurcann Parent is a reporting issuer in the provinces of Ontario, British Columbia and Alberta with its shares listed on the Canadian Securities Exchange and Frankfurt Stock Exchange.

6. The Company develops its own cannabis brands with a strong focus on high-growth processed and derivative products such as vapes, pre-rolls and extracts, and operates from a leased, licenced cannabis facility in Pickering, Ontario (the "**Pickering Facility**").

7. Despite historically strong revenues and stable cash flow, the Company has accumulated material excise tax liabilities payable to the Canada Revenue Agency (the "**CRA**"). On December 5, 2025, the CRA unilaterally imposed a mandatory payment plan on the Applicants, requiring monthly excise "catch-up" payments in the amount of approximately \$1,056,000, which were to be paid in addition to the Applicants' ongoing monthly remittance obligations. The Applicants

¹ The facts underlying the Applicants' financial circumstances and need for CCAA protection are set out in the First Sudman Affidavit and are not repeated exhaustively herein.

lacked sufficient liquidity to comply with the new payment plan and, once it came into effect, could no longer fund their operations in the ordinary course.

8. As a result, on January 30, 2026 (the “**Filing Date**”), the Applicants sought and obtained creditor protection under the CCAA pursuant to the Initial Order, which, among other things:

- (a) declared that the Applicants are parties to which the CCAA applies;
- (b) appointed A&M as the Monitor;
- (c) granted an initial Stay of Proceedings in favour of the Applicants and the Non-Applicant Stay Parties until and including February 9, 2026 (the “**Stay Period**”);
- (d) granted the Administration Charge and the Directors’ Charge; and
- (e) relieved Ayurcann Parent from any obligation to incur further expenses in relation to its Securities Filings.

9. Copies of the Initial Order and the accompanying endorsement of the Honourable Justice Kimmel dated January 30, 2026 are attached hereto as **Exhibit “B”** and **Exhibit “C”**, respectively.

II. UPDATE ON THE CCAA PROCEEDINGS

10. Since the Initial Order was granted, the Applicants have continued negotiations with an arm’s length, third-party potential purchaser (the “**Potential Stalking Horse Bidder**”) to negotiate debtor-in-possession financing (“**DIP Financing**”) and an agreement of purchase and sale (the “**Stalking Horse Purchase Agreement**”). Once finalized, the Stalking Horse Purchase Agreement is intended to serve as the “stalking horse bid” in a Court-approved sale process in respect of the Applicants’ assets and business (the “**Sale Process**”).

11. The Monitor, with the assistance of the Applicants, has populated a virtual data room to enable the Potential Stalking Horse Bidder to complete its due diligence in order to finalize a binding agreement that is not conditional on further diligence, and which will serve as the data room for other potentially interested parties in the forthcoming Sale Process. The Applicants, in consultation with the Monitor and the Potential Stalking Horse Bidder, have been working diligently to finalize the terms of the proposed DIP Financing, the Stalking Horse Purchase Agreement and the related Sale Process, in order to return to Court for their approval as soon as possible.

12. If the terms of both the proposed DIP Financing and the Stalking Horse Purchase Agreement are finalized in the very near term, the Applicants may file a further motion record prior to the comeback hearing returnable February 9, 2026 (the “**Comeback Hearing**”), to seek, among other things, approval of the proposed DIP Financing, the Stalking Horse Purchase Agreement and the Sale Process, as well as charges in favour of the Potential Stalking Horse Bidder securing certain bid protections and amounts advanced under the proposed DIP Financing (the “**DIP, Stalking Horse and Sale Process Approvals**”).

13. However, if the parties require additional time to complete diligence, negotiations and documentation, the Applicants will return before the Court as soon as reasonably practical after the Comeback Hearing upon finalizing the applicable definitive documents to seek the DIP, Stalking Horse and Sale Process Approvals and providing notice to the service list.

III. THE ARIO

A. Stay of Proceedings

1. Applicants

14. Pursuant to the Initial Order, the Court granted a Stay of Proceedings until and including February 9, 2026. Pursuant to the ARIO, the Applicants are seeking an extension of the Stay Period until and including February 27, 2026 (the “**Stay Extension**”).

15. The Applicants seek to extend the Stay of Proceedings to preserve the *status quo* and afford the Applicants the continued breathing space and stability required to operate their business in the ordinary course. The proposed Stay Extension will provide the Applicants with limited additional time to complete negotiations with the Potential Stalking Horse Bidder, and seek the DIP, Stalking Horse and Sale Process Approvals, with a view to identifying a value-maximizing transaction for the benefit of the Applicants and their stakeholders.

16. Since the granting of the Initial Order, the Applicants have acted in good faith and with due diligence to, among other things, stabilize their business and continue operations in the ordinary course, advance negotiations with the Potential Stalking Horse Bidder, develop the terms of the KERP in consultation with the Monitor, and with the assistance of the Monitor, deploy a communications plan notifying key stakeholders of the CCAA Proceedings, which included:

- (a) on January 30, 2026, disseminating a press release which informed investors and other interested parties that the Applicants had obtained creditor protection pursuant to the CCAA;

- (b) hosting various meetings with the Applicants' employees; and
- (c) contacting key customers and suppliers.

17. In connection with the proposed Stay Extension, the Applicants, with the assistance of the Monitor, prepared a revised cash flow forecast (the "**Revised Cash Flow Forecast**") to determine their funding requirements throughout the proposed Stay Extension. I understand that a copy of the Revised Cash Flow Forecast will be attached to the First Report.

18. I further understand that the Monitor has reviewed the Revised Cash Flow Forecast and is of the view that the Applicants will have sufficient liquidity to maintain normal course operations through the proposed Stay Extension. Additionally, the Monitor has advised that it is supportive of the proposed Stay Extension and that it believes that such extension is reasonable in the circumstances.

19. Accordingly, I believe that the proposed Stay Extension is appropriate and in the best interest of the Applicants and their stakeholders. Further, I do not believe that any creditor will be materially prejudiced by the proposed Stay Extension.

2. Non-Applicant Stay Parties

20. I believe that it is in the best interests of the Applicants and their stakeholders that the Stay of Proceedings currently in place in favour of the Non-Applicant Stay Parties also be extended through the proposed Stay Extension. As noted in the First Sudman Affidavit, each of the Non-Applicant Stay Parties is an integrated member of the Ayurcann corporate group, including for the following reasons:

- (a) they are directly and wholly owned subsidiaries of Ayurcann Parent;
- (b) their registered office is located at the Pickering Facility; and
- (c) they share the same directors and officers (the “**Directors and Officers**”) as Ayurcann.

21. As was the case for the Initial Order, any proceedings commenced against the Non-Applicant Stay Parties will act as a distraction to the Applicants’ good faith restructuring objectives, and would severely strain the Applicants’ limited financial and human resources and jeopardize the Company’s restructuring efforts.

22. I understand that the Monitor believes that the extension of the Stay of Proceedings in favour of the Non-Applicant Stay Parties continues to be appropriate in the circumstances.

B. Increases to the Charges

1. The Administration Charge

23. The Initial Order granted an Administration Charge in favour of the Monitor, counsel to the Monitor and counsel to the Applicants over the Property up to a maximum of \$250,000, which took into account their limited retainers and outstanding fees. The ARIO contemplates increasing the quantum of the Administration Charge to a maximum amount of \$800,000.

24. As was the case for the Initial Order, the Applicants still require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during the CCAA Proceedings to complete a successful restructuring. Each of the beneficiaries of the Administration Charge will have distinct roles in the CCAA Proceedings.

25. The Administration Charge ranks in first priority to all encumbrances and charges over the Property.

26. I believe that the increased quantum of the Administration Charge is fair and reasonable in the circumstances. I understand that the Monitor also supports the proposed increase to the quantum of the Administration Charge.

2. The Directors' Charge

27. The Initial Order granted a Directors' Charge in favour of the Directors and Officers up to a maximum of \$625,000, which reflected an estimate of potential liabilities the Directors and Officers could incur up to the date of the Comeback Hearing. The ARIO contemplates increasing the quantum of the Directors' Charge to a maximum of \$3,020,000. The Directors' Charge ranks subordinate to the Administration Charge, but in priority to all other encumbrances and charges over the Property.

28. The Directors' and Officers' ongoing involvement in the CCAA Proceedings is critical to the Applicants' restructuring objectives. The Directors' and Officers' have already played a critical role in negotiating the Stalking Horse Purchase Agreement and DIP Financing, and stabilizing operations through their valuable relationships with customers, suppliers and employees. They are also expected to play an integral role in administering and soliciting interest in the Sale Process.

29. I believe that the increased quantum of the Directors' Charge is fair and reasonable in the circumstances. To the extent there are any exceptions or exclusions in the Company's liability insurance policy, the Directors' Charge serves as security for the indemnification obligations and potential liabilities that the Directors and Officers may face during the CCAA Proceedings.

30. I understand that the Monitor also supports the proposed increase to the quantum of the Directors' Charge. The Applicants understand from the Monitor, that the proposed Directors' Charge was calculated based on an estimate of the maximum potential liability the Directors and Officers could incur during the CCAA Proceedings. I further understand that the Monitor will include a breakdown of the proposed Directors' Charge in the First Report.

C. **KERP**

1. **Terms of the KERP and the KERP Charge**

31. The Applicants, in consultation with the Monitor, have developed the KERP to maintain operational stability and minimize disruptions to the business during the CCAA Proceedings. Pursuant to the terms of the KERP, the Applicants propose to make modest but important retention payments to four employees and one contractor (each a "**Key Employee**" and collectively, the "**Key Employees**"). None of the Key Employees serves as a Director or Officer of either Applicant.

32. In the aggregate, the KERP provides for a maximum of \$66,250 in total payments (the "**KERP Payment Amount**") to be made to the Key Employees. The proposed KERP payments were calculated as a percentage of each Key Employee's annual salary (or annual contractual entitlement).

33. I believe the Key Employees are essential to the continued operation of the business during the CCAA Proceedings and will be needed to assist in any potential Sale Process and the successful completion of a transaction thereunder. The retention of the Key Employees and their ongoing commitment to the Company is critical for the following reasons, among others:

- (a) the Key Employees possess essential management and leadership expertise necessary for the continued operation of the Applicants' business in the ordinary course. In certain instances, the Key Employees also hold security clearances as required under the Cannabis Regulations, which are necessary for Ayurcann's cannabis licences to stay in good standing throughout the CCAA Proceedings;
- (b) the KERP will provide stability to the Applicants' business by limiting operation disruptions, preserving value for creditors and other stakeholders;
- (c) none of the Key Employees could be easily replaced internally and the process to find appropriately qualified replacements externally would be lengthy, difficult, and costly at a time when the Applicants should be focused on their operations and achieving a value-maximizing transaction pursuant to the Sale Process;
- (d) the Key Employees have extensive knowledge of, and familiarity with, the business;
- (e) without the KERP, the Key Employees would likely consider other employment options. I believe the KERP payments will encourage the continued participation of the Key Employees throughout the CCAA Proceedings; and
- (f) the amounts payable under the KERP are modest, but are expected to be meaningful to the Key Employees.

34. The Applicants, with the assistance of the Monitor, have prepared template agreements for each Key Employee (the "**KERP Agreements**"). Each KERP Agreement provides that a Key

Employee will be entitled to its allocation of the KERP Payment Amount upon the Eligibility Date,² subject to the satisfaction of the following conditions:

- (a) the ARIIO has been granted;
- (b) the Key Employee remains employed by the Company (other than if terminated without cause) and continues to perform its duties to the best of its abilities in accordance with the terms of the KERP Agreement; and
- (c) the Key Employee has not disclosed the terms of the KERP or its KERP Agreement, subject to certain limited exceptions.

35. The Monitor was consulted during the development of the KERP. The Applicants understand that the KERP's terms are comparable to other key employee retention plans approved in CCAA proceedings undertaken by other cannabis companies and believe they are reasonable in the circumstances.

36. The Applicants are also seeking a charge securing the KERP Payment Amount, which will be subordinate only to the Administration Charge and the Directors' Charge. I believe the KERP Charge is reasonable and necessary in the circumstances.

37. I am advised by the Monitor that it supports the approval of the proposed KERP and the granting of the KERP Charge.

² The definition of "Eligibility Date" in the KERP Agreements is "the earliest of: (a) the closing date of a sale of all or substantially all of the assets of the Company to an acquiring entity; (b) the date specified in the Company's notice of termination upon which your employment with the Company comes to an end without cause; and (c) the date of termination or conversion of the CCAA Proceedings where a sale transaction has not been completed."

2. Sealing the KERP Summary

38. The Applicants, with the assistance of the Monitor, have prepared a schedule containing the names of the proposed KERP recipients, their positions, their current compensation and the proposed amount to be received by each recipient (the “**KERP Summary**”).

39. Pursuant to the proposed ARIO, the Applicants seek to have the KERP Summary sealed until further Order of the Court due to the highly sensitive, personal and confidential information contained within. Additionally, I believe any disclosure of the KERP Summary would likely cause discord among the Applicants’ employees given the relatively modest size of the Company and the limited number of employees included as part of the KERP.

40. On balance, I believe the benefits of the proposed sealing relief, which are to protect the general commercial interest of maintaining the confidentiality of sensitive information, far outweigh the potential harm in the circumstances. The Monitor supports the sealing request and agrees that it is proportionate and reasonable in the circumstances.

41. I understand from the Monitor that a copy of the KERP Summary will be appended to the First Report as a confidential appendix.

D. Ability to Pay Certain Pre-Filing Amounts

42. Pursuant to the proposed ARIO, the Applicants are seeking authorization (but not the obligation) to pay, with the consent of the Monitor, amounts owing for goods and services actually supplied to the Applicants prior to the Filing Date (i.e., January 30, 2026), with the Monitor considering, among other factors, whether:

- (a) the supplier or service provider is essential to the business and ongoing operations of the Applicants and the payment is required to ensure ongoing supply;
- (b) making such payment will preserve, protect or enhance the value of the Property or the business;
- (c) making such payment is required to address regulatory concerns; and
- (d) the supplier or service provider is required to continue to provide goods or services to the Applicants after the date of the Initial Order, including pursuant to the terms of the Initial Order.

