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

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 13, 2026)

February 8, 2026

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TAB 1

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Applicants

NOTICE OF MOTION
(Returnable February 13, 2026)
(Second Amended and Restated Initial Order and Sale Process Approval Order)

The Applicants will make a motion before the Honourable Justice Kimmel of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") at 12:00 p.m. on February 13, 2026 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. A second amended and restated initial order (the "**Second 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 April 30, 2026. (the "**Stay Extension**");

(c) approving Ayurcann Inc.'s ("**Ayurcann**") ability to borrow up to a principal amount of $2,000,000 under a debtor-in-possession ("**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

(d) granting the DIP Lender's Charge (as defined below) up to a maximum amount of $2,000,000 plus accrued and unpaid interest, fees and expenses 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**") ranking subordinate to the Administration Charge but in priority to all other charges or Encumbrances.

2. An order (the "**Sale Process Approval Order**") substantially in the form attached at Tab "6" of this motion record, among other things:

(a) authorizing and approving the Applicants' execution of an agreement of purchase and sale (the "**Stalking Horse Purchase Agreement**") among the Applicants and Auxly Cannabis Group Inc. ("**Auxly**" and in such capacity, the "**Stalking Horse Bidder**") dated February 8, 2026, including the Bid Protections (as defined below) described therein;

(b) granting a Court-ordered charge over the Property in favour of the Stalking Horse Bidder as security for payment of the Bid Protections (the "**Bid Protections Charge**"), with the priority set out in the Second ARIO;

(c) approving a sale process (the "**Sale Process**") in respect of the Applicants in which the Stalking Horse Purchase Agreement will serve as the "**Stalking Horse Bid**", and authorizing the Applicants and the Monitor to implement the Sale Process pursuant to its terms; and

(d) authorizing and directing the Applicants and the Monitor to perform their respective obligations and do all things reasonably necessary to perform their obligations under the Sale Process.

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 meanings 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**");

(c) the affidavit of Igal Sudman sworn February 3, 2026, (the "**Second Sudman Affidavit**"); and

(d) the affidavit of Igal Sudman sworn February 8, 2026, (the "**Third 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 is a wholly owned subsidiary of Ayurcann Parent (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 Alvarez & Marsal Canada Inc. as the monitor of the Applicants (in such capacity, the "**Monitor**");

(c) granted an initial stay of proceedings in favour of the Applicant, 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 in the amounts of $250,000 and $625,000 respectively; and

(e) relieved Ayurcann Parent from any obligation to incur further expenses in relation to its securities reporting obligations.

8. On February 3, 2026 the Applicants filed a motion record seeking an Amended and Restated Initial Order (the "**ARIO**") which, if granted, would, among other things:

(a) extend the Stay of Proceedings to and including February 27, 2026;

(b) authorize, but not obligate, the Applicants to pay up to $300,000 in the aggregate, with the consent of the Monitor, for amounts owing for goods and services supplied to the Applicants prior to the CCAA Proceedings;

(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) approve a key employee retention plan (the "**KERP**") and grant 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;

(e) preserve the *status quo* of the Regulatory Licences; and

(f) grant certain customary ancillary relief to support the Applicants' restructuring activities.

9. Notwithstanding the availability of the proposed DIP Facility, the Applicants will have a limited time period to administer the Sale Process before exhausting their available liquidity.

The Second ARIO

Extension of the Stay Period

10. The Initial Order granted the Ayurcann Entities an initial Stay Period until and including February 9, 2026. The proposed ARIO contemplated a further extension of the Stay of Proceedings to and including February 27, 2026.

11. 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, develop the KERP and to continue negotiations to finalize the terms of the proposed Sale Process, the Stalking Horse Purchase Agreement and the DIP Financing. After diligent and concerted efforts by both parties, with the assistance of the Monitor, the Applicants and Auxly finalized these agreements on February 8, 2026.

12. Pursuant to the Second ARIO, the Applicants seek the Stay Extension until and including April 30, 2026.

13. 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 and the Applicants to complete the Sale Process and return to Court to seek approval of the Successful

Bid, which will ultimately preserve and maximize the value of the Applicants' business for their stakeholders.

14. With the liquidity provided by the proposed DIP Facility 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.

15. 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.

16. 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.

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

Need for the DIP Facility

18. The proposed Second ARIO would approve the Applicants ability to borrow up to a principal amount of $2,000,000 under 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 incurred during these CCAA Proceedings.

19. On February 8, 2026 Ayurcann, as borrower, Ayurcann Parent, as guarantor and Auxly (in such capacity, the "**DIP Lender**"), as lender, entered into a DIP Facility Commitment Letter (the "**DIP Agreement**"), subject to approval of the Court. The proposed DIP Facility consists of a non-revolving loan up to the maximum principal amount of $2,000,000 accruing interest at a rate of 12% per annum.

20. In accordance with the DIP Agreement the DIP Facility is to be used during these proceedings to fund the following costs, fees and expenses:

(a) the Applicants' working capital and restructuring expenses in the CCAA Proceedings, each in accordance with the Cash Flow Projections (as defined in the DIP Agreement);

(b) the reasonable and documented professional fees associated with the CCAA Proceedings (including, without limitation, the legal fees and expenses of the Applicants, the Monitor and the Monitor's counsel);

(c) the payment of interest, fees and other amounts payable under the DIP Agreement; and

(d) such other costs and expenses as agreed to by the DIP Lender, in writing.

21. The DIP Facility includes a commitment fee of $40,000 (representing 2% of the maximum principal amount of the DIP Facility).The commitment fee will be added to the principal amount outstanding and will be payable on the Termination Date (as defined below).

22. The DIP Facility is conditional, among other things, upon the granting of a priority charge over the Property to secure the amounts borrowed under the DIP Facility (the "**DIP Lender's Charge**").