43. I believe this relief is necessary to maintain ordinary course operations, particularly given the highly regulated nature of the Applicants' business. Absent authorization to make certain pre-filing payments, the Applicants are concerned that their third-party suppliers may cease providing essential goods and services. A disruption in the supply of essential goods and services to the Applicants could imperil their ability to comply with contractual and customer obligations and jeopardize their ability to continue operating the business – all to the detriment of the Applicants and their stakeholders.

44. The Applicants understand that the Monitor is supportive of the Applicants' authorization to pay for certain pre-filing goods and services. Further, the Monitor has advised that it will engage with the Applicants to ensure that any payments made to suppliers and service providers in connection with the Applicants' pre-filing liabilities will be limited to the extent reasonably necessary.

E. Regulatory Licences

45. To avoid costly disruptions to the Applicants' business, the Applicants are seeking to maintain the *status quo* of Ayurcann's Regulatory Licences throughout the Stay Period (as may be amended from time to time). To the extent that any Regulatory Licence expires during the Stay Period, the proposed ARIO would deem such Regulatory Licence to be extended for a period equal to the Stay Period.

46. Ayurcann holds: (i) a standard processing licence with Health Canada (the "**Health Canada Licence**"); (ii) a licence with the CRA requiring it to apply cannabis excise stamps to its cannabis products in accordance with the Excise Act (the "**CRA Cannabis Licence**"), and (iii) an excise duty licence with the CRA authorizing Ayurcann, in accordance with the Excise Act, to use bulk-alcohol,³ non-duty paid package alcohol and/or a restricted formulation, on a duty-free basis (the "**Excise Duty Licence**", and collectively with the Health Canada Licence and the CRA Cannabis Licence, the "**Regulatory Licences**").

47. The Health Canada Licence, the CRA Cannabis Licence and the Excise Duty Licence expire on January 18, 2028, January 18, 2028, and February 23, 2026, respectively. The Company has requested a renewal from the CRA in respect of the Excise Duty Licence, but as of the date of this affidavit, such renewal has not been granted.

48. I believe the Regulatory Licences are essential to preserving the *status quo* during the CCAA Proceedings. The Regulatory Licences are among the Company's most valuable assets and are necessary for the Applicants' operations to continue in the ordinary course. Among other

³ Ayurcann uses ethanol as part of its extraction process.

things, the Regulatory Licences are required under the Cannabis Regulations to operate the Applicants' business (including Ayurcann's processing and extraction activities) and, as applicable, they preserve enterprise value by reducing excise-related costs. Copies of the Health Canada Licence, the CRA Cannabis Licence and the Excise Duty Licence are attached hereto as **Exhibits "D" – "F"**, respectively.

F. Ancillary Relief

49. I have been advised by Jesse Mighton of Bennett Jones LLP that the proposed ancillary relief reflected in the ARIO is contemplated by the Ontario form of model CCAA initial order, and authorizes (but does not obligate) the Applicants to undertake a range of restructuring activities, including pursuing a plan of arrangement, disclaiming contracts and implementing other restructuring initiatives. Although the Applicants do not currently plan to utilize these restructuring tools, they are requesting approval of them at this time, should resorting to these alternatives become necessary to facilitate the restructuring of the Applicants' business.

IV. CONCLUSION

50. I believe that the proposed ARIO is in the best interests of the Applicants and their stakeholders. The proposed Stay Extension, including as extended to the Non-Applicant Stay Parties, will allow the Applicants to continue ordinary course operations with the breathing space and stability necessary to develop and implement their restructuring and the Sale Process with a view to identifying a value-maximizing transaction for the benefit of the Applicants and their stakeholders.

51. I swear this affidavit in support of the Applicants' motion for the proposed ARIO and for no other or improper purpose.

SWORN REMOTELY by Igal Sudman)
stated as being located in the City of)
Pickering, in the Province of Ontario,)
before me at the City of Toronto, in the)
Province of Ontario, on February 3, 2026,)
remotely via videoconference in)
accordance with O. Reg. 431/20,)
Administering Oath or Declaration)
Remotely.)



JAMIE ERNST

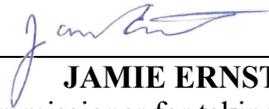
A Commissioner for Taking Affidavits in)
and for the Province of Ontario)

Signed by:

26ACA44216F7480...

IGAL SUDMAN

THIS IS **EXHIBIT "A"** REFERRED TO IN THE AFFIDAVIT
OF IGAL SUDMAN, SWORN BEFORE ME
THIS 3RD DAY OF FEBRUARY, 2026.

A handwritten signature in blue ink, appearing to read "Jamie Ernst", is positioned above a horizontal line.

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

Court File No.: _____

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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Applicants

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

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Court File No.: _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
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Applicants

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

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

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

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

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

I. RELIEF REQUESTED

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

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

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

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

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

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

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

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

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

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

II. OVERVIEW

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

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

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

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

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

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

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

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

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

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

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

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

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

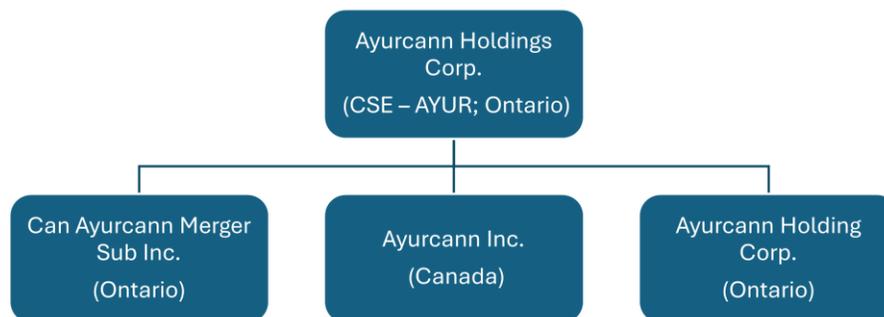
17. To the extent the cash flows filed by the Applicants in connection with the Comeback Hearing demonstrate that the Applicants require additional liquidity, the Applicants are in discussions with a possible DIP lender (in such capacity, the “**Proposed DIP Lender**”), which could potentially make a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

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

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

III. CORPORATE STRUCTURE OF THE COMPANY

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



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

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

A. The Applicants

1. Ayurcann Parent

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

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

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

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

² Ayurcann Parent was delisted from the OTCQB effective October 30, 2025.

2. Ayurcann

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

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

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

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

B. The Non-Applicant Stay Parties

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

IV. BUSINESS OF THE APPLICANTS

A. The Company's Business

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

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

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

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

B. Leased Real Property

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

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

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

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

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

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

C. Third Party Service Providers

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

D. Collaboration Agreement

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

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

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

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

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

E. Distribution & Service Agreements

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

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

F. Cannabis Licences

1. Health Canada Licence

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

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

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

2. Licence with the CRA

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

G. Employees and Management

1. Employees

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

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

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

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

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

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

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

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

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

2. Management Services Agreement

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

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

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

H. Intellectual Property

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

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

I. Cash Management and Credit Cards

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

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

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

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

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

J. Potential Litigation

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

V. FINANCIAL POSITION OF THE APPLICANTS

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

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

A. Assets

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

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

B. Liabilities

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

⁷ The net realizable value of the assets may be less than the book value.

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

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

C. Secured Obligations

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

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

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

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

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

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

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

D. Unsecured Obligations

1. Tax and Excise Duty

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

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

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

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

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

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

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

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

2. Unsecured Promissory Notes

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

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

3. Health Canada

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

4. Third Party Suppliers

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

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

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

5. Employee Liabilities

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

VI. URGENT NEED FOR RELIEF

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

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

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

VII. RELIEF SOUGHT AT THE INITIAL HEARING

A. Stay of Proceedings

1. Applicants

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

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

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

2. Non-Applicant Stay Parties

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

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

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

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

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

B. Proposed Monitor

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

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

C. Administration Charge

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

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

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

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

D. Directors' Charge

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

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

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

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

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

E. Cash Flow Forecast

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

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

F. Relief from Reporting and Filing Obligations

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

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

¹⁰ The last annual general meeting of shareholders was held in June 2025.

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

VIII. RELIEF TO BE SOUGHT AT THE COMEBACK HEARING

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

A. ARIO

1. Stay Extension

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

2. Increases to Charges

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

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

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

3. DIP Facility Approval

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

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

4. KERP Approval

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

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

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

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

5. Ability to Pay Certain Pre-Filing Amounts

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

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

B. Sale Process Approval Order

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

1. Stalking Horse Purchase Agreement

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

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

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

2. Sale Process

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

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

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

IX. CONCLUSION

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

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

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



JAMIE ERNST

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

Signed by:

26ACA44216F7480...

IGAL SUDMAN

THIS IS **EXHIBIT "B"** REFERRED TO IN THE AFFIDAVIT
OF IGAL SUDMAN, SWORN BEFORE ME
THIS 3RD DAY OF FEBRUARY, 2026.



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

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their respective current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Sudman Affidavit or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall (i) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, (ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and (iii) be, in its capacity as provider of the Cash

Management System, an unaffected creditor under any plan of compromise or arrangement (the “Plan”) with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) payment for goods or services actually supplied to the Applicants on or following the date of this Order.

7. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be

deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;

- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order;
- (c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below) (collectively, "**Cannabis Taxes**"), but only where such Cannabis Taxes are accrued following the date of this Order; and
- (d) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly on the first day of each month (but not in arrears) in the amount set out in the applicable lease or, with the consent of the Monitor, at such other time intervals and dates as may be agreed to between the applicable Applicant and landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. **THIS COURT ORDERS** that, except as specifically permitted herein the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest

thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, mortgages, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. **THIS COURT ORDERS** that each of the Applicants shall, subject to such requirements as are imposed by the CCAA have the right to:

- (a) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor; and
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate;

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

NO PROCEEDINGS AGAINST THE AYURCANN ENTITIES OR THE PROPERTY

11. **THIS COURT ORDERS** that until and including February 9, 2026, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”, and collectively, “**Proceedings**”) shall be commenced or continued against or in respect of the Ayurcann Entities or the Monitor or their respective employees, directors, advisors, officers and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Ayurcann Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Ayurcann Entities, or their employees, directors, advisors, officers or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Ayurcann Entities and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

12. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Ayurcann Entities or the Monitor, or their respective employees, directors, officers, advisors and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Ayurcann Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Ayurcann Entities to carry on any business which the Ayurcann Entities are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

13. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, authorization or permit in favour of or held by any of the Ayurcann Entities, except with the written consent of the Ayurcann Entities and the Monitor, or leave of this Court.

NO PRE-FILING VS POST-FILING SET-OFF

14. **THIS COURT ORDERS** that, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due from the Applicants in respect of obligations arising on or after the date of this Order; or (b) are or may become due from the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due to the Applicants in respect of obligations arising on or after the date of this Order, in each case without the consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall prejudice any arguments any person may want to make in seeking leave of the Court or following the granting of such leave.

CONTINUATION OF SERVICES

15. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of the Ayurcann Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, accounting services, security services, insurance, transportation services, utility or other services to the Business or the Ayurcann Entities, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Ayurcann Entities, and that the Ayurcann Entities shall be entitled to the continued use of their current premises, telephone numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Ayurcann Entities in accordance with normal payment practices of the Ayurcann Entities or such other practices as may be agreed upon by the supplier or service provider and each of the Ayurcann Entities and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

16. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to any of the Ayurcann Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

17. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Ayurcann Entities with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Ayurcann Entities whereby the directors or officers are alleged under any

law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

18. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of any of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of such director's or officer's gross negligence or wilful misconduct.

19. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$625,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 18 of this Order. The Directors' Charge shall have the priority set out in paragraphs 30 and 32 herein.

20. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 18 of this Order.

APPOINTMENT OF MONITOR

21. **THIS COURT ORDERS** that A&M is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by any of the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

22. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Ayurcann Entities' receipts and disbursements, Business and dealings with the Property and, among other things, review all disbursements for consistency with the Cash Flow Statements (as defined in Pre-Filing Report), as amended from time to time;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the Applicants in their preparation of the Applicants' cash flow statements;
- (d) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Ayurcann Entities, to the extent that is necessary to adequately assess the Ayurcann Entities' business and financial affairs or to perform its duties arising under this Order;
- (e) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (f) perform such other duties as are required by this Order or by this Court from time to time.

23. **THIS COURT ORDERS** that the Monitor shall not occupy or take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (or be deemed to take Possession of), or exercise (or be deemed to have exercised) any rights of control over any activities in respect of the Property or any assets, properties or undertakings of any of the Applicants, or the direct or indirect subsidiaries or affiliates of any of the Applicants, for which a permit or license is issued or required pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis*

Act, S.C. 2018, c. 16, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the *Criminal Code*, R.S.C. 1985, c. C-46, as amended, the *Excise Tax Act*, R.S.C. 1985, c. E. 15, the *Excise Act, 2001*, S.C. 2002, c. 22, as amended, the *Ontario Cannabis Licence Act, 2018*, S.O. 2018, c. 12, Sched. 2, as amended, the *Ontario Cannabis Control Act, 2017*, S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act, 2017*, S.O. 2017, c. 26, Sched. 2, as amended or other such applicable federal, provincial or other legislation or regulations (collectively, the “**Cannabis Legislation**”), and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof within the meaning of any Cannabis Legislation or otherwise. For greater certainty, nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity for any purpose whatsoever.

24. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to take Possession of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”); provided, however, that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

25. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants, with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this

paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

26. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, the Monitor its directors, officers, employees, counsel and other representatives acting in such capacities shall not incur any liability or obligation as a result of the Monitor's appointment or the carrying out by it of the provisions of this Order including, without limitation, under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

27. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings, whether incurred prior to, on, or subsequent to the date of this Order. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis, or pursuant to such other arrangements as may be agreed to between the Applicants and such parties, and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants retainers *nunc pro tunc*, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

28. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$250,000 unless permitted by further Order of this Court, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both

before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 30 and 32 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

30. **THIS COURT ORDERS** that the priorities of the Administration Charge and the Directors' Charge, (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$250,000); and

Second – Directors' Charge (to the maximum amount of \$625,000).

31. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

32. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person; provided that the Charges shall rank behind Encumbrances in favour of any Persons that have not been served with notice of the application for this Order. The Applicants and the beneficiaries of the Charges shall be entitled to seek priority of the Charges ahead of such Encumbrances on a subsequent motion including, without limitation, at the Comeback Hearing (as defined below), on notice to those Persons likely to be affected thereby.

33. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

34. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds any of the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by any of the Applicants of any Agreement to which the applicable Applicant(s) is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

35. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Applicant’s interest in such real property leases.

RELIEF FROM REPORTING AND FILING OBLIGATIONS

36. **THIS COURT ORDERS** that the decision by Ayurcann Holdings Corp. to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the “**Securities Filings**”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a

stock exchange, including, without limitation, the *Securities Act* (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, and any rules, regulations and policies of the Canadian Securities Exchange and/or the Frankfurt Stock Exchange (collectively, the “**Securities Provisions**”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of Ayurcann Holdings Corp. failing to make any Securities Filings required by the Securities Provisions.

37. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of Ayurcann Holdings Corp. nor the Monitor shall have any personal liability for any failure by Ayurcann Holdings Corp. to make any Securities Filings required by the Securities Provisions.

38. **THIS COURT ORDERS** that Ayurcann Holdings Corp. is hereby relieved of any obligation to call and hold an annual meeting of its shareholders until further Order of this Court.

SERVICE AND NOTICE

39. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in *The Globe and Mail (National Edition)* a notice containing the information prescribed under the CCAA, and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder; provided that the Monitor shall not be required to make the claims, names and addresses of individuals who are creditors publicly available unless otherwise ordered by this Court.

40. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the “**Guide**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice-directions/regional/>) shall be valid and

effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: www.alvarezandmarsal.com/Ayurcann.

41. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide or the CCAA is not practicable, the Applicants, the Monitor, and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or other electronic transmission to the Applicants' creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown in the books and records of the Applicants and that any such service, distribution or notice by courier, personal delivery or facsimile or other electronic transmission shall be deemed to be received on the earlier of (a) the date of forwarding thereof, if sent by electronic message on or prior to 5:00 p.m. Eastern Standard Time (or on the next business day following the date of forwarding thereof if sent on a non-business day); (b) the next business day following the date of forwarding thereof if sent by courier, personal delivery, facsimile transmission or electronic message sent after 5:00 p.m. Eastern Standard Time, or (c) on the third (3rd) business day following the date of forwarding thereof, if sent by ordinary mail. Any such service or distribution shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of Subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

42. **THIS COURT ORDERS** that the Monitor shall maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to this proceeding. Notwithstanding the foregoing, neither the Monitor nor its counsel shall have any liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

COMEBACK HEARING

43. **THIS COURT ORDERS** that the comeback motion in these proceedings shall be heard by a judge of the Ontario Superior Court of Justice (Commercial List) on February 9, 2026 (the “Comeback Hearing”).

GENERAL

44. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties hereunder or in the interpretation of this Order.

45. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

46. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

47. **THIS COURT ORDERS** that each of the Applicants and the Monitor shall be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

48. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order without the need for entry or filing.

Jessica
Kimmel

Digitally signed by
Jessica Kimmel
Date: 2026.01.30
09:22:45 -05'00'

Schedule "A"

Non-Applicant Stay Parties

1. Ayurcann Holding Corp.
2. Can Ayurcann Merger Sub Inc.

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

Court File No.: CL-26-00000039-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

INITIAL ORDER

BENNETT JONES LLP

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Shawn Kirkman (LSO# 92214U)

Email: KirkmanS@bennettjones.com

Lawyers for the Applicants

THIS IS **EXHIBIT "C"** REFERRED TO IN THE AFFIDAVIT
OF IGAL SUDMAN, SWORN BEFORE ME
THIS 3RD DAY OF FEBRUARY, 2026.



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



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: TBD

DATE: January 30, 2026

NO. ON LIST: 1

TITLE OF PROCEEDING: RE: In the matter of Ayurcann Holdings Corp. and Ayurcann Inc.

BEFORE: JUSTICE J. KIMMEL

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Jamie Ernst Sean Zweig	Counsel for the Applicants, Ayurcann Holdings Corp. and Ayurcann Inc.	ernstj@bennettjones.com zweigs@bennettjones.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Natasha Rambaran Caitlin Fell	Counsel for the Monitor	nrambaran@reconllp.com cfell@reconllp.com
Josh Nevsky Steven Glustein	Monitors	jnevsky@alvarezandmarsal.com sglustein@alvarezandmarsal.com

ENDORSEMENT OF JUSTICE KIMMEL:

The Applicants the Motion

- [1] Ayurcann Holdings Corp. (“Ayurcann Parent”) and Ayurcann Inc. (“Ayurcann”) (each individually, an “Applicant”, and collectively, the “Applicants” or the “Company”) seek urgent relief pursuant to an order (the “Initial Order”) *under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “CCAA”)*. The urgent relief includes a stay of proceedings, the appointment of Alvarez & Marsal Canada Inc. (“A&M”) as the Monitor, approval of an Administration Charge and a Directors’ Charge and relief from securities and reporting filing obligations, among other things.
- [2] Ayurcann Parent is a reporting issuer in Canada and Germany. Ayurcann, a wholly-owned subsidiary of Ayurcann Parent, is a licensed producer of cannabis serving recreational markets across Canada.
- [3] This motion proceeded effectively without notice, although a few creditors, including the tax authorities (that are the Company’s most significant creditors), were served yesterday evening after the close of business. The motion was heard prior to the markets opening today. Parties in attendance today were advised at the conclusion of the hearing that the order would be signed today so that a press release could be issued before the markets opened at 9:30 a.m.
- [4] I have signed the CCAA Initial Order, for the reasons outlined in this endorsement, the support for which can be found in the materials filed by the Company for this motion, including the affidavit of Igal Sudman sworn January 29, 2026, and the Company’s factum and the Monitor’s Pre-filing report of the same date. Capitalized terms not otherwise defined in this endorsement shall have the meanings ascribed to them in the Company’s Factum.

Background

- [5] Ayurcann is incorporated under the *Canada Business Corporations Act, R.S.C., 1985, c. C-44, as amended (the “CBCA”)*. Most of the Company’s business operations are conducted through Ayurcann, including all cannabis extraction, manufacturing, processing, sales and other commercial and regulatory activities.
- [6] Ayurcann is also the contracting party for the majority of the Company’s operating and employment contracts. Ayurcann holds a standard processing license with Health Canada, and a license with the CRA requiring it to apply cannabis excise stamps to its cannabis products in accordance with the *Excise Act, 2001, SC 2002, c 22 (the “Excise Act”)*. Ayurcann leases the Pickering Facility where all production activities are conducted, as tenant.
- [7] There are two Non-Applicant Stay Parties that, together with the Company, are referred to as the Ayurcann Entities. They are wholly owned subsidiaries of the Ayurcann Parent, incorporated under the OBCA to facilitate a potential business combination transaction that was not completed. The Non-Applicant Stay Parties have no known material assets, liabilities or active business operations, but, as wholly-owned subsidiaries of Ayurcann Parent, are integrated parts of the Applicants’ corporate group.
- [8] The Company sells the majority of its cannabis products to consumers in the Canadian recreational use markets and has more than 37,315 product listings. The Company has over 55 full-time employees and over 60 contractors who work in the business.
- [9] As at December 31, 2025, the Company had total consolidated assets with an estimated book value of approximately \$11,041,051 and total consolidated liabilities with an estimated book value owing of

approximately \$15,479,863. There are two creditors with security over particular assets but no creditors with general security over all of the assets. The Canada Revenue Agency (“CRA”) is by far the most significant creditor. As of January 26, 2026, Ayurcann owed the CRA approximately \$10,556,517, comprise of unpaid excise taxes, statutory remittances, interest and penalties (collectively, the “Tax Arrears”).

- [10] The Company had been operating under a verbal “catch-up” plan with CRA to pay down the Tax Arrears, but that was unilaterally changed by CRA in a letter dated December 5, 2025. The Company is not able to meet the demands of the CRA under this letter. That is what precipitated the need for this application for protection under the *CCAA*.
- [11] As of January 23, 2026, the Company also owed Health Canada approximately \$285,649, which largely relates to unpaid regulatory and licensing fees.

Analysis

Jurisdiction and Requirements for the Granting the Initial Order

- [12] Subsection 9(1) of the *CCAA* provides that an application for a stay of proceedings under the *CCAA* may be made to the court that has jurisdiction in the province in which the head office or chief place of business of the company in Canada is situated. The Company’s head office and chief place of business is in Ontario, accordingly this Court has jurisdiction to grant the relief sought.
- [13] While this Court has broad discretion pursuant to section 11 of the *CCAA* to make any order it considers appropriate in the circumstances, section 11.001 requires that the relief sought on an initial application be limited to what is “reasonably necessary for the continued operations of the debtor company in the ordinary course of business” during the initial 10-day period.
- [14] This provision is intended to “limit the decisions that can be taken at the outset of a *CCAA* proceeding to measures necessary to avoid the immediate liquidation of an insolvent company, thereby improving participation of all players”. See: *Lydian International Limited (Re)*, 2019 ONSC 7473 (“*Lydian*”), at para. 25. Whether any particular relief is necessary to stabilize a debtor company’s operations during the initial stay period is inherently a factual determination, based on all of the circumstances of a particular debtor: *Boreal Capital Partners Ltd et al. (Re)*, 2021 ONSC 7802, at para. 16.
- [15] Here, the relief sought in the Initial Order is limited to what is reasonably necessary to allow the Applicants to maintain the *status quo* and continue operations in the ordinary course during the initial 10-day stay of proceedings. The Applicants intend to return to this Court for additional relief necessary to advance this *CCAA* Proceedings (including an expanded Amended and Restated Initial Order) at a hearing scheduled for February 9, 2026.
- [16] The *CCAA* applies to a “debtor company” or affiliated debtor companies where the total amount of claims against the debtor or its affiliates exceeds \$5 million. The Applicants are each a “company” for the purposes of s. 2 of the *CCAA* as they do business in or have assets in Canada: *Lydian* at para. 35-36.
- [17] A “debtor company” means, *inter alia*, a company that is insolvent: *CCAA*, ss. 2 and 3(1). The *CCAA* defines a “debtor company” as, among other things, any company that is insolvent or has committed an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (“*BIA*”).

[18] The term “insolvent” is not defined in the *CCAA* and therefore a determination of whether a company is insolvent requires consideration of the definition of “insolvent person” in the *BIA*, as:

a person who is not bankrupt and who resides, carries on business or has property in Canada, whose liabilities to creditors provable as claims under this Act amount to one thousand dollars, and

- a) who is for any reason unable to meet his obligations as they generally become due,
- b) who has ceased paying his current obligations in the ordinary course of business as they generally become due, or
- c) the aggregate of whose property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due.

[19] Each of the above factors is disjunctive.

[20] Courts have also considered the expanded concept of insolvency adopted in *Stelco Inc., Re*, 2004 CarswellOnt 1211 at para. 26 (“*Stelco*”), in which this court held that a debtor is insolvent where there is a looming liquidity crisis such that it is reasonably foreseeable that the debtor will run out of cash unless its business is restructured. This approach to the insolvency criteria has been applied in other cases, including *Target Canada Co. (Re)*, 2015 ONSC 303 (“*Target*”) at para. 26; *Just Energy Corp. (Re)*, 2021 ONSC 1793 (“*Just Energy*”) at paras. 48 to 51; and *Nordstrom* at para. 26.

[21] The Applicants meet both the traditional definition of insolvency under the *BIA* as well as the expanded test based on a looming liquidity crisis. As demonstrated by the Applicants’ most recent financial statements, the Applicants are “balance sheet insolvent” – their property is not, as currently valued, sufficient to repay their obligations. The Applicants are also experiencing an acute liquidity crisis and are not able to meet their obligations as they become due. The Applicants already have significant amounts owing to the CRA (including an additional payment of approximately \$2,582,868 due on January 31, 2026), and are unable to meet their obligations as they come due. The Applicants are insolvent.

[22] I am satisfied that the Applicants are corporations that collectively owe over \$5 million in outstanding liabilities.

Stay of Proceedings

[23] Section 11.02(1) of the *CCAA* provides that the Court may order a stay of proceedings on an initial *CCAA* application for a period of not more than 10 days. Section 11.001 of the *CCAA* provides that relief granted on an initial *CCAA* application shall be limited to relief that is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that initial 10-day period.

[24] In *Lydian*, the Chief Justice observed that the Initial Stay Period preserves the *status quo* and allows for operations to be stabilized and negotiations to occur, followed by requests for expanded relief on proper notice to affected parties at the full comeback hearing.

[25] A stay of proceedings is necessary here if any form of restructuring process is to be successful. It will provide the Applicants with the breathing space necessary to develop an orderly restructuring process while maintaining business operations in the ordinary course.