23. The DIP Facility is subject to customary covenants, conditions precedent, and representations and warranties made by the Applicants to the DIP Lender. Unless accelerated by an event of default the DIP Facility must be repaid in full in cash by the date that is the earlier of:

(a) the closing of and sale of a transaction, pursuant to which all or substantially all of the assets or shares of Ayurcann are acquired;

(b) the effective date of any plan of compromise, arrangement, or reorganization filed pursuant to the CCAA or any other statute in any jurisdiction, in respect of any of the Applicants;

(c) the early termination of the DIP Facility in accordance with the terms of the DIP Agreement, by the DIP Lender;

(d) unless otherwise consented to by the DIP Lender, the date the Sales Process terminates in accordance with the Sale Process and the Sale Process Order;

(e) the termination, expiration, or conversion of the CCAA Proceedings; and

(f) payment in full of all amounts owing under the DIP Facility (the "**Termination Date**").

24. The Applicants are in a liquidity crisis and are not able to meet their obligations as they come due during the proposed Stay Extension absent the liquidity provided by the DIP Facility. Absent the DIP Facility the Applicants will be forced to cease going concern operations in the near term, and will not be able to pursue a value maximizing transaction via the proposed Sale Process.

25. The Monitor assisted the Applicants in the negotiation of the DIP Facility and believes it is appropriate and necessary in the circumstances.

Approval of the DIP Lender's Charge

26. Pursuant to the Second ARIO the Applicants are seeking the approval of the DIP Lender's Charge, which, with the Administration Charge, the Directors' Charge, the KERP Charge and the Bid Protections Charge, would rank in the following priority:

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

Second – DIP Lender's Charge (to the maximum amount of $2,000,000 plus accrued and unpaid interest, fees and expenses);

Third – Directors' Charge (to the maximum amount of $3,020,000);

Fourth – KERP Charge (to the maximum amount of $66,250); and

Fifth – Bid Protections Charge (as defined in the Sale Process Approval Order) (to the maximum amount of $264,200) (together, the "**Charges**").

27. 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. Pursuant to the ARIO, if granted, the Administration Charge, the Directors' Charge and the KERP Charge have priority over all Encumbrances including those that did not receive notice of the Charges. The ARIO also provides that the Applicants could grant an Encumbrance over the Property that ranks in priority to, or *pari passu* with, any of the Charges upon further order of this Court.

28. Pursuant to the Proposed Second ARIO the Charges will have priority over all Encumbrances including those that did not receive notice of the Charges. The persons benefiting from the Encumbrances have been given notice of the within motion and the proposed form of the Second ARIO.

29. The DIP Lender's Charge is a condition of the DIP Financing, without which, the Applicants would have to cease going concern operations in the near term, and would not have the liquidity to fund their operations until the end of the Sale Process. Likewise, the Bid Protections Charge was a requirement of the Stalking Horse Bidder to enter into the Stalking Horse Purchase Agreement which is a key feature of the Sale Process.

The Sale Process Approval Order

30. The Applicants seek the proposed Sale Process Approval Order to pursue a value maximizing transaction for the benefit of their stakeholders. The proposed Sale Process Approval Order has two key aspects: (i) the authorization and approval of the Stalking Horse Purchase Agreement, including the Bid Protections; and (ii) approval of the Sale Process with the Stalking Horse Purchase Agreement serving as the Stalking Horse Bid therein.

The Stalking Horse Purchase Agreement

31. The Stalking Horse Purchase Agreement between the Applicants and the Stalking Horse Bidder will, if approved, serve as the basis for the Stalking Horse Bid in the Sale Process.

32. The Stalking Horse Purchase Agreement is the product of significant efforts and negotiations among the Stalking Horse Bidder and the Company in consultation with the Monitor resulting in a going-concern solution for the Company that will protect valuable customer, landlord and supplier relationships, while also preserving the employment and/or contractual arrangements with substantially all of the Applicants' current employees and contractors.

33. The Stalking Horse Bid is of significant benefit to the Applicants, and their stakeholders including their employees, suppliers, Health Canada and the CRA, because, among other things, it constitutes a floor transaction promoting a value maximizing outcome in the Sale Process.

34. The Stalking Horse Purchase Agreement is contemplated to be structured as a reverse vesting transaction whereby the Stalking Horse Bidder will acquire shares to be issued of Ayurcann pursuant to an order to be granted by the Court (the "**Vesting Order**").

35. In the event the Stalking Horse Bid is the Successful Bid in the Sale Process, the Vesting Order will, among other things:

(a) approve the transaction contemplated by the Stalking Horse Purchase Agreement;

(b) vest out of Ayurcann certain excluded assets, excluded contracts and excluded liabilities, which will vest in a new subsidiary of Ayurcann Parent, to be incorporated (or, alternatively, Ayurcann Holding Corp.);

(c) authorize and direct Ayurcann to file Articles of Reorganization;

(d) terminate and cancel all issued and outstanding equity interests in Ayurcann (including all agreements, plans and documents governing or giving rise to such equity interests) for no consideration; and

(e) authorize and direct Ayurcann to issue the Purchased Shares (i.e., all of the issued and outstanding shares of Ayurcann), free and clear from any encumbrances and claims, except for permitted encumbrances specified under the Stalking Horse Purchase Agreement.

36. As consideration for the Purchased Shares, the Stalking Horse Purchase Agreement contemplates the full satisfaction of the DIP Facility on closing pursuant to a credit bid, plus an additional cash payment for total consideration payable equal to $4,640,000.

37. If the Stalking Horse Bid is not the Successful Bid in the Sale Process, then the Stalking Horse Bidder will be entitled to (i) a break fee of $139,200 (the "**Break Fee**"); and (ii) an expense reimbursement for the Stalking Horse Bidder's legal and other costs incurred in connection with the Stalking Horse Purchase Agreement and supported by third-party invoices up to a maximum aggregate amount of $125,000 (together with the Break Fee, the "**Bid Protections**"). The maximum amount of the Bid Protections is equal to approximately 5% of the Purchase Price.

38. The Bid Protections act as consideration for the Stalking Horse Bidder's considerable expenditure of time and money in preparing the Stalking Horse Purchase Agreement, and as compensation for the Stalking Horse Bidder's agreement to act as the Stalking Horse Bidder.

39. The proposed Sale Process Approval Order provides that the Bid Protections are secured by the Bid Protections Charge in favour of the Stalking Horse Bidder in the aggregate maximum amount of $264,200. The proposed Bid Protections Charge is to rank behind the other Charges, but in priority to all other Encumbrances.