- [26] The next “catch-up payment” is due to CRA on January 31, 2026. If the Stay of Proceedings is granted, the Applicants will obtain temporary relief from these “catch-up payments” (which relate to pre-filing obligations), enabling them to stabilize their business and focus on assessing their restructuring alternatives with a view to maximizing value for their creditors and other stakeholders.
- [27] The Applicants also require the Stay of Proceedings to prevent potential enforcement actions against their Property – especially in connection with or related to any of Ayurcann’s cannabis or excise licenses, which are required to operate the business under the *Cannabis Act*, S.C. 2018, c. 16, the Excise Act and through the *Cannabis Regulations*, SOR/2018-144.
- [28] I am also satisfied that the stay and the protections and authorizations proposed in the draft Initial Order should be extended to the defined Non-Applicant Stay Parties. The authority of the Court to extend a stay to non-filing affiliates is derived from the broad jurisdiction given to the Court under ss. 11 and 11.01(2) of the *CCAA*. The Supreme Court of Canada has described this judicial discretion - which plays a prominent role in *CCAA* restructurings - as the “true ‘engine’” driving the statutory scheme of the *CCAA*: *Montreal (City) v. Deloitte Restructuring Inc.*, (“*Montreal v. Deloitte*”), 2021 SCC 53 at para. 48.
- [29] In *JTI-Macdonald Corp.*, this Court outlined the factors determining when it is appropriate to extend a *CCAA* stay over non-filing affiliates, including where the business of the non-filing affiliate is significantly intertwined with that of the debtors and extending the stay would help maintain stability during the *CCAA* process: *JTI-Macdonald Corp. (Re)*, 2019 ONSC 1625 at para. 15 (“*JTI-Macdonald*”).
- [30] While the Non-Applicant Stay Parties in this case are not active and have no known assets or liabilities, they are fully integrated, and one has the Ayurcann name. They have common directors and officers and the same registered office. Any proceedings commenced (even if in error or in an abundance of caution by a creditor of Ayurcann or Ayurcann Parent against the Non-Applicant Stay Parties would necessarily involve the Applicants’ key personnel and consume the Applicants’ limited resources. Extending the stay to the Non-Applicant Stay Parties prevents this distraction which could arise from this. Accordingly, the Applicants submit that it is appropriate to extend the stay of proceedings to the Non-Applicant Stay Parties. I agree with that submission.
- [31] The proposed stay of proceedings also prohibits any person from setting off pre-filing obligations against post-filing obligations. While section 21 of the *CCAA* contemplates set-off within a *CCAA* proceeding, it does not specifically address the issue of pre-/post set-off. However, the Supreme Court of Canada has confirmed that this Court can stay pre-/post set-off pursuant to its broad jurisdiction that flows from ss. 11 and 11.02 of the *CCAA*: *Montreal v. Deloitte* at para 62. This Court has in fact done so in other cases. See, for example, *Re Tacora Resources Inc.* (October 2023), Toronto CV-23-00707394-00CL (Initial Order) at para. 13.
- [32] I am satisfied that such an element of the proposed stay is appropriate here.

The Monitor and Cash Management

- [33] Pursuant to section 11.7 of the *CCAA*, the Court shall appoint a person to monitor the business and financial affairs of the company when an order is made on the initial application. The person appointed must be a trustee within the meaning of subsection 2 (1) of the *BIA*. The Applicants propose to have Alvarez & Marsal Canada Inc. (“A&M”) appointed as the Monitor.

[34] A&M is a “trustee” within the meaning of subsection 2(1) of the *BIA*, is established and qualified, and has consented to act as Monitor. The involvement of A&M as the court-appointed Monitor will lend stability and assurance to the Applicants’ stakeholders. A&M is not subject to any of the restrictions set out in s. 11.7(2) of the *CCAA*.

[35] I am satisfied that A&M should be appointed as Monitor in these *CCAA* Proceedings.

[36] I am satisfied that the existing Cash Management System should be maintained in order that the Company can continue to efficiently collect, manage and disperse cash. The Proposed Monitor has familiarized itself with the Cash Management System, is supportive of its maintenance, and opines that the appropriate processes, controls, and reporting are in place to enable the Applicants, with the oversight of the Proposed Monitor, to continue to use the Cash Management System during this *CCAA* Proceeding.

Administration and Directors’ Charges

[37] The Applicants are seeking an Administration Charge to secure the professional fees and disbursements of the Proposed Monitor, its counsel, and counsel to the Applicants up to a maximum of \$250,000 for the duration of the Initial Stay Period.

[38] The Administration Charge was developed in consultation with the Proposed Monitor and is proposed to be secured by the Property with first priority over all other charges and security interests.

[39] The Court has jurisdiction to grant an administration charge under s. 11.52 of the *CCAA*. It is to consider: the size and complexity of the business being restructured, the proposed role of the beneficiaries of the charge, whether there is an unwarranted duplication of roles, whether the quantum of the proposed charge appears to be fair and reasonable, the position of the secured creditors likely to be affected by the charge, and the position of the Monitor. See *CanWest Publishing Inc.*, 2010 ONSC 222 at para. 54.

[40] The proposed Administration Charge sought for the initial 10-day period meets this test and is appropriate. It is supported by the Proposed Monitor.

[41] The Court has jurisdiction to grant a directors’ charge under section 11.51 of the *CCAA*, provided notice is given to the secured creditors who are likely to be affected by it.

[42] The purpose of such a charge is to keep the directors and officers in place during the restructuring by providing them with protections against liabilities that could be incurred.

[43] Such a charge may not be made if “the company could obtain adequate indemnification insurance for the director or officer at a reasonable cost” and the court shall declare that the charge does not apply in respect of a specific obligation or liability incurred by a director or officer “if, in its opinion, the obligation or liability was incurred as a result of the director’s or officer’s gross negligence or wilful misconduct”: *CCAA*, s 11.51; see also *Laurentian University of Sudbury*, 2021 ONSC 1098, supra at para 81; and *Jaguar Mining Inc, Re*, 2014 ONSC 494 at para 45.

[44] The Applicants here seek a Directors’ Charge in the amount of \$625,000 to secure the indemnity of their directors and officers for liabilities they may incur during the *CCAA* proceedings.

[45] I am satisfied that the proposed Directors' Charge is appropriate here. The directors and officers have advised that they are prepared to continue to serve, conditional upon the granting of the Directors' Charge. It will apply only to the extent that the directors' and officers' respective insurance is insufficient or ineffective, and only in respect of obligations and liabilities incurred after the commencement of the CCAA Proceedings excluding wilful misconduct or gross negligence.

[46] The Proposed Monitor supports the Applicants' request for the Directors' Charge. I am satisfied it is appropriate here. I am satisfied that the proposed amount is reasonable in the circumstances, and limited to the potential exposure during the initial 10-day period (having regard to the timing of payroll and tax remittances). For all of these reasons, the Directors' Charge is approved.

Relief from Securities Filing Obligations

[47] The Applicants seek authorization for Ayurcann Parent to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "Securities Filings") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario), R.S.O. 1990, c. S.5 and comparable statutes enacted by other provinces of Canada, and the rules, regulations and policies of the CSE and/or the FRA.

[48] Similar relief has been granted for reporting issuers in recent CCAA proceedings and the language contained in the Initial Order is consistent with the language that the Ontario Securities Commission has approved in previous cases. The language in the proposed Initial Order is limited to what is necessary for the Applicants to focus on their restructuring and does not overreach by purporting to prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have as described in section 11.1(2) of the CCAA.

Initial Order and Comeback Hearing

[49] For all of these reasons, the Initial Order was granted with immediate effect according to its terms and without the necessity of issuing and entering.

[50] The comeback hearing shall take place on February 9, 2026 at the Courthouse. Any stakeholders that have concerns with the relief granted in the Initial Order signed today, or with respect to any additional relief sought in the proposed Amended and Restated Initial Order that the court will be asked to consider on February 9, 2026 will have the opportunity to raise those concerns and they will be considered *de novo*.



Kimmel J.

Date: Jan 30, 2026

THIS IS **EXHIBIT "D"** REFERRED TO IN THE AFFIDAVIT
OF IGAL SUDMAN, SWORN BEFORE ME
THIS 3RD DAY OF FEBRUARY, 2026.



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



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

LICENCE

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

LICENCE

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

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

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

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

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

Standard Processing

Transformation standard

Activities	Activités
<ul style="list-style-type: none"> To possess cannabis To produce cannabis, other than obtain it by cultivating, propagating or harvesting it To sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations 	<ul style="list-style-type: none"> Avoir du cannabis en sa possession Produire du cannabis, sauf en l'obtenant par la culture, la multiplication et la récolte Vendre du cannabis en vertu du paragraphe 17(5) du Règlement sur le cannabis

Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled " <i>Mandatory cannabis testing for pesticide active ingredients - Requirements</i> ".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé « <i>Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences</i> ».
The only cannabis products that the licence holder may sell or distribute to (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis topicals; cannabis extracts; and edible cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut vendre ou distribuer (i) à un titulaire d'une licence de vente et (ii) à une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; cannabis frais; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.
The only cannabis products that the licence holder may send or deliver to the purchaser at the request of (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis topicals; cannabis extracts; and edible cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut expédier ou livrer à l'acheteur à la demande (i) d'un titulaire d'une licence de vente et (ii) d'une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; cannabis frais; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.

Sale for Medical Purposes

Vente à des fins médicales

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

Conditions	Conditions
N/A	nd

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

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



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

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

1080 Brock Rd Unit 5-7

Effective date of the licence:

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

Date d'entrée en vigueur de la licence:

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

Expiry date of the licence:

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

Date d'expiration de la licence:

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

Acting Director, Licencing and Security, Controlled Substances and Cannabis Branch
Directeur par intérim, Licences et sécurité, Direction générale des substances contrôlées et du cannabis

THIS IS **EXHIBIT "E"** REFERRED TO IN THE AFFIDAVIT
OF IGAL SUDMAN, SWORN BEFORE ME
THIS 3RD DAY OF FEBRUARY, 2026.



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

March 20, 2023

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

Dear Roman Buzaker:

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

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

Cannabis licence number

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

747549889RD0001
6- 1080 Brock Road Pickering ON L1W 3H3

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

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

Acknowledgement of Security

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

Renewal of Cannabis Licence

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

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

Obligations of a Cannabis Licensee

Changes to Information

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

Books and Records

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

Filing of Returns

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

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

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

Methods of Destruction and Analysis

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

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

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

Sincerely,

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

THIS IS **EXHIBIT "F"** REFERRED TO IN THE AFFIDAVIT
OF IGAL SUDMAN, SWORN BEFORE ME
THIS 3RD DAY OF FEBRUARY, 2026.

A handwritten signature in blue ink, appearing to read "Jamie Ernst", is positioned above a horizontal line.

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

Canada Revenue
AgencyAgence du revenu
du Canada

December 12, 2025

Roman Buzaker
 Ayurcann Inc.
 6 - 1080 Brock Road
 Pickering, ON L1W 3H3

Dear Roman Buzaker:

**Subject: Confirmation of Renewal of Excise Duty Licence
 Business Number 74754 9889 RD0002**

The Canada Revenue Agency (CRA) has approved your application for the following licence under the Excise Act, 2001.

Licence type	Licence number	Program account number	Premises address
User's	54-UL-1428	RD 0002	6-1080 Brock Rd. Pickering, ON L1W 3H3

When you communicate with the CRA, please use your business number (BN) and program account number (RD).

The user's licence authorizes you to use bulk alcohol, non-duty-paid packaged alcohol or a restricted formulation, at the premises indicated above.

Your licence is valid from **December 24, 2025** to **February 23, 2026**.

Compliance with the Excise Act, 2001

You must comply with the Act and its regulations when you carry on any activities under a licence. For information about your privileges and obligations as a licensee, refer to Memoranda EDM3-1-2, Licensed Users.

The CRA has the authority under the Act to specify the activities that you may carry out under a licence and the premises where you may perform these activities. The CRA may also impose additional conditions on these activities if the conditions are appropriate in the circumstances.

Sufficient Financial Resources

A holder of a licence issued under the Act who wishes to maintain or renew their excise licence must continue to meet certain conditions imposed under the Act. Pursuant to paragraph 2(2)(e) of the Regulations Respecting Excise Licences and Registrations a licensee must maintain sufficient financial resources to conduct their business in a responsible manner. To demonstrate that you have sufficient financial resources to conduct business in a responsible manner in accordance with section 2 of the Regulations, we require that the following payment requirements are met **before February 23, 2026**:

1. Monthly excise duty payable is paid by the due date (last day of the calendar month following your reporting period)
2. A payment arrangement is established for any arrears balances.

If you have not already done so, please contact Karine Desjardins at 438-341-5542 to make a payment arrangement.

Licence eligibility and renewal

You must continue to meet eligibility criteria and licensing conditions to maintain a licence. Refer to Memorandum EDM2-2-1, Obtaining and Renewing a Licence, for information about these requirements.

To renew a licence, submit a completed and signed form L63A, Licence and Registration Application under the Excise Act, 2001, no later than 30 days before the expiry date of the licence. You may use the CRA's My Business Account service to submit your application, or send it to your regional excise office.

Changes to your information

You must notify the CRA about any changes to your business operations or ownership, changes to the name, legal entity, business or mailing address, location of your books and records, or any other information you provided with your L63A licence application. Refer to Memorandum EDM2-2-1 for information on notifying the CRA about changes to your information.

Books and records

You must keep books and records in an appropriate form, and they must contain sufficient information to show you are compliant with the Act and its regulations. Your books and records should include supporting source documents and a continuous inventory of all raw materials, goods in process, and finished goods. Excise officers may examine your books and records to make sure you are in compliance with the Act. For more information, refer to Memorandum EDM9-1-1, General Requirements for Books and Records.

Analysis or destruction of alcohol

If you plan to take alcohol for analysis or destruction, whether or not excise duty has been paid, you must receive approval from the CRA. Contact your regional excise office for more information.

Importation of alcohol

The licence number may be used to defer payment of alcohol excise duty at time of importation or to identify the physical location where imported alcohol is to be received when the destination is other than the premises of the importer of record. Contact the Canada Border Services Agency at 1-800-461-9999 for more information.

Returns and payments

You must file a return each month for each licence you hold, even if there was no activity or there is no excise duty payable. Returns and payments for any calendar month are due by the end of the following month.

You can file your monthly excise duty returns and make payments electronically using the CRA's My Business Account service. This service provides immediate confirmation that the CRA has received your return. With My Business Account, you can also file credit claims, view account transactions and balances, and more. For questions about My Business Account, or to register for this service, go to canada.ca/my-cra-business-account or call 1-800-959-5525.

If you choose to file your excise duty returns on paper, go to canada.ca/excise-duty, select "Excise duties technical information under the Excise Act, 2001," then click on "Excise duty forms under the Excise Act, 2001" to print a copy of the return. Mail your completed return to the address on the form.

For more information about the excise duty program, go to canada.ca/excise-duty, select "Excise duties technical information under the Excise Act, 2001," then click on "Excise duty memoranda." This series provides detailed technical information on how the CRA applies excise duty provisions under the Act. We encourage you to review this information to become familiar with your privileges and obligations as a licensee. For questions about the excise duty program or your activities, please call your regional excise office at 1-866-330-3304.

Should you have any questions or require clarification regarding the above information, please do not hesitate to contact Amy Gunter at (289) 237-4439.

Sincerely,

Youssef El-Masri

Youssef El-Masri
Ontario Regional Manager
Excise Duties and Taxes
Legislative Policy and Regulatory Affairs

Excise Duties and Taxes
Legislative Policy and Regulatory Affairs
55 Bay Street North
Hamilton, ON, L8R 3P7
Phone: 1-866-330-3304

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

Court File No.: CL-26-00000039-0000

**AND IN THE MATTER OF AYURCANN HOLDINGS CORP.
and AYURCANN INC.**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

AFFIDAVIT OF IGAL SUDMAN
(Sworn February 3, 2026)

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, ON M5X 1A4

Sean Zweig (LSO# 573071)

Email: ZweigS@bennettjones.com

Jesse Mighton (LSO# 62291J)

Email: MightonJ@bennettjones.com

Jamie Ernst (LSO# 88724A)

Email: ErnstJ@bennettjones.com

Shawn Kirkman (LSO# 92214U)

Email: KirkmanS@bennettjones.com

Lawyers for the Applicants

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) MONDAY, THE 9TH
)
JUSTICE KIMMEL) DAY OF FEBRUARY, 2026
)

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF AYURCANN HOLDINGS CORP. and
AYURCANN INC. (collectively the "Applicants" and each an
"Applicant")**

AMENDED AND RESTATED INITIAL ORDER

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day by judicial videoconference via Zoom.

ON READING the affidavit of Igal Sudman sworn January 29, 2026 and the Exhibits thereto (the "**Sudman Affidavit**"), the affidavit of Igal Sudman sworn February 3, 2026 and the Exhibits thereto (the "**Second Sudman Affidavit**"), the consent of Alvarez & Marsal Canada Inc. ("**A&M**") to act as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**"), the Pre-Filing Report of A&M as the proposed Monitor dated January 29, 2026 and the First Report of the Monitor dated February [•], 2026 (the "**First Report**"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants and the additional parties listed in Schedule "A" hereto (collectively, the "**Non-Applicant Stay Parties**") and together with the Applicants, the "**Ayurcann Entities**"), counsel for the Monitor, and such other counsel that were present, no one else appearing although duly served as appears from the Lawyer's Certificates of Service of Shawn Kirkman, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that, for the avoidance of doubt, references in this Order to the “date of this Order”, the “date hereof”, or similar phrases mean January 30, 2026 (the “**Filing Date**”), being the date the Initial Order was granted by this Court.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS AND DECLARES** that each of the Applicants shall have the authority to file and may, subject to further Order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their respective current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Sudman Affidavit or, with

the consent of the Monitor, replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall (i) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, (ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and (iii) be, in its capacity as provider of the Cash Management System, an unaffected creditor under any Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, or after the Filing Date:

- (a) with the consent of the Monitor, amounts owing for goods and services actually supplied to the Applicants prior to the Filing Date up to a maximum amount of \$300,000 in the aggregate, with the Monitor considering, among other factors, whether (i) the supplier or service provider is essential to the Business and ongoing operations of the Applicants and the payment is required to ensure ongoing supply, (ii) making such payment will preserve, protect or enhance the value of the Property or the Business, (iii) making such payment is required to address regulatory concerns necessary for the preservation of the Business, and (iv) the supplier or service provider is required to continue to provide goods or services to the Applicants after the Filing Date, including pursuant to the terms of this Order;
- (b) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the Filing Date, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (c) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) payment for goods or services actually supplied to the Applicants on or following the Filing Date.

9. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) income taxes, and (iv) all other amounts related to such deductions or employee wages payable for periods following the Filing Date, and that are of a kind that could be subject to a demand under the statutory provisions specified in Paragraphs 6(3)(a) through (c) of the CCAA;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the Filing Date, or where such Sales Taxes were accrued or collected prior to the Filing Date but not required to be remitted until on or after the Filing Date;
- (c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below) (collectively, "**Cannabis Taxes**"), but only where such Cannabis Taxes are accrued following the Filing Date; and

- (d) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

10. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable Applicant and the landlord from time to time (“**Rent**”), for the period commencing from and including the Filing Date, monthly on the first day of each month (but not in arrears) in the amount set out in the applicable lease or, with the consent of the Monitor, at such other time intervals and dates as may be agreed to between the applicable Applicant and landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the Filing Date shall also be paid.

11. **THIS COURT ORDERS** that, except as specifically permitted herein the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, mortgages, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. **THIS COURT ORDERS** that each of the Applicants shall, subject to such requirements as are imposed by the CCAA have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$250,000 in the aggregate;

- (b) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor;
- (c) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (d) pursue all restructuring options for the Applicants, including, without limitation, all avenues of refinancing of their Business or Property, in whole or in part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

13. **THIS COURT ORDERS** that the applicable Applicant shall provide each relevant landlord with notice of such Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes such Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the applicable Applicant, or by further Order of this Court upon application by the applicable Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If any Applicant disclaims a lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Subsection 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to such Applicant's claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then: (i) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the applicable Applicant and the Monitor 24 hours' prior written notice; and (ii) at the effective time of the disclaimer the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the applicable Applicant in respect of such lease or leased

premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE AYURCANN ENTITIES OR THE PROPERTY

15. **THIS COURT ORDERS** that until and including February 27, 2026, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”, and collectively, “**Proceedings**”) shall be commenced or continued against or in respect of the Ayurcann Entities or the Monitor or their respective employees, directors, advisors, officers and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Ayurcann Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Ayurcann Entities, or their employees, directors, advisors, officers or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Ayurcann Entities and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

16. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Ayurcann Entities or the Monitor, or their respective employees, directors, officers, advisors and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Ayurcann Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Ayurcann Entities to carry on any business which the Ayurcann Entities are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, authorization or permit in favour of or held by any of the Ayurcann Entities, except with the written consent of the Ayurcann Entities and the Monitor, or leave of this Court.

NO PRE-FILING VS POST-FILING SET-OFF

18. **THIS COURT ORDERS** that, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Applicants in respect of obligations arising prior to the Filing Date with any amounts that are or may become due from the Applicants in respect of obligations arising on or after the Filing Date; or (b) are or may become due from the Applicants in respect of obligations arising prior to the Filing Date with any amounts that are or may become due to the Applicants in respect of obligations arising on or after the Filing Date, in each case without the consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall prejudice any arguments any person may want to make in seeking leave of the Court or following the granting of such leave.

CONTINUATION OF SERVICES

19. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of the Ayurcann Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, accounting services, security services, insurance, transportation services, utility or other services to the Business or the Ayurcann Entities, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Ayurcann Entities, and that the Ayurcann Entities shall be entitled to the continued use of their current premises, telephone numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Filing Date are paid by the Ayurcann Entities in accordance with normal payment practices of the Ayurcann Entities or such other practices as may be agreed upon by the

supplier or service provider and each of the Ayurcann Entities and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

20. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Filing Date, nor shall any Person be under any obligation on or after the Filing Date to advance or re-advance any monies or otherwise extend any credit to any of the Ayurcann Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Ayurcann Entities with respect to any claim against the directors or officers that arose before the Filing Date and that relates to any obligations of the Ayurcann Entities whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

22. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of any of the Applicants after the Filing Date, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of such director's or officer's gross negligence or wilful misconduct.

23. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$3,020,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 22 of this Order. The Directors' Charge shall have the priority set out in paragraphs 37 and 39 herein.

24. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 22 of this Order.

APPOINTMENT OF MONITOR

25. **THIS COURT ORDERS** that A&M is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by any of the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

26. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Ayurcann Entities' receipts and disbursements, Business and dealings with the Property, including, among other things, review all disbursements for consistency with the Cash Flow Statements (as defined in First Report of the Monitor), as amended from time to time;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the Applicants in their preparation of the Applicants' Cash Flow Statements;
- (d) advise the Applicants in their development of the Plan (if any) and any amendments to the Plan;

- (e) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Ayurcann Entities, to the extent that is necessary to adequately assess the Ayurcann Entities' business and financial affairs or to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (h) perform such other duties as are required by this Order or by this Court from time to time.

27. **THIS COURT ORDERS** that the Monitor shall not occupy or take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (or be deemed to take Possession of), or exercise (or be deemed to have exercised) any rights of control over any activities in respect of the Property or any assets, properties or undertakings of any of the Applicants, or the direct or indirect subsidiaries or affiliates of any of the Applicants, for which a permit or license is issued or required pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act*, S.C. 2018, c. 16, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the *Criminal Code*, R.S.C. 1985, c. C-46, as amended, the *Excise Tax Act*, R.S.C. 1985, c. E. 15, the *Excise Act, 2001*, S.C. 2002, c. 22, as amended, the *Ontario Cannabis Licence Act, 2018*, S.O. 2018, c. 12, Sched. 2, as amended, the *Ontario Cannabis Control Act, 2017*, S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act, 2017*, S.O. 2017, c. 26, Sched. 2, as amended or other such applicable federal, provincial or other legislation or regulations (collectively, the "**Cannabis Legislation**"), and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof within the meaning of any Cannabis Legislation or

otherwise. For greater certainty, nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity for any purpose whatsoever.

28. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to take Possession of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”); provided, however, that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

29. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

30. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, the Monitor its directors, officers, employees, counsel and other representatives acting in such capacities shall not incur any liability or obligation as a result of the Monitor’s appointment or the carrying out by it of the provisions of this Order including, without limitation, under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall

derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

31. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings, whether incurred prior to, on, or subsequent to the Filing Date. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis, or pursuant to such other arrangements as may be agreed to between the Applicants and such parties, and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants retainers *nunc pro tunc*, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

32. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

33. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$800,000 unless permitted by further Order of this Court, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 37 and 39 hereof.

KEY EMPLOYEE RETENTION PLAN

34. **THIS COURT ORDERS** that the Key Employee Retention Plan (the "**KERP**"), as described in the Second Sudman Affidavit, is hereby approved and the Applicants are authorized to make the payments contemplated thereunder in accordance with the terms and conditions of the KERP.

35. **THIS COURT ORDER** that payments made by the Applicants pursuant to the KERP do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

36. **THIS COURT ORDERS** that the key employees referred to in the KERP (the “**Key Employees**”) shall be entitled to the benefit of and are hereby granted a charge on the Property, which charge shall not exceed an aggregate amount of \$66,250 (the “**KERP Charge**”), as security for amounts payable to the Key Employees pursuant to the KERP. The KERP Charge shall have the priority set out in paragraphs 37 and 39 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

37. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors’ Charge and the KERP Charge (collectively, the “**Charges**”), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$800,000);

Second – Directors’ Charge (to the maximum amount of \$3,020,000); and

Third – KERP Charge (to the maximum amount of \$66,250).

38. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

39. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person notwithstanding the order of perfection or attachment.

40. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants

also obtain the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

41. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds any of the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by any of the Applicants of any Agreement to which the applicable Applicant(s) is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

42. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Applicant’s interest in such real property leases.

RELIEF FROM REPORTING AND FILING OBLIGATIONS

43. **THIS COURT ORDERS** that the decision by Ayurcann Holdings Corp. to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial

statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the “**Securities Filings**”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, and any rules, regulations and policies of the Canadian Securities Exchange and/or the Frankfurt Stock Exchange (collectively, the “**Securities Provisions**”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of Ayurcann Holdings Corp. failing to make any Securities Filings required by the Securities Provisions.

44. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of Ayurcann Holdings Corp. nor the Monitor shall have any personal liability for any failure by Ayurcann Holdings Corp. to make any Securities Filings required by the Securities Provisions during the Stay Period provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicants. For greater certainty, nothing in this order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the “**Regulators**”) in the matter of regulating the conduct of market participants and to issue cease trade orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an admission by the Regulators that the court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Legislation.

45. **THIS COURT ORDERS** that Ayurcann Holdings Corp. is hereby relieved of any obligation to call and hold an annual meeting of its shareholders until further Order of this Court.

STATUS QUO OF THE APPLICANTS’ LICENCES

46. **THIS COURT ORDERS** that (i) the status quo in respect of the licences issued by Health Canada in accordance with the Cannabis Legislation and the excise licences issued by the Canada Revenue Agency (collectively, the “**Licences**”) held by Ayurcann Inc. (in such capacity,

the (“**Licensed Applicant**”) shall be preserved and maintained during the pendency of the Stay Period, including the Licensed Applicant’s ability to process and sell cannabis inventory in the ordinary course under the Licences; and (ii) to the extent one or more of the Licences may expire during the Stay Period, the term of such Licences shall be deemed to be extended by a period equal to the Stay Period.

SERVICE AND NOTICE

47. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in *The Globe and Mail (National Edition)* a notice containing the information prescribed under the CCAA, and (ii) within five (5) days after the Filing Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder; provided that the Monitor shall not be required to make the claims, names and addresses of individuals who are creditors publicly available unless otherwise ordered by this Court.

48. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the “**Guide**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice-directions/regional/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: www.alvarezandmarsal.com/Ayurcann.

49. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide or the CCAA is not practicable, the Applicants, the Monitor, and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid

ordinary mail, courier, personal delivery or facsimile or other electronic transmission to the Applicants' creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown in the books and records of the Applicants and that any such service, distribution or notice by courier, personal delivery or facsimile or other electronic transmission shall be deemed to be received on the earlier of (a) the date of forwarding thereof, if sent by electronic message on or prior to 5:00 p.m. Eastern Standard Time (or on the next business day following the date of forwarding thereof if sent on a non-business day); (b) the next business day following the date of forwarding thereof if sent by courier, personal delivery, facsimile transmission or electronic message sent after 5:00 p.m. Eastern Standard Time, or (c) on the third (3rd) business day following the date of forwarding thereof, if sent by ordinary mail. Any such service or distribution shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of Subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

50. **THIS COURT ORDERS** that the Monitor shall maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to this proceeding. Notwithstanding the foregoing, neither the Monitor nor its counsel shall have any liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

SEALING

51. **THIS COURT ORDERS** that Confidential Appendix "[•]" to the First Report is hereby sealed pending further Order of the Court and shall not form part of the public record.