40. The Purchase Price and the transaction structure proposed under the Stalking Horse Purchase Agreement are expected to encourage the submission of competitive bids and thereby maximize value for the Applicants and their stakeholders.

The Sale Process[1]

41. The Applicants are seeking approval of the proposed Sale Process. The Sale Process provides that the Monitor and the Applicants will solicit interest in , and opportunities for, an "as is, where is" sale of the Applicants' Business and/or Assets on a going-concern, cash-free, debt-free basis.

42. The Sale Process is a single phased process and was designed to be a flexible process that will obtain the best offer for the Business/Assets to maximize value for the Applicants' many stakeholders.

43. In the event that a Successful Bid is selected in accordance with the Sale Process and approved by the Court, the acquisition of any assets will be free and clear of the Applicants' rights, title, and interests in such assets, as well as any third-party claims or interests, pursuant to one or more approval and vesting orders.

[1] Capitalized terms not otherwise defined in this section have the meanings given to them in the Sale Process and the Sale Process Approval Order as applicable.

44. The Sale Process is appended at Schedule "A" to the Sale Process Approval Order. The Sale Process sets out, among other things, the manner in which binding Qualified Bids that are superior to the sale transaction contemplated by the Stalking Horse Bid will be solicited from interested parties and how a Successful Bid will be selected through several key milestones. Key details of the Sale Process are summarized below:

(a) *Notification Process* – as soon as reasonably practicable following the granting of the Sale Process Approval Order the Monitor and the Applicants will solicit interest from parties, including sending parties the Teaser Letter. Parties wishing to participate in the Sale Process that execute a non-disclosure agreement will then be given access to a confidential virtual data room and provided with due diligence information.

(b) *Qualified Bid Deadline* – the Sale Process contemplates giving potential bidders until March 31, 2026 at 5:00 p.m. (Eastern Time) to submit a Qualified Bid;

(c) *Qualified Bids* – in order to constitute a Qualified Bid, a bid (other than the Stalking Horse Bid) must conform with the Bid Requirements which include, among other things:

(i) must be superior to the Stalking Horse Bid and provide for aggregate consideration, payable in cash in full on closing in an amount equal to or greater than: (i) the Purchase Price under the Stalking Horse Bid (i.e., $4,640,000); (ii) the amount of $264,200 to satisfy the Bid Protections; and (iii) a minimum overbid amount of $100,000 (collectively, the "**Consideration Value**");

(ii) provides a detailed schedule that identifies the Consideration Value and any material excluded liabilities;

(iii) contains duly executed and binding transaction document(s) and the required cash deposit equal to 10% of the Consideration Value, which deposit shall be held by the Monitor in a trust account in accordance with the Sale Process;

(iv) includes a letter stating that the bid is submitted in good faith, binding and irrevocable until the closing of a Successful Bid, and provides that the bid will serve as a Back-Up Bid (as defined below) if it is not selected as the Successful Bid;

(v) provides written evidence of the Potential Bidder's ability to fully fund and consummate the Transaction and satisfy its obligations under the transaction documents, including binding equity/debt commitment letters and/or guarantees covering the full Consideration Value;

(vi) provides details surrounding the Potential Bidder's intended treatment of the Applicants' employees;

(vii) includes an acknowledgement that the Potential Bidder is making its bid on an "as is, where is" basis, which is not conditional upon (i) approval from the Potential Bidder's board of directors (or comparable governing body) or equityholder(s), (ii) the outcome of any due diligence by the Potential Bidder, or (iii) the Potential Bidder obtaining financing; and

(viii) specifies any regulatory (including Health Canada) or other third-party approvals the Potential Bidder anticipates would be required to complete the Transaction (including the anticipated timing necessary to obtain such approvals).

(d) *Review of the Qualified Bids* – following the Qualified Bid Deadline, if one or more Qualified Bids (other than the Stalking Horse Bid) are received by the Monitor on or before the Qualified Bid Deadline the Monitor, in consultation with the Applicants, shall review the Qualified Bids and determine which Qualified Bid shall be designated as the "Lead Bid" therein. The Monitor shall then advise all Qualified Bidders of the Lead Bid and invite them to participate in the Auction in accordance with the Auction Procedures. If no Qualified Bids are received by the Qualified Bid Deadline then the Stalking Horse Bid shall be deemed to be the Successful Bid and will be executed in accordance with and subject to its terms, including obtaining Court approval thereof.

(e) *Closing of the Successful Bid* – the Sale Process contemplates that if no Qualified Bids are received other than the Stalking Horse Bid, closing of the Stalking Horse Bid will occur as soon as possible following issuance of the Vesting Order but no later than May 1, 2026. If Qualified Bids are selected other than the Stalking Horse Bid closing of the Successful Bid will occur as soon as possible but no later than May 15, 2026.

45. The Sale Process is supported by the Monitor and the DIP Lender. Specifically, the Monitor agrees that interested parties will have sufficient time to formulate and submit Qualified Bids and that the Sale Process will ensure a value maximizing transaction is completed.

OTHER GROUNDS:

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

47. 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

48. 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 Third Sudman Affidavit, and the exhibits attached thereto;

(d) the Pre-Filing Report of the Monitor dated January 29, 2026;

(e) the First Report and the appendices thereto dated February 6, 2026;

(f) the Second Report and the appendices thereto, to be filed; and

(g) such further and other evidence as counsel may advise and this Court may permit.

February 8, 2026

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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

NOTICE OF MOTION
(Second Amended and Restated Initial Order and Sale Process Approval Order)

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TAB 2

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

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 8, 2026)

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

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 8, 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 affidavits sworn on January 29, 2026 (the "**First Sudman Affidavit**") and February 3, 2026 (the "**Second Sudman Affidavit**"), in support of the Applicants' application for the Initial Order dated January 30, 2026 (the "**Initial Order**") and their motion for the ARIO (as defined below) returnable February 9, 2026, respectively. All capitalized terms not otherwise defined herein have the meaning ascribed to them

in the First Sudman Affidavit, the Second Sudman Affidavit or the Initial Order, as applicable. Copies of the First Sudman Affidavit and the Second Sudman Affidavit (each without exhibits) are attached hereto as **Exhibit "A"** and **Exhibit "B"**, respectively.

3. I swear this affidavit in support of a motion by the Applicants 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**") for:

(a) a Second Amended and Restated Initial Order (the "**Second ARIO**"), among other things:

(i) approving Ayurcann's ability to borrow up to a principal amount of $2,000,000 under a debtor-in-possession ("**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 costs;

(ii) granting the DIP Lender's Charge (as defined below) up to a maximum amount of $2,000,000, plus accrued and unpaid interest, fees and expenses, with the priority set out in the Second ARIO (i.e., ranking subordinate to the Administration Charge but in priority to all other encumbrances); and

(iii) extending the Stay of Proceedings to and until April 30, 2026; and

(b) an order (the "**Sale Process Approval Order**"), among other things:

(i) authorizing and approving the Applicants' execution of an agreement of purchase and sale dated February 8, 2026 (the "**Stalking Horse Purchase Agreement**") between the Applicants and Auxly Cannabis Group Inc. ("**Auxly**" and in such capacity, the "**Stalking Horse Bidder**"), including the Bid Protections (as defined below);

(ii) granting a Court-ordered charge over the Property in favour of the Stalking Horse Bidder as security for payment of the Bid Protections (the "**Bid Protections Charge**"), with the priority set out in the Second ARIO (i.e. subordinate to the Administration Charge, the DIP Lender's Charge, the Directors' Charge and the KERP Charge);

(iii) approving a sale process (the "**Sale Process**") in respect of the Applicants in which the Stalking Horse Purchase Agreement will serve as the "**Stalking Horse Bid**" and authorizing the Applicants and the Monitor to implement the Sale Process pursuant to its terms; and

(iv) authorizing and directing the Applicants and the Monitor to perform their respective obligations and do all things reasonably necessary to perform their obligations under the Sale Process.

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 BACKGROUND[1]

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.

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 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;

---

[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.

(b) appointed Alvarez & Marsal Canada Inc. 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 "C"** and **Exhibit "D"**, respectively.

10. On February 3, 2026, the Applicants filed a motion record seeking an Amended and Restated Initial Order (the "**ARIO**") which, if granted will, among other things:

(a) extend the Stay Period until and including February 27, 2026;

(b) increase 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) approve a key employee retention plan (the "**KERP**") and grant a related super-priority charge up to the maximum amount of $66,250 (the "**KERP Charge**"); and

(d) preserve the *status quo* of the Regulatory Licences.

II. UPDATE SINCE THE SECOND SUDMAN AFFIDAVIT

11. As previewed in the Second Sudman Affidavit, following the service of the Applicants' motion record on February 3, 2026, the Applicants and Auxly continued negotiations to finalize

the terms of the DIP Facility and the Stalking Horse Purchase Agreement. After diligent and concerted efforts by both parties, and with the assistance of the Monitor, the Applicants and Auxly finalized these agreements on February 8, 2026.

12. As reflected in the Revised Cash Flow Forecast (as defined below), notwithstanding the availability of the proposed DIP Facility, the Applicants will have a limited time period to administer the Sale Process before exhausting their available liquidity. To ensure the Company has sufficient cash flow to operate the business during the CCAA Proceedings, the Applicants and the Monitor will need to initiate the Sale Process immediately following the approval of the Sale Process Approval Order (if granted).

13. This timing is necessary to maintain the current bid procedure milestones contemplated in the Sale Process, including the forty-six (46) day period from commencement of the Sale Process to the Bid Deadline.

III. PROPOSED INTERIM FINANCING

14. On February 8, 2026, Ayurcann, as borrower, Ayurcann Parent, as guarantor, and Auxly (in such capacity, the "**DIP Lender**"), as lender, entered into a Debtor-in-Possession Facility Commitment Letter (the "**DIP Agreement**"), subject to approval of the Court. The proposed DIP Facility consists of a non-revolving loan up to the maximum principal amount of $2,000,000, accruing interest at a rate of 12% per annum.

15. Pursuant to the DIP Agreement, the DIP Facility is to be used during the CCAA Proceedings to fund the following costs, fees and expenses:

(a) the Applicants' working capital and restructuring expenses, each in accordance with the Cash Flow Projections (as defined in the DIP Agreement);

(b) the reasonable and documented professional fees and disbursements associated with the CCAA Proceedings (including, without limitation, the legal fees and expenses of the Applicants, the Monitor and the Monitor's counsel);

(c) the payment of interest, fees and other amounts payable under the DIP Agreement; and

(d) such other costs and expenses as agreed to by the DIP Lender, in writing.

16. The DIP Agreement contemplates a commitment fee in the amount of $40,000 (representing 2% of the maximum principal amount of the DIP Facility). The commitment fee will be added to the principal amount outstanding and will be payable on the DIP Termination Date (as defined below).

17. Unless accelerated by an event of default, the amounts outstanding under the DIP Facility shall be due and payable, in full, on the earliest of the following dates: (i) the closing of a transaction pursuant to which all, or substantially all, of the assets or shares of Ayurcann are acquired; (ii) the effective date under any plan of compromise or arrangement within the CCAA Proceedings; (iii) unless otherwise consented to by the DIP Lender, May 15, 2026; (iv) the termination, expiration or conversion of the CCAA Proceedings; and (v) payment in full of all amounts owing under the DIP Facility (the later of such dates, the "DIP **Termination Date**").

18. Advances made under the DIP Facility are proposed to be secured by a super-priority charge in favour of the DIP Lender (the "**DIP Lender's Charge**"), if approved, which will rank

subordinate to the Administration Charge but in priority to all other encumbrances. I am advised by Jesse Mighton of Bennett Jones LLP that the DIP Agreement is subject to customary covenants, conditions precedent, and representations and warranties. A copy of the DIP Agreement is attached hereto as **Exhibit "E"**.

19. As reflected in the Revised Cash Flow Forecast, the Applicants will require interim financing during the CCAA Proceedings to satisfy working capital needs and maintain ordinary course operations while they conduct the Sale Process to pursue and implement a value-maximizing transaction for the benefit of their stakeholders. The proposed DIP Facility, if approved, is expected to provide the Applicants with sufficient liquidity to operate their business during the requested Stay Period. The Monitor, having been consulted throughout the negotiations relating to the DIP Facility, has advised that it supports the DIP Facility and considers it appropriate in the circumstances.