GENERAL

52. **THIS COURT ORDERS** that each of the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties hereunder or in the interpretation of this Order.

53. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

54. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

55. **THIS COURT ORDERS** that each of the Applicants or the Monitor shall be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

56. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

Schedule "A"

Non-Applicant Stay Parties

1. Ayurcann Holding Corp.
2. Can Ayurcann Merger Sub Inc.

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

Court File No.: CL-26-00000039-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

**AMENDED AND RESTATED INITIAL
ORDER**

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Lawyers for the Applicants

TAB 4

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE —) ~~WEEKDAY~~MONDAY, THE #9TH
JUSTICE — KIMMEL) DAY OF ~~MONTH~~FEBRUARY, ~~20YR~~2026

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF ~~[APPLICANT'S NAME]~~ (the
"AYURCANN HOLDINGS CORP. and AYURCANN INC.
(collectively the "Applicants" and each an "Applicant"")**

AMENDED AND RESTATED INITIAL ORDER

THIS ~~APPLICATION~~MOTION, made by the ~~Applicant~~Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day ~~at 330 University Avenue, Toronto, Ontario~~ by judicial videoconference via Zoom.

ON READING the affidavit of ~~[NAME]~~Igal Sudman sworn ~~[DATE]~~January 29, 2026 and the Exhibits thereto (the "Sudman Affidavit"), the affidavit of Igal Sudman sworn February ~~[•]~~, 2026 and the Exhibits thereto (the "Second Sudman Affidavit"), the consent of Alvarez & Marsal Canada Inc. ("A&M") to act as the Court-appointed monitor of the Applicants (in such capacity, the "Monitor"), the Pre-Filing Report of A&M as the proposed Monitor dated January 29, 2026 and the First Report of the Monitor dated February ~~[•]~~, 2026 (the "First Report"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for ~~[NAMES]~~, ~~no one appearing for [NAME]~~⁺ the Applicants and the additional parties listed in Schedule "A" hereto

⁺~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

(collectively, the “Non-Applicant Stay Parties” and together with the Applicants, the “Ayurcann Entities”), counsel for the Monitor, and such other counsel that were present, no one else appearing although duly served as appears from the ~~affidavit of service of [NAME] sworn [DATE] and on reading the consent of [MONITOR’S NAME] to act as the Monitor,~~ Lawyer’s Certificates of Service of Shawn Kirkman, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of ~~Application~~Motion and the ~~Application~~Motion Record is hereby abridged and validated² so that this ~~Application~~Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that, for the avoidance of doubt, references in this Order to the “date of this Order”, the “date hereof”, or similar phrases mean January 30, 2026 (the “Filing Date”), being the date the Initial Order was granted by this Court.

APPLICATION

3. ~~2.~~ **THIS COURT ORDERS AND DECLARES** that each of the ~~Applicant~~Applicants is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

4. ~~3.~~ **THIS COURT ORDERS AND DECLARES** that each of the ~~Applicant~~Applicants shall have the authority to file and may, subject to further ~~order~~Order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “Plan”).

²~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

POSSESSION OF PROPERTY AND OPERATIONS

5. ~~4.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall remain in possession and control of ~~its~~their respective current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the ~~Applicant~~Applicants shall continue to carry on business in a manner consistent with the preservation of ~~its~~their business (the "Business") and Property. The ~~Applicant is~~Applicants are authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by ~~it~~them, with liberty to retain such further Assistants as ~~it deems~~they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. ~~5.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall be entitled to continue to utilize the central cash management system³ currently in place as described in the Sudman Affidavit of [NAME] sworn [DATE] ~~or~~or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall (i) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the ~~Applicant~~Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, ~~shall~~shall(ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the ~~Applicant~~Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and ~~shall~~shall(iii) be, in its capacity as provider of the Cash Management System, an unaffected creditor under ~~the~~any Plan with regard to any claims or

³~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross border and inter company transfers of cash.~~

expenses it may suffer or incur in connection with the provision of the Cash Management System.†

7. ~~6.~~ **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, or after ~~this Order~~the Filing Date:

- (a) with the consent of the Monitor, amounts owing for goods and services actually supplied to the Applicants prior to the Filing Date up to a maximum amount of \$[•] in the aggregate, with the Monitor considering, among other factors, whether (i) the supplier or service provider is essential to the Business and ongoing operations of the Applicants and the payment is required to ensure ongoing supply, (ii) making such payment will preserve, protect or enhance the value of the Property or the Business, (iii) making such payment is required to address regulatory concerns necessary for the preservation of the Business, and (iv) the supplier or service provider is required to continue to provide goods or services to the Applicants after the Filing Date, including pursuant to the terms of this Order;
- (b) ~~(a)~~ all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the ~~date of this Order~~Filing Date, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (c) ~~(b)~~ the fees and disbursements of any Assistants retained or employed by the ~~Applicant~~Applicants in respect of these proceedings, at their standard rates and charges.

8. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the ~~Applicant~~Applicants shall be entitled but not required to pay all reasonable expenses incurred by the ~~Applicant~~Applicants in carrying on the Business in the ordinary course after ~~this Order~~the Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) payment for goods or services actually supplied to the ~~Applicant~~ Applicants on or following the ~~date of this Order~~ Filing Date.

9. ~~8.~~ **THIS COURT ORDERS** that the ~~Applicant~~ Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) ~~Quebec Pension Plan, and~~ (iv) income taxes; income taxes, and (iv) all other amounts related to such deductions or employee wages payable for periods following the Filing Date, and that are of a kind that could be subject to a demand under the statutory provisions specified in Paragraphs 6(3)(a) through (c) of the CCAA;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the ~~Applicant~~ Applicants in connection with the sale of goods and services by the ~~Applicant~~ Applicants, but only where such Sales Taxes are accrued or collected after the ~~date of this Order~~ Filing Date, or where such Sales Taxes were accrued or collected prior to the ~~date of this Order~~ Filing Date but not required to be remitted until on or after the ~~date of this Order, and~~ Filing Date;
- (c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below) (collectively, "Cannabis Taxes"), but only where such Cannabis Taxes are accrued following the Filing Date; and
- (d) ~~(e)~~ any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of

municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the ~~Applicant~~Applicants.

10. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed ~~for resiliated~~⁴ in accordance with the CCAA, the ~~Applicant~~Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable Applicant and the landlord from time to time ("Rent"), for the period commencing from and including the ~~date of this Order, twice monthly in equal payments~~Filing Date, monthly on the first ~~and fifteenth~~ day of each month, ~~in advance~~ (but not in arrears) in the amount set out in the applicable lease or, with the consent of the Monitor, at such other time intervals and dates as may be agreed to between the applicable Applicant and landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the ~~date of this Order~~Filing Date shall also be paid.

11. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, ~~the Applicant is~~Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the ~~Applicant~~Applicants to any of ~~its~~their creditors as of this date; (b) to grant no security interests, trust, liens, mortgages, charges or encumbrances upon or in respect of any of ~~its~~the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

⁴The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.

RESTRUCTURING

12. ~~11.~~ **THIS COURT ORDERS** that each of the ~~Applicant~~Applicants shall, subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined),~~ have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations,~~;~~ and to dispose of redundant or non-material assets not exceeding \$~~50,000~~50,000 in any one transaction or \$~~250,000~~250,000 in the aggregate~~;~~⁵;
- (b) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor;
- (c) ~~(b)~~ terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate~~;~~; and
- (d) ~~(e)~~ pursue all restructuring options for the Applicants, including, without limitation, all avenues of refinancing of ~~its~~their Business or Property, in whole or in part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the ~~Applicant~~Applicants to proceed with an orderly restructuring of the Business ~~(the "Restructuring")~~.

13. ~~12.~~ **THIS COURT ORDERS** that the applicable Applicant shall provide each ~~of the~~ relevant ~~landlords~~landlord with notice of ~~the~~such Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes ~~the~~such Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the

⁵Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.

applicable Applicant, or by further Order of this Court upon application by the applicable Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If ~~the~~any Applicant disclaims ~~{or resiliates} the~~ lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in ~~Section~~Subsection 32(5) of the CCAA), and the disclaimer ~~{or resiliation}~~ of the lease shall be without prejudice to ~~the Applicant's~~such Applicant's claim to the fixtures in dispute.

14. ~~13.~~ **THIS COURT ORDERS** that if a notice of disclaimer ~~{or resiliation}~~ is delivered pursuant to Section 32 of the CCAA, then: (a) during the notice period prior to the effective time of the disclaimer ~~{or resiliation}~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the applicable Applicant and the Monitor 24 hours' prior written notice; and (b) at the effective time of the disclaimer ~~{or resiliation}~~, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the applicable Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE ~~APPLICANT~~AYURCANN ENTITIES OR THE PROPERTY

15. ~~14.~~ **THIS COURT ORDERS** that until and including ~~{DATE — MAX. 30 DAYS}~~February 27, 2026, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding", and collectively, "Proceedings") shall be commenced or continued against or in respect of the ~~Applicant~~Ayurcann Entities or the Monitor or their respective employees, directors, advisors, officers and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the ~~Applicant~~Ayurcann Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the ~~Applicant~~Ayurcann Entities, or their employees, directors, advisors, officers or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and

suspended pending further Order of this Court or the written consent of the Ayurcann Entities and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

16. ~~15.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons") and each being a "Person") against or in respect of the ~~Applicant~~ Ayurcann Entities or the Monitor, or their respective employees, directors, officers, advisors and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~ Ayurcann Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the ~~Applicant~~ Ayurcann Entities to carry on any business which the ~~Applicant is~~ Ayurcann Entities are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, authorization or permit in favour of or held by any of the ~~Applicant~~ Ayurcann Entities, except with the written consent of the ~~Applicant~~ Ayurcann Entities and the Monitor, or leave of this Court.

NO PRE-FILING VS POST-FILING SET-OFF

18. **THIS COURT ORDERS** that, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Applicants in respect of obligations arising prior to the Filing Date with any amounts that are or may become due from the Applicants in respect of obligations arising on or after the Filing Date; or (b) are or may become due from the Applicants in respect of obligations arising prior to the Filing Date with any amounts that are or may become due to the Applicants in respect of obligations arising on or after the Filing Date, in each case without

the consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall prejudice any arguments any person may want to make in seeking leave of the Court or following the granting of such leave.

CONTINUATION OF SERVICES

19. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of the Applicant Ayurcann Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, accounting services, security services, insurance, transportation services, utility or other services to the Business or the Applicant Ayurcann Entities, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicant Ayurcann Entities, and that the Applicant Ayurcann Entities shall be entitled to the continued use of ~~its~~their current premises, telephone numbers, ~~faesimile numbers~~, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the ~~date of this Order~~Filing Date are paid by the Applicant Ayurcann Entities in accordance with normal payment practices of the Applicant Ayurcann Entities or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant Ayurcann Entities and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

20. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of ~~lease~~leased or licensed property or other valuable consideration provided on or after the ~~date of this Order~~Filing Date, nor shall any Person be under any obligation on or after the ~~date of this Order~~Filing Date to advance or re-advance any monies or otherwise extend any credit to any of the Applicant Ayurcann Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.⁶

~~⁶This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example,~~

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. ~~19.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Applicant Ayurcann Entities with respect to any claim against the directors or officers that arose before the ~~date hereof~~ Filing Date and that relates to any obligations of the Applicant Ayurcann Entities whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, ~~until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.~~

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

22. ~~20.~~ **THIS COURT ORDERS** that the Applicant Applicants shall indemnify ~~its~~ their directors and officers against obligations and liabilities that they may incur as directors or officers of any of the Applicant Applicants after the ~~commencement of the within proceedings,~~ ⁷Filing Date, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of ~~the director's or officer's~~ such director's or officer's gross negligence or wilful misconduct.

23. ~~21.~~ **THIS COURT ORDERS** that the directors and officers of the Applicant Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge")⁸ on the Property, which charge shall not exceed an aggregate amount of \$~~●~~ 3,020,000, unless

~~number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

~~⁷The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

~~⁸Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

permitted by further Order of this Court, as security for the indemnity provided in paragraph ~~{20}~~22 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~{38}~~37 and ~~{40}~~39 herein.

24. ~~22.~~ **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the ~~Applicant's~~Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~{20}~~22 of this Order.

APPOINTMENT OF MONITOR

25. ~~23.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME]~~A&M is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ~~Applicant~~Applicants with the powers and obligations set out in the CCAA or set forth herein and that the ~~Applicant and its~~Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by any of the ~~Applicant~~Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the ~~Monitor's~~Monitor's functions.

26. ~~24.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the ~~Applicant's~~Ayurcann Entities' receipts and disbursements, Business and dealings with the Property, including, among other things, review all disbursements for consistency with the Cash Flow Statements (as defined in First Report of the Monitor), as amended from time to time;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

- ~~(c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;~~
- (c) ~~(d)~~ advise the ~~Applicant in its~~ Applicants in their preparation of the ~~Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender;~~ Applicants' Cash Flow Statements;
- (d) ~~(e)~~ advise the ~~Applicant in its~~ Applicants in their development of the Plan (if any) and any amendments to the Plan;
- (e) ~~(f)~~ assist the ~~Applicant~~ Applicants, to the extent required by the ~~Applicant~~ Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (f) ~~(g)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ~~Applicant~~ Ayurcann Entities, to the extent that is necessary to adequately assess the ~~Applicant's~~ Ayurcann Entities' business and financial affairs or to perform its duties arising under this Order;
- (g) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (h) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

27. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not occupy or take control, care, charge, possession of the Property or management (separately and/or collectively, "Possession") of (or be deemed to take Possession of), or exercise (or be deemed to have exercised) any rights

of control over any activities in respect of the Property or any assets, properties or undertakings of any of the Applicants, or the direct or indirect subsidiaries or affiliates of any of the Applicants, for which a permit or license is issued or required pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the Cannabis Act, S.C. 2018, c. 16, as amended, the Controlled Drugs and Substances Act, S.C. 1996, c. 19, as amended, the Criminal Code, R.S.C. 1985, c. C-46, as amended, the Excise Tax Act, R.S.C. 1985, c. E. 15, the Excise Act, 2001, S.C. 2002, c. 22, as amended, the Ontario Cannabis Licence Act, 2018, S.O. 2018, c. 12, Sched. 2, as amended, the Ontario Cannabis Control Act, 2017, S.O. 2017, c. 26, Sched. 1, as amended, the Ontario Cannabis Retail Corporation Act, 2017, S.O. 2017, c. 26, Sched. 2, as amended or other such applicable federal, provincial or other legislation or regulations (collectively, the “**Cannabis Legislation**”), and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof: within the meaning of any Cannabis Legislation or otherwise. For greater certainty, nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity for any purpose whatsoever.