IV. STAY EXTENSION

1. Applicants

20. Pursuant to the Second ARIO, the Applicants are seeking a further extension of the Stay Period until and including April 30, 2026 (the "**Stay Extension**").

21. The proposed Stay Extension will provide the Applicants with the time required to conduct the Sale Process and return to Court to seek approval of the Successful Bid for the benefit of the Applicants and their stakeholders, while continuing to preserve the *status quo* required to continue operations and maintain business stability.

22. As set out in the Second Sudman Affidavit, 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, develop the Sale Process, finalize the potential Stalking Horse Purchase Agreement and the DIP Agreement, 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.

23. 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 Second Report of the Monitor, to be filed.

24. I further understand that the Monitor has reviewed the Revised Cash Flow Forecast and is of the view that the Applicants will, subject to the approval of the DIP Facility, 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.

25. 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

26. 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.

27. 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.

28. Furthermore, the Sale Process contemplates an opportunity to purchase all or substantially all of the Applicants' business, which includes the share interests of their affiliates, the Non-Applicant Stay Parties. Continuing to extend the Stay of Proceedings to the Non-Applicant Stay Parties will preserve the marketability of the business as a going concern during the Sale Process. Without this protection, potential claims or proceedings against the Non-Applicant Stay Parties could disrupt operations, diminish enterprise value, and undermine the Applicants' ability to conduct an effective sale of the integrated business.

29. 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.

V. SALE PROCESS APPROVAL ORDER

30. As discussed above, the Applicants intend to seek the proposed Sale Process Approval Order to pursue a value maximizing transaction for the benefit of their stakeholders. The proposed Sale Process Approval Order has two key aspects: (i) it authorizes and approves the execution of the Stalking Horse Purchase Agreement; and (ii) it approves the procedures for the Sale Process in which the Stalking Horse Purchase Agreement will serve as the Stalking Horse Bid.

A. Stalking Horse Purchase Agreement[2]

31. The Stalking Horse Purchase Agreement between the Applicants and the Stalking Horse Bidder will, if approved, serve as the basis for the Stalking Horse Bid in the Sale Process.

32. The Stalking Horse Bid is the product of significant negotiations among the Stalking Horse Bidder (an arm's length party) and the Applicants, in consultation with the Monitor. If selected as the Successful Bid, the Stalking Horse Bid would provide a going-concern solution for the Company – protecting valuable customer, landlord and supplier relationships, while also preserving the employment and/or contractual arrangements with substantially all of the Applicants' current employees and contractors. A copy of the Stalking Horse Purchase Agreement is attached hereto as **Exhibit "F"**.

33. Pursuant to the Stalking Horse Purchase Agreement, if selected as the Successful Bid in the Sale Process, the Stalking Horse Bid is intended to be implemented as a reverse vesting transaction, given the highly regulated nature of the Applicants' business, pursuant to which the Stalking Horse Bidder will subscribe for and acquire 100% of the issued and outstanding shares of Ayurcann pursuant to an order of the Court (the "**Vesting Order**"). In the event the Stalking Horse Bid is the Successful Bid in the Sale Process, the Vesting Order will, among other things:

(a) approve the transaction contemplated by the Stalking Horse Purchase Agreement;

(b) vest out of Ayurcann the Excluded Assets, Excluded Contracts and Excluded Liabilities, which will vest in a new subsidiary of Ayurcann Parent, to be incorporated (or, alternatively, Ayurcann Holding Corp.);

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[2] All capitalized terms in this section not otherwise defined have the meaning ascribed to them in the Stalking Horse Purchase Agreement.

(c) authorize and direct Ayurcann to file Articles of Reorganization;

(d) terminate and cancel all issued and outstanding equity interests in Ayurcann (including all agreements, plans and documents governing or giving rise to such equity interests) for no consideration; and

(e) vesting the Purchased Shares (i.e., newly issued common shares of Ayurcann comprising 100% of all its outstanding equity interests) to the Stalking Horse Bidder, free and clear from any Encumbrances and claims, except for Permitted Encumbrances specified under the Stalking Horse Purchase Agreement.

34. The Stalking Horse Purchase Agreement contemplates a purchase price of $4,640,000 (the "**Purchase Price**") for the Purchased Shares, which is comprised of: (i) the full satisfaction of the DIP Facility on closing pursuant to a credit bid; and (ii) an additional cash payment for the balance of the Purchase Price.

35. The salient terms of the Stalking Horse Purchase Agreement include, among other things:

Term	Details
1.1 Stalking Horse Bidder	Auxly
1.1 Issuer	Ayurcann
1.1 Purchased Shares	The common shares in the capital of Ayurcann issued from treasury to the Stalking Horse Bidder, which following issuance will constitute 100% of the issued and outstanding equity interests of Ayurcann.
1.1 Retained Liabilities	The Stalking Horse Bidder shall assume the following liabilities: (a) all liabilities under the Retained Contracts, to be listed in Schedule "H" to the Stalking Horse Purchase Agreement,

	from and after the Closing Time, including any Cure Costs identified in Schedule "D" to the Stalking Horse Purchase Agreement; (b) the employer liabilities of any Retained Employees from and after the Closing Time, including in connection with wages, benefits, statutory obligations and amounts secured by the Directors' Charge; (c) any liabilities required by Applicable Law to maintain the retained Permits and Licences; (d) all trade payables and other liabilities relating to the Business incurred in the ordinary course after the Filing Date, but prior to the Closing Date, that remain outstanding at the Closing Time (provided that prior to the Closing Time, all such payables are paid in accordance with the approved Cash Flow); and (e) Taxes for any period, or portion thereof, beginning on or after the Filing Date, provided that the Stalking Horse Bidder will not assume more than one month of accrued excise tax liabilities.
3.2 Purchase Price	The Purchase Price is $4,640,000, which is comprised of: (i) a credit bid in an amount equal to the balance outstanding under the DIP Facility; (ii) a cash payment equal to the balance of the purchase price. The Purchase Price does not contemplate any adjustments. The Purchase Price will be satisfied by: (i) a credit bid of the outstanding obligations under the DIP Facility; and (ii) a cash payment of the Purchase Price Cash Amount.
4.3 As is, Where is	The Stalking Horse Purchase Agreement contemplates an "as is, where is" transaction.
6.1 The Stalking Horse Bidder's Conditions	The Stalking Horse Bidder's closing conditions include, among others: (a) <u>Court Approval</u>. The Sale Process Approval Order and the Vesting Order shall have been issued by the Court, and shall not have been vacated, set aside or stayed. The applicable appeal periods shall have expired. (b) <u>Successful Bid.</u> The Stalking Horse Bid is deemed the Successful Bid (in accordance with the Sale Process).

	(c) Licences. As of the Closing Time, no suspension, revocation, cancellation, non-compliance notice, administrative monetary penalty, licence amendment adverse to the Business, inspection deficiency, enforcement action or other proceeding by Health Canada or the Canada Revenue Agency (CRA) shall have been issued, made, threatened or be pending in respect of the Business, the Permits and the Licences (including the Critical Permits and Licences) or the Health Canada Licenses, and all such licences, permits and authorizations shall be valid, subsisting and in good standing. (d) Releases. The Court shall have issued an order granting full and final releases in favour of the Directors and Officers, as applicable, for any and all liabilities incurred in their capacity as directors and officers of the Applicants other than any Liabilities arising from such Directors' or Officers' gross negligence or wilful misconduct. (e) Consulting Agreements. On or before the Closing Date, the Consulting Agreements shall have been executed and delivered by the Stalking Horse Bidder to all individuals comprising the Key Management. (f) Transition Access Agreements. On or before the Closing Date, the Transition Access Agreements will be executed and delivered by the Parties. (g) Health Canada. Health Canada shall not have objected to the completion of the transaction and the Stalking Horse Bidder shall have no indication that the Health Canada Licenses will not remain in full force and effect following the completion of the transaction.
6.2 The Applicants' Conditions	The Applicants' closing conditions include, among others: (a) Court Approval. The Sale Process Approval Order and the Vesting Order shall have been issued by the Court, and shall not have been vacated, set aside or stayed. The applicable appeal periods shall have expired. (b) Successful Bid. The Stalking Horse Bid is deemed the Successful Bid (in accordance with the Sale Process).
7.7 Grounds for Termination	The Stalking Horse Purchase Agreement will automatically terminate upon the occurrence of any of the following:

	(a) by mutual agreement of the Applicants and the Stalking Horse Bidder (with written notice to the Monitor); (b) the Stalking Horse Bid is not selected as the Successful Bid or the Back-Up Bid; or (c) if the Stalking Horse Bid is deemed to be the Back-Up Bid and the transaction contemplated by the Successful Bid closes. The Stalking Horse Purchase Agreement may be terminated upon the occurrence of any of the following: (a) by either party upon written notice, if a condition set out in Article 6 has not been satisfied or performed on or prior to the dates specified therein (as applicable); or (b) by any Party, if Closing has not occurred by the Termination Date (provided that the terminating party has not breached its obligations under the Stalking Horse Purchase Agreement in such a manner as to cause a closing condition not to be fulfilled).

36. Pursuant to the Stalking Horse Purchase Agreement, the Stalking Horse Bidder must complete the schedules thereto by no later than four weeks after the Sale Process is approved. Once the schedules are completed, a revised copy of the Stalking Horse Purchase Agreement will be uploaded to the VDR (as defined below).

37. If the Stalking Horse Bid is not selected as the Successful Bid in the Sale Process, the Stalking Horse Purchase Agreement provides that the Stalking Horse Bidder will be entitled to the payment of certain bid protections. The Bid Protections are comprised of (i) a break fee in the amount of $139,200 (the "**Break Fee**"), and (ii) an expense reimbursement for all actual documented legal and other costs incurred by the Stalking Horse Bidder in connection with negotiating, preparing and executing the Stalking Horse Purchase Agreement, up to the maximum amount of $125,000 (together with the Break Fee, the "**Bid Protections**"). The maximum amount of the Bid Protections is equal to approximately 5.7% of the Purchase Price.

38. The Bid Protections are proposed to be secured by the Bid Protections Charge over the Property in favour of the Stalking Horse Bidder in the aggregate maximum amount of $264,200, ranking subordinate to the Administration Charge, the DIP Lender's Charge (if approved), the Directors' Charge and the KERP Charge, but in priority to all other encumbrances. The Bid Protections are an integral term of the Stalking Horse Purchase Agreement, without which the Stalking Horse Bidder has advised that it would not have agreed to act as the stalking horse bidder in the Sale Process.

39. At this time, approval of the Stalking Horse Purchase Agreement is being sought solely for the purpose of approving it as the Stalking Horse Bid in the Sale Process. To the extent that the Stalking Horse Bid is the Successful Bid, the Applicants will seek approval of the transaction contemplated thereunder at a future motion.

40. The Purchase Price and the transaction structure contemplated under the Stalking Horse Purchase Agreement are expected to encourage the submission of competitive bids and thereby maximize value for the Applicants and their stakeholders. I believe that the Purchase Price is fair and reasonable, and that the Stalking Horse Purchase Agreement will serve as an appropriate backstop and valuable threshold for bids in the proposed Sale Process.

41. I further believe that the Stalking Horse Bid will benefit the Applicants' stakeholders, including their customers, suppliers, and creditors (including the CRA), by providing greater certainty of a going-concern outcome for the business.

B. The Sale Process[3]

1. Overview

42. The proposed Sale Process allows for the Applicants and the Monitor to solicit interest in, and opportunities for, a sale of, all or part the Company's assets and business operations on a going-concern basis. The Sale Process is a single phased process designed to provide an opportunity to obtain the best offer for the Company to maximize value for the Applicants' many stakeholders. A copy of the Sale Process is appended at Schedule "A" to the proposed Sale Process Approval Order.

43. The Sale Process contemplates that the sale of the Applicants' business or assets will be conducted on an "as is, where is" basis. In the event that a Successful Bid is selected in accordance with the Sale Process and approved by the Court, the acquisition of any assets will be free and clear of the Applicants' rights, title, and interests in such assets, as well as any third-party claims or interests, pursuant to one or more approval and vesting orders.