28. ~~26.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to ~~occupy or to take control, care, charge, possession or management (separately and/or collectively, “Possession”)~~ of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”); provided, however, that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the ~~Monitor's~~ Monitor's duties and powers under this Order, be deemed to be in

Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

29. ~~27.~~ **THIS COURT ORDERS** ~~that~~ that the Monitor shall provide any creditor of the ~~Applicant and the DIP Lender~~ Applicants with information provided by the ~~Applicant~~ Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the ~~Applicant~~ Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the ~~Applicant~~ Applicants may agree.

30. ~~28.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, the Monitor ~~shall incur no its~~ directors, officers, employees, counsel and other representatives acting in such capacities shall not incur any liability or obligation as a result of ~~its~~ the Monitor's appointment or the carrying out by it of the provisions of this Order including, without limitation, under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

31. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the ~~Applicant~~ Applicants shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, by the ~~Applicant~~ Applicants as part of the costs of these proceedings. ~~The Applicant is, whether incurred prior to, on, or subsequent to the Filing Date. The Applicants are~~ hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the ~~Applicant on a [TIME INTERVAL] basis~~ Applicants on a weekly basis, or pursuant to such other arrangements as may be agreed to between the Applicants and such parties, and, in addition, the ~~Applicant is~~ Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the ~~Applicant,~~ Applicants retainers ~~in the amount[s] of \$●-[, respectively,]~~ nunc pro

tunc, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

32. ~~30.~~ **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

33. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any,~~ and the ~~Applicant's~~ Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$~~800,000~~ unless permitted by further Order of this Court, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~38~~ 37 and ~~40~~ 39 hereof.

KEY EMPLOYEE RETENTION PLAN

DIP FINANCING

~~32. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from [DIP LENDER'S NAME] (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$~~800,000~~ unless permitted by further Order of this Court.~~

34. ~~33.~~ **THIS COURT ORDERS** ~~THAT such credit facility shall be on~~ that the Key Employee Retention Plan (the "KERP"), as described in the Second Sudman Affidavit, is hereby approved and the Applicants are authorized to make the payments contemplated thereunder in accordance with the terms and ~~subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of [DATE] (the "Commitment Letter"),~~ filed of the KERP.

35. ~~34.~~ **THIS COURT ORDERS** ~~that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security~~

~~documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~ ORDER that payments made by the Applicants pursuant to the KERP do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

36. ~~35.~~ **THIS COURT ORDERS** that the ~~DIP Lender~~ key employees referred to in the KERP (the "Key Employees") shall be entitled to the benefit of and ~~is~~ are hereby granted a charge ~~(the "DIP Lender's Charge")~~ on the Property, which ~~DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's~~ charge shall not exceed an aggregate amount of \$66,250 (the "KERP Charge"), as security for amounts payable to the Key Employees pursuant to the KERP. The KERP Charge shall have the priority set out in paragraphs ~~{38}~~ 37 and ~~{40}~~ 39 hereof.

~~36. THIS COURT ORDERS that, notwithstanding any other provision of this Order:~~

- ~~(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;~~
- ~~(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ● days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the~~

~~appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and—~~

~~(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.—~~

~~37. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.~~

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

37. ~~38.~~ **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge, the Administration Charge and the ~~DIP Lender's~~KERP Charge (collectively, the "Charges"), as among them, shall be as follows⁹:

First – Administration Charge (to the maximum amount of \$●800,000);

Second – ~~DIP Lender's~~Directors' Charge (to the maximum amount of \$3,020,000); and

Third – ~~Directors'~~KERP Charge (to the maximum amount of \$●66,250).

38. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges")~~ shall not be required, and that the Charges shall be valid and enforceable for all purposes,

⁹~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

39. ~~40.~~ **THIS COURT ORDERS** that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~ Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person notwithstanding the order of perfection or attachment.

40. ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~Applicant~~ Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~ Charges, unless the ~~Applicant~~ Applicants also ~~obtains~~ obtain the prior written consent of the Monitor, ~~the DIP Lender~~ and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~ Charges, or further Order of this Court.

41. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~ Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Charges") ~~and/or the DIP Lender thereunder~~ shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds any of the ~~Applicant~~ Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) ~~neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall~~ shall not create or be deemed to constitute a breach by any of the ApplicantApplicants of any Agreement to which ~~it~~ the applicable Applicant(s) is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant entering into the Commitment Letter, the~~ creation of the Charges, ~~or the execution, delivery or performance of the Definitive Documents~~; and
- (c) the payments made by the ~~Applicant~~ Applicants pursuant to this Order, ~~the Commitment Letter or the Definitive Documents~~, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

42. ~~43.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the ~~Applicant's~~ applicable Applicant's interest in such real property leases.

RELIEF FROM REPORTING AND FILING OBLIGATIONS

43. **THIS COURT ORDERS** that the decision by Ayurcann Holdings Corp. to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "Securities Filings") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the Securities Act (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, and any rules, regulations and policies of the Canadian Securities Exchange and/or the Frankfurt Stock Exchange (collectively, the "Securities Provisions"), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in

section 11.1(2) of the CCAA as a consequence of Ayurcann Holdings Corp. failing to make any Securities Filings required by the Securities Provisions.

44. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of Ayurcann Holdings Corp. nor the Monitor shall have any personal liability for any failure by Ayurcann Holdings Corp. to make any Securities Filings required by the Securities Provisions during the Stay Period provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicants. For greater certainty, nothing in this order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the “**Regulators**”) in the matter of regulating the conduct of market participants and to issue cease trade orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an admission by the Regulators that the court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Legislation.

45. **THIS COURT ORDERS** that Ayurcann Holdings Corp. is hereby relieved of any obligation to call and hold an annual meeting of its shareholders until further Order of this Court.

STATUS QUO OF THE APPLICANTS’ LICENCES

46. **THIS COURT ORDERS** that (i) the status quo in respect of the licences issued by Health Canada in accordance with the Cannabis Legislation and the excise licences issued by the Canada Revenue Agency (collectively, the “**Licences**”) held by Ayurcann Inc. (in such capacity, the (“**Licensed Applicant**”)) shall be preserved and maintained during the pendency of the Stay Period, including the Licensed Applicant’s ability to process and sell cannabis inventory in the ordinary course under the Licences; and (ii) to the extent one or more of the Licences may expire during the Stay Period, the term of such Licences shall be deemed to be extended by a period equal to the Stay Period.

SERVICE AND NOTICE

47. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~ *The Globe and Mail (National Edition)* a notice containing

the information prescribed under the CCAA, and (ii) within five (5) days after the ~~date of this Order~~Filing Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against the ~~Applicant~~Applicants of more than \$~~1000~~1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder; provided that the Monitor shall not be required to make the claims, names and addresses of individuals who are creditors publicly available unless otherwise ordered by this Court.

48. ~~45.~~ **THIS COURT ORDERS** that the E-Service ~~Protocol~~Guide of the Commercial List (the "~~Protocol~~Guide") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the ~~Protocol~~Guide (which can be found on the Commercial List website at ~~<https://www.ontariocourts.ca/scj/files/guides/the-guide-concerning-commercial-list-e-service-en.pdf>~~<https://www.ontariocourts.ca/scj/practice-directions/regional/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the ~~Protocol~~Guide, service of documents in accordance with the ~~Protocol~~Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the ~~Protocol~~Guide with the following URL-~~'@>':~~ www.alvarezandmarsal.com/Ayurcann.

49. ~~46.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the ~~Protocol~~Guide or the CCAA is not practicable, the ~~Applicant and~~Applicants, the Monitor, and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or other electronic transmission to the ~~Applicant's~~Applicants' creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown ~~on~~in the books and records of the ~~Applicant~~Applicants and that any such service-~~or~~, distribution or notice by courier, personal delivery or facsimile or other electronic transmission shall be deemed to be received on the

earlier of (a) the date of forwarding thereof, if sent by electronic message on or prior to 5:00 p.m. Eastern Standard Time (or on the next business day following the date of forwarding thereof, ~~or~~ if sent on a non-business day); (b) the next business day following the date of forwarding thereof if sent by courier, personal delivery, facsimile transmission or electronic message sent after 5:00 p.m. Eastern Standard Time, or (c) on the third (3rd) business day following the date of forwarding thereof, if sent by ordinary mail, ~~on the third business day after mailing.~~ Any such service or distribution shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of Subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

50. **THIS COURT ORDERS** that the Monitor shall maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the “Service List”). The Monitor shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to this proceeding. Notwithstanding the foregoing, neither the Monitor nor its counsel shall have any liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

SEALING

51. **THIS COURT ORDERS** that Confidential Appendix “[•]” to the First Report is hereby sealed pending further Order of the Court and shall not form part of the public record.

GENERAL

52. ~~47.~~ **THIS COURT ORDERS** that each of the ApplicantApplicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of ~~its~~their powers and duties hereunder or in the interpretation of this Order.

53. ~~48.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the ~~ApplicantApplicants~~, the Business or the Property.

54. ~~49.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States,

to give effect to this Order and to assist the ~~Applicant~~Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Applicant~~Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the ~~Applicant~~Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

55. ~~50.—THIS COURT ORDERS~~ that each of the ~~Applicant and~~Applicants or the Monitor shall be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

56. ~~51.—THIS COURT ORDERS~~ that any interested party (including the ~~Applicant~~Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

~~52. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.~~

Schedule "A"

Non-Applicant Stay Parties

1. Ayurcann Holding Corp.
2. Can Ayurcann Merger Sub Inc.

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Revised: January 21, 2014

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

Court File No.: CL-26-00000039-0000

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

Proceedings Commenced in Toronto

**AMENDED AND RESTATED INITIAL
ORDER**

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Summary report:	
Litera Compare for Word 11.11.0.158 Document comparison done on 2/3/2026 3:06:23 PM	
Style name: Standard	
Intelligent Table Comparison: Active	
Original filename: intital-order-ccaa-en (1).doc	
Modified DMS: iw://bjwork.legal.bjlocal/wslegal/43193544/5 - Ayur - ARIO.doc	
Changes:	
<u>Add</u>	428
Delete	394
Move From	3
<u>Move To</u>	3
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Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	829

TAB 5

Court File No. ~~_____~~ CL-26-0000039-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) ~~FRIDAY~~MONDAY, THE ~~30TH~~9TH
)
JUSTICE KIMMEL) DAY OF ~~JANUARY~~FEBRUARY, 2026

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF AYURCANN HOLDINGS CORP. and
AYURCANN INC. (collectively the “Applicants” and each an
“Applicant”)**

AMENDED AND RESTATED INITIAL ORDER

THIS ~~APPLICATION~~MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”) was heard this day by judicial videoconference via Zoom.

ON READING the ~~Notice of Application, the~~ affidavit of Igal Sudman sworn January 29, 2026 and the Exhibits thereto (the “**Sudman Affidavit**”), ~~and~~the affidavit of Igal Sudman sworn February [•], 2026 and the Exhibits thereto (the “**Second Sudman Affidavit**”), the consent of Alvarez & Marsal Canada Inc. (“**A&M**”) to act as the Court-appointed monitor of the Applicants (in such capacity, the “**Monitor**”), ~~and~~ the Pre-Filing Report of A&M, ~~filed, as the proposed Monitor dated January 29, 2026 and the First Report of the Monitor dated February [•], 2026 (the “**First Report**”), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants and the additional parties listed in Schedule “A” hereto (collectively, the “**Non-Applicant Stay Parties**” and together with the Applicants, the “**Ayurcann Entities**”), counsel for ~~A&M~~the Monitor, and such other counsel that were present, no one else appearing~~

although duly served as appears from the Lawyer's Certificates of Service of Shawn Kirkman, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of ~~Application~~Motion and the ~~Application~~Motion Record is hereby abridged and validated so that this ~~Application~~Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that, for the avoidance of doubt, references in this Order to the "date of this Order", the "date hereof", or similar phrases mean January 30, 2026 (the "Filing Date"), being the date the Initial Order was granted by this Court.

APPLICATION

3. ~~2.~~ **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS AND DECLARES** that each of the Applicants shall have the authority to file and may, subject to further Order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

5. ~~3.~~ **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their respective current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such

further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. ~~4.~~ **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Sudman Affidavit or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall (i) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, (ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and (iii) be, in its capacity as provider of the Cash Management System, an unaffected creditor under any ~~plan of compromise or arrangement (the “Plan”)~~ with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. ~~5.~~ **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, or after ~~this Order~~ the Filing Date:

- (a) with the consent of the Monitor, amounts owing for goods and services actually supplied to the Applicants prior to the Filing Date up to a maximum amount of \$[•] in the aggregate, with the Monitor considering, among other factors, whether (i) the supplier or service provider is essential to the Business and ongoing operations of the Applicants and the payment is required to ensure ongoing supply, (ii) making such payment will preserve, protect or enhance the value of the Property or the Business, (iii) making such payment is required to address regulatory concerns necessary for the preservation of the Business, and (iv) the supplier or service provider is required to continue to provide goods or services to the Applicants after the Filing Date, including pursuant to the terms of this Order;

(b) ~~(a)~~ all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the ~~date of this Order~~Filing Date, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(c) ~~(b)~~ the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

8. ~~6.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the ~~date of this Order~~Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) payment for goods or services actually supplied to the Applicants on or following the ~~date of this Order~~Filing Date.