44. The Sale Process sets out, among other things, the manner in which binding Qualified Bids (as defined below) will be solicited from interested parties and how a Successful Bid will be selected. The Sale Process contains the following milestones:

Date	Milestone
February 13, 2026, or as soon as practicable following the issuance of the Sale Process Approval Order	Commencement of the Sale Process

[3] Capitalized terms used but not otherwise defined herein have the meanings ascribed in the Sale Process.

March 31, 2026 at 5:00 p.m. (Eastern Time)	Bid Deadline
1. If no Qualified Bids are received other than the Stalking Horse Bid	
Bid Deadline	Selection of the Stalking Horse Bid as the Successful Bid
April 13, 2026, or the earliest date available thereafter (subject to Court availability)	Approval and Vesting Order Motion
As soon as possible following issuance of the Approval and Vesting Order but no later than May 1, 2026	Closing of the Stalking Horse Bid
2. If Qualified Bids are selected other than the Stalking Horse Bid	
April 6, 2026	Monitor to provide the Lead Bid(s) to the Stalking Horse Bidder and each Qualified Bidder
April 10, 2026	Auction, if needed
April 10, 2026, or such later date immediately thereafter if the Auction is not completed in one day	Selection of the Successful Bid and Back-Up Bid, if applicable
April 24, 2026, or the earliest date available thereafter (subject to Court availability)	Approval and Vesting Order Motion
As soon as possible but no later than May 15, 2026	Closing of the Successful Bid

45. To the extent the Monitor believes it would be beneficial to the administration of the Sale Process, the dates or timeframes indicated in the table above may be extended or modified by the Monitor, in consultation with the Applicants and in accordance with the Sale Process and the DIP Agreement.

46. The Sale Process was prepared in consultation with the Monitor. The Monitor has advised that it supports the proposed Sale Process and agrees that interested parties will have sufficient time to formulate and submit Qualified Bids. In this regard, due diligence undertaken in connection with negotiation of the Stalking Horse Purchase Agreement has allowed the Monitor to populate the VDR in preparation for facilitating the due diligence requests of other potentially interested parties in the Sale Process.

2. Notification Process

47. As soon as reasonably practicable following the issuance of the Sale Process Approval Order, the Monitor and the Applicants will prepare a list of potential bidders who may be interested in participating in the Sale Process and a teaser letter (the "**Teaser Letter**") (i) describing the Applicants' business, property and assets (collectively, the "**Business**"), (ii) providing an overview of the Bidding Procedures, and (iii) inviting recipients to express their interest in participating in the Sale Process. The Monitor will also cause a notice of the Sale Process to be published on the Monitor's Website and in one or more cannabis industry and/or insolvency-related publications.

48. The Applicants, in consultation with the Monitor, will also prepare a non-disclosure agreement (the "**NDA**"). The Monitor will disseminate the Teaser Letter and the NDA to potentially interested parties identified by the Applicants and the Monitor as potential bidders or any other interested party who contacts the Applicants or the Monitor expressing an interest to participate in the Sale Process.

49. The Applicants and the Monitor will make available a confidential virtual data room (the "**VDR**") to all Potential Bidders who have executed NDAs to assist with due diligence efforts.

3. Qualified Bidder(s) and Qualified Bid(s)

50. The Sale Process provides that each potential bidder must deliver a duly executed and binding bid to the Applicants and the Monitor by 5:00 p.m. (Eastern Time) on March 31, 2026 (the "**Bid Deadline**"). In order to be a "**Qualified Bid**" and considered by the Applicants and the Monitor, a bid must satisfy all of the Bid Requirements set out in section 19 of the Bidding Procedures of the Sale Process, including, among other things, the following:

(a) must be superior to the Stalking Horse Bid and provide for aggregate consideration, payable in cash in full on closing in an amount equal to or greater than: (i) the Purchase Price under the Stalking Horse Bid (i.e., $4,640,000); (ii) the amount of $264,200 to satisfy the Bid Protections; and (iii) a minimum overbid amount of $100,000 (collectively, the "**Consideration Value**");

(b) provides a detailed schedule that identifies the Consideration Value and any material excluded liabilities;

(c) contains duly executed and binding transaction document(s) and the required cash deposit equal to 10% of the Consideration Value, which deposit shall be held by the Monitor in a trust account in accordance with the Sale Process;

(d) includes a letter stating that the bid is submitted in good faith, binding and irrevocable until the closing of a Successful Bid, and provides that the bid will serve as a Back-Up Bid (as defined below) if it is not selected as the Successful Bid;

(e) provides written evidence of the Potential Bidder's ability to fully fund and consummate the transaction and satisfy its obligations under the transaction documents, including binding equity/debt commitment letters and/or guarantees covering the full Consideration Value;

(f) provides details surrounding the Potential Bidder's intended treatment of the Applicants' employees;

(g) includes an acknowledgement that the Potential Bidder is making its bid on an "as is, where is" basis, which is not conditional upon (i) approval from the Potential Bidder's board of directors (or comparable governing body) or equityholder(s), (ii) the outcome of any due diligence by the Potential Bidder, or (iii) the Potential Bidder obtaining financing; and

(h) specifies any regulatory (including Health Canada) or other third-party approvals the Potential Bidder anticipates would be required to complete the transaction (including the anticipated timing necessary to obtain such approvals).

51. At any time during the Sale Process, the Monitor, in consultation with the Applicants, may waive strict compliance with one or more of the Bid Requirements.

52. When evaluating bids, the Applicants and the Monitor, will consider bids for the Applicants' entire business and separate bids to acquire some but not all of the Applicants' assets ("**Aggregate Bids**"), provided that they will only consider Aggregate Bids if a combination of one or more Aggregate Bids meet the requirements to be a Qualified Bid. This additional flexibility will allow the Applicants to pursue the best transaction(s) available in the circumstances with the intent to maximize value for their stakeholders.

53. In order to protect the integrity of the Sale Process, the bidding procedures contemplate the ability for a direct or indirect shareholder, director, officer or senior management of the Applicants (each, an "**Insider**"), to submit a bid pursuant to the Sale Process. An Insider who intends to participate in the Sale Process must advise the Monitor of such intention in writing by no later than 5:00 p.m. (Eastern Time) on March 21, 2026. Such Insider shall be entitled to participate in the Sale Process, but for greater certainty, will not be provided with any confidential information or bid information in respect of the Sale Process (including information relating to any bids submitted therein).