9. ~~7.~~ **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, ~~and~~ (iii) income taxes; and (iv) all other amounts related to such deductions or employee wages payable for periods following the Filing Date, and that are of a kind that could be subject to a demand under the statutory provisions specified in Paragraphs 6(3)(a) through (c) of the CCAA;

- (b) all goods and services or other applicable sales taxes (collectively, “Sales Taxes”) required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the ~~date of this Order~~Filing Date, or where such Sales Taxes were accrued or collected prior to the ~~date of this Order~~Filing Date but not required to be remitted until on or after the ~~date of this Order~~Filing Date;
- (c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below) (collectively, “Cannabis Taxes”), but only where such Cannabis Taxes are accrued following the ~~date of this Order~~Filing Date; and
- (d) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

10. ~~8.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable Applicant and the landlord from time to time (“Rent”), for the period commencing from and including the ~~date of this Order~~Filing Date, monthly on the first day of each month (but not in arrears) in the amount set out in the applicable lease or, with the consent of the Monitor, at such other time intervals and dates as may be agreed to between the applicable Applicant and landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the ~~date of this Order~~Filing Date shall also be paid.

11. ~~9.~~ **THIS COURT ORDERS** that, except as specifically permitted herein the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their

creditors as of this date; (b) to grant no security interests, trust, liens, mortgages, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. ~~10.~~ **THIS COURT ORDERS** that each of the Applicants shall, subject to such requirements as are imposed by the CCAA have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$250,000 in the aggregate;
- (b) ~~(a)~~ sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor; ~~and~~
- (c) ~~(b)~~ terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (d) pursue all restructuring options for the Applicants, including, without limitation, all avenues of refinancing of their Business or Property, in whole or in part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

13. **THIS COURT ORDERS** that the applicable Applicant shall provide each relevant landlord with notice of such Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes such Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the applicable Applicant, or by further Order of this Court upon application by the applicable Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If any Applicant disclaims a lease

governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Subsection 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to such Applicant's claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then: (i) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the applicable Applicant and the Monitor 24 hours' prior written notice; and (ii) at the effective time of the disclaimer the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the applicable Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE AYURCANN ENTITIES OR THE PROPERTY

15. ~~11.~~ **THIS COURT ORDERS** that until and including February 9~~27~~, 2026, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**", and collectively, "**Proceedings**") shall be commenced or continued against or in respect of the Ayurcann Entities or the Monitor or their respective employees, directors, advisors, officers and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Ayurcann Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Ayurcann Entities, or their employees, directors, advisors, officers or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Ayurcann Entities and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

16. ~~12.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in

respect of the Ayurcann Entities or the Monitor, or their respective employees, directors, officers, advisors and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Ayurcann Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Ayurcann Entities to carry on any business which the Ayurcann Entities are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. ~~13.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, authorization or permit in favour of or held by any of the Ayurcann Entities, except with the written consent of the Ayurcann Entities and the Monitor, or leave of this Court.

NO PRE-FILING VS POST-FILING SET-OFF

18. ~~14.~~ **THIS COURT ORDERS** that, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Applicants in respect of obligations arising prior to the ~~date hereof~~ Filing Date with any amounts that are or may become due from the Applicants in respect of obligations arising on or after the ~~date of this Order~~ Filing Date; or (b) are or may become due from the Applicants in respect of obligations arising prior to the ~~date hereof~~ Filing Date with any amounts that are or may become due to the Applicants in respect of obligations arising on or after the ~~date of this Order~~ Filing Date, in each case without the consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall prejudice any arguments any person may want to make in seeking leave of the Court or following the granting of such leave.

CONTINUATION OF SERVICES

19. ~~15.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of the Ayurcann Entities or statutory or regulatory mandates for the

supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, accounting services, security services, insurance, transportation services, utility or other services to the Business or the Ayurcann Entities, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Ayurcann Entities, and that the Ayurcann Entities shall be entitled to the continued use of their current premises, telephone numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the ~~date of this Order~~Filing Date are paid by the Ayurcann Entities in accordance with normal payment practices of the Ayurcann Entities or such other practices as may be agreed upon by the supplier or service provider and each of the Ayurcann Entities and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

20. ~~16.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the ~~date of this Order~~Filing Date, nor shall any Person be under any obligation on or after the ~~date of this Order~~Filing Date to advance or re-advance any monies or otherwise extend any credit to any of the Ayurcann Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Ayurcann Entities with respect to any claim against the directors or officers that arose before the ~~date hereof~~Filing Date and that relates to any obligations of the Ayurcann Entities whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

22. ~~18.~~ **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of any of the Applicants after the ~~commencement of the within proceedings~~ Filing Date, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of such director's or officer's gross negligence or wilful misconduct.

23. ~~19.~~ **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$~~625,000~~3,020,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph ~~18~~22 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~30~~37 and ~~32~~39 herein.

24. ~~20.~~ **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~18~~22 of this Order.

APPOINTMENT OF MONITOR

25. ~~21.~~ **THIS COURT ORDERS** that A&M is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by any of the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

26. ~~22.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Ayurcann Entities' receipts and disbursements, Business and dealings with the Property ~~and, including~~, among other things, review all disbursements for consistency with the Cash Flow Statements (as defined in ~~Pre-Filing~~ First Report of the Monitor), as amended from time to time;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the Applicants in their preparation of the Applicants' ~~cash-flow statements~~ Cash Flow Statements;
- (d) advise the Applicants in their development of the Plan (if any) and any amendments to the Plan;
- (e) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (f) ~~(d)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Ayurcann Entities, to the extent that is necessary to adequately assess the Ayurcann Entities' business and financial affairs or to perform its duties arising under this Order;
- (g) ~~(e)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (h) ~~(f)~~ perform such other duties as are required by this Order or by this Court from time to time.

27. ~~23.~~ **THIS COURT ORDERS** that the Monitor shall not occupy or take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of (or be deemed to take Possession of), or exercise (or be deemed to have exercised) any rights of control over any activities in respect of the Property or any assets, properties or undertakings of any of the Applicants, or the direct or indirect subsidiaries or affiliates of any of the Applicants, for which a permit or license is issued or required pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act*, S.C. 2018, c. 16, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the *Criminal Code*, R.S.C. 1985, c. C-46, as amended, the *Excise Tax Act*, R.S.C. 1985, c. E. 15, the *Excise Act, 2001*, S.C. 2002, c. 22, as amended, the *Ontario Cannabis Licence Act, 2018*, S.O. 2018, c. 12, Sched. 2, as amended, the *Ontario Cannabis Control Act, 2017*, S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act, 2017*, S.O. 2017, c. 26, Sched. 2, as amended or other such applicable federal, provincial or other legislation or regulations (collectively, the “**Cannabis Legislation**”), and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof within the meaning of any Cannabis Legislation or otherwise. For greater certainty, nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity for any purpose whatsoever.

28. ~~24.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to take Possession of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”); provided, however, that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental

Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

29. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants, with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

30. ~~26.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, the Monitor its directors, officers, employees, counsel and other representatives acting in such capacities shall not incur any liability or obligation as a result of the Monitor's appointment or the carrying out by it of the provisions of this Order including, without limitation, under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

31. ~~27.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings, whether incurred prior to, on, or subsequent to the ~~date of this Order~~ Filing Date. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis, or pursuant to such other arrangements as may be agreed to between the Applicants and such parties, and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants retainers *nunc pro tunc*, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

32. ~~28.~~ **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

33. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$~~250,000~~800,000 unless permitted by further Order of this Court, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~30~~37 and ~~32~~39 hereof.

KEY EMPLOYEE RETENTION PLAN

34. **THIS COURT ORDERS** that the Key Employee Retention Plan (the "**KERP**"), as described in the Second Sudman Affidavit, is hereby approved and the Applicants are authorized to make the payments contemplated thereunder in accordance with the terms and conditions of the KERP.

35. **THIS COURT ORDER** that payments made by the Applicants pursuant to the KERP do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

36. **THIS COURT ORDERS** that the key employees referred to in the KERP (the "**Key Employees**") shall be entitled to the benefit of and are hereby granted a charge on the Property, which charge shall not exceed an aggregate amount of \$66,250 (the "**KERP Charge**"), as security for amounts payable to the Key Employees pursuant to the KERP. The KERP Charge shall have the priority set out in paragraphs 37 and 39 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

37. ~~30.~~ **THIS COURT ORDERS** that the priorities of the Administration Charge ~~and~~ the Directors' Charge, and the KERP Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of ~~\$250,000~~800,000);-
~~and~~

Second – Directors’ Charge (to the maximum amount of ~~\$625,000~~3,020,000);
and

Third – KERP Charge (to the maximum amount of \$66,250).

38. ~~31.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

39. ~~32.~~ **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “Encumbrances”) in favour of any Person; ~~provided that the Charges shall rank behind Encumbrances in favour of any Persons that have not been served with notice of the application for this Order. The Applicants and the beneficiaries of the Charges shall be entitled to seek priority of the Charges ahead of such Encumbrances on a subsequent motion including, without limitation, at the Comeback Hearing (as defined below), on notice to those Persons likely to be affected thereby.~~ notwithstanding the order of perfection or attachment.

40. ~~33.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

41. ~~34.~~ **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “Chargees”) shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any

application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds any of the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by any of the Applicants of any Agreement to which the applicable Applicant(s) is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicants pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

42. ~~35.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Applicant’s interest in such real property leases.

RELIEF FROM REPORTING AND FILING OBLIGATIONS

43. ~~36.~~ **THIS COURT ORDERS** that the decision by Ayurcann Holdings Corp. to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the “**Securities Filings**”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, and any rules, regulations and policies of the Canadian Securities Exchange and/or the

Frankfurt Stock Exchange (collectively, the “**Securities Provisions**”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of Ayurcann Holdings Corp. failing to make any Securities Filings required by the Securities Provisions.

44. ~~37.~~ **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of Ayurcann Holdings Corp. nor the Monitor shall have any personal liability for any failure by Ayurcann Holdings Corp. to make any Securities Filings required by the Securities Provisions: during the Stay Period provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicants. For greater certainty, nothing in this order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the “**Regulators**”) in the matter of regulating the conduct of market participants and to issue cease trade orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an admission by the Regulators that the court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Legislation.

45. ~~38.~~ **THIS COURT ORDERS** that Ayurcann Holdings Corp. is hereby relieved of any obligation to call and hold an annual meeting of its shareholders until further Order of this Court.

STATUS QUO OF THE APPLICANTS’ LICENCES

46. **THIS COURT ORDERS** that (i) the status quo in respect of the licences issued by Health Canada in accordance with the Cannabis Legislation and the excise licences issued by the Canada Revenue Agency (collectively, the “**Licences**”) held by Ayurcann Inc. (in such capacity, the (“**Licensed Applicant**”) shall be preserved and maintained during the pendency of the Stay Period, including the Licensed Applicant’s ability to process and sell cannabis inventory in the ordinary course under the Licences; and (ii) to the extent one or more of the Licences may expire during the Stay Period, the term of such Licences shall be deemed to be extended by a period equal to the Stay Period.

SERVICE AND NOTICE

47. ~~39.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in *The Globe and Mail (National Edition)* a notice containing the information prescribed under the CCAA, and (ii) within five (5) days after the ~~date of this Order~~ Filing Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder; provided that the Monitor shall not be required to make the claims, names and addresses of individuals who are creditors publicly available unless otherwise ordered by this Court.

48. ~~40.~~ **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the “**Guide**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice-directions/regional/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: www.alvarezandmarsal.com/Ayurcann.

49. ~~41.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide or the CCAA is not practicable, the Applicants, the Monitor, and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or other electronic transmission to the Applicants’ creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown in the books and records of the Applicants and that any such service, distribution or notice by courier, personal delivery or facsimile or other electronic transmission shall be deemed to be received on the earlier of (a) the date of forwarding thereof, if sent by

electronic message on or prior to 5:00 p.m. Eastern Standard Time (or on the next business day following the date of forwarding thereof if sent on a non-business day); (b) the next business day following the date of forwarding thereof if sent by courier, personal delivery, facsimile transmission or electronic message sent after 5:00 p.m. Eastern Standard Time, or (c) on the third (3rd) business day following the date of forwarding thereof, if sent by ordinary mail. Any such service or distribution shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of Subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

50. ~~42.~~ **THIS COURT ORDERS** that the Monitor shall maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the “**Service List**”). The Monitor shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to this proceeding. Notwithstanding the foregoing, neither the Monitor nor its counsel shall have any liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

~~COMEBACK HEARING~~ SEALING

51. ~~43.~~ **THIS COURT ORDERS** that ~~the comeback motion in these proceedings shall be heard by a judge of the Ontario Superior Court of Justice (Commercial List) on February 9, 2026 (the “Comeback Hearing”).~~ Confidential Appendix “[•]” to the First Report is hereby sealed pending further Order of the Court and shall not form part of the public record.

GENERAL

52. ~~44.~~ **THIS COURT ORDERS** that each of the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties hereunder or in the interpretation of this Order.

53. ~~45.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

54. ~~46.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States,

to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

55. ~~47.~~ **THIS COURT ORDERS** that each of the Applicants ~~and~~or the Monitor shall be at liberty and ~~are~~is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

56. ~~48.~~ **THIS COURT ORDERS** that ~~this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order without the need for entry or filing~~any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

Schedule "A"

Non-Applicant Stay Parties

1. Ayurcann Holding Corp.
2. Can Ayurcann Merger Sub Inc.

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

Court File No.: _____ CL-26-0000039-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

**AMENDED AND RESTATED INITIAL
ORDER**

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Summary report:	
Litera Compare for Word 11.11.0.158 Document comparison done on 2/3/2026 3:09:16 PM	
Style name: Standard	
Intelligent Table Comparison: Active	
Original DMS: iw://bjwork.legal.bjlocal/wslegal/43099373/8 - Ayur - Initial Order.doc	
Modified DMS: iw://bjwork.legal.bjlocal/wslegal/43193544/5 - Ayur - ARIO.doc	
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Delete	121
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Move To	1
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	278

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

Court File No.: CL-26-00000039-0000

AND IN THE MATTER OF AYURCANN HOLDINGS CORP. and AYURCANN INC.

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

Proceedings Commenced in Toronto

**MOTION RECORD
(Returnable February 9, 2026)**

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