4. Selection of Successful Bid and Approval Order

54. If no Qualified Bids (other than the Stalking Horse Bid) are received by the Monitor by the Bid Deadline, then the Stalking Horse Bid will be deemed the Successful Bid and will be executed in accordance with and subject to the terms of the Stalking Horse Purchase Agreement and the Sale Process Approval Order.

55. However, if one or more Qualified Bids (other than the Stalking Horse Bid) are received by the Monitor on or before the Bid Deadline:

(a) the Monitor, in consultation with the Applicants, shall review the Qualified Bids to determine which Qualified Bid is the best offer, and determine which Qualified Bid shall be designated as the "**Lead Bid**" (which determination may be made in consideration of, among other things, (i) the amount and nature of the consideration; (ii) the proposed assumption of liabilities, if any, and the related implied impact on recoveries for creditors; (iii) the ability of the applicable Qualified Bidder to close the proposed transaction; (iv) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (v) any purchase price adjustments; (vi) the net economic effect of any changes made to the Stalking Horse Bid; and (vii) such other considerations as the Monitor, in consultation with the Applicants, deems relevant in its reasonable business judgment);

(b) each Qualified Bidder participating at the Auction shall be required to confirm at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the Bidding Process; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid;

(c) the Monitor shall advise all Qualified Bidders of the Lead Bid and invite them to participate in the Auction in accordance with the Auction Procedures (which are set out at Schedule "B" to the Sale Process);

(d) any bid made at the Auction by a Qualified Bidder subsequent to the Monitor's announcement of the Lead Bid (or the announcement of the opening bid for each subsequent round), must proceed in minimum additional cash increments of $100,000; and

(e) if only one Qualified Bid is submitted after a round of offers then that Qualified Bid shall be the Successful Bid. The next highest offer, as determined by the Applicants and the Monitor (the "**Back-Up Bid**"), shall be required to keep its offer open and available for acceptance until the closing of the Court-approved transaction with the Successful Bidder.

56. Each bid made at the Auction must comply with the Bid Requirements. The implementation of any Qualified Bid (including, for certainty, the Stalking Horse Purchase Agreement if it is selected as the Successful Bid) will be subject to the approval of the Court.

57. The Monitor has advised that the Sale Process timelines and procedures are appropriate in the circumstances and will provide sufficient opportunity to solicit interest for the sale of the Applicants' assets or the reorganization of the business. The Applicants believe that the Sale Process will provide an efficient, fair and equitable process for canvassing the market for potential buyers of the Applicants' assets and is appropriate in the circumstances.

VI. CONCLUSION

58. As described in my prior affidavits, the purpose of the Applicants' restructuring proceedings has been to effect a value maximizing going-concern transaction through a Court-supervised sale process. 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, apprise their stakeholders of the CCAA Proceedings, and finalize the Stalking Horse Purchase Agreement, the DIP Agreement and the proposed Sale Process, all with the assistance and oversight of the Monitor.

59. The Applicants have maintained their ordinary course operations and will continue to do so with the oversight and assistance of the Monitor. I understand that the Monitor is supportive of the relief described herein and the Monitor does not believe that any stakeholders will be materially prejudiced by the granting of the Second ARIO and Sale Process Approval Order.

60. I swear this affidavit in support of the Applicants' motion for the Second ARIO and the Sale Process Approval Order and for no other or improper purpose.

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 February 8, 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: Igal Sudman 26ACA44216F7480... **IGAL SUDMAN**

THIS IS **EXHIBIT "A"** REFERRED TO IN THE AFFIDAVIT
OF IGAL SUDMAN, SWORN BEFORE ME
THIS 8TH DAY OF FEBRUARY, 2026.

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

Court File No.:________________

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

Applicants

AFFIDAVIT OF IGAL SUDMAN
(Sworn January 29, 2026)

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ONTARIO
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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 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.

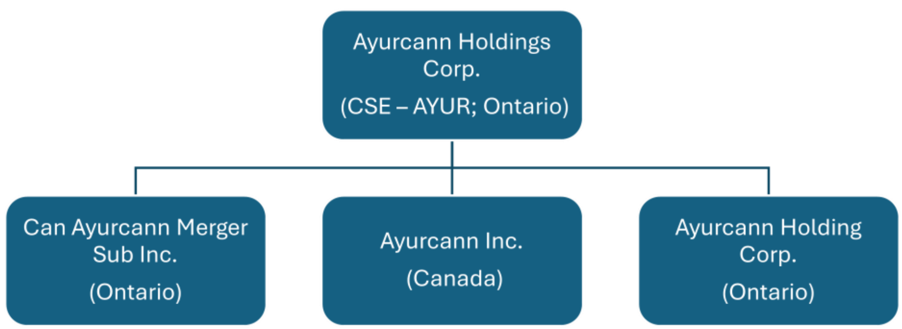
17. To the extent the cash flows filed by the Applicants in connection with the Comeback Hearing demonstrate that the Applicants require additional liquidity, the Applicants are in discussions with a possible DIP lender (in such capacity, the "**Proposed DIP Lender**"), which could potentially make a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

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[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: Igal Sudman 26ACA44216F7480... **IGAL SUDMAN**

THIS IS **EXHIBIT "B"** REFERRED TO IN THE AFFIDAVIT
OF IGAL SUDMAN, SWORN BEFORE ME
THIS 8TH DAY OF FEBRUARY, 2026.

____

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

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

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)

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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 BACKGROUND[1]

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 ARIO 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

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[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: Igal Sudman 26ACA44216F7480... **IGAL SUDMAN**

THIS IS **EXHIBIT "C"** REFERRED TO IN THE AFFIDAVIT
OF IGAL SUDMAN, SWORN BEFORE ME
THIS 8TH DAY OF FEBRUARY, 2026.

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

Court File No. CL-26-00000039-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 30TH
	)	
JUSTICE KIMMEL	)	DAY OF JANUARY, 2026

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

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

INITIAL ORDER

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

ON READING the Notice of Application, the affidavit of Igal Sudman sworn January 29, 2026 and the Exhibits thereto (the "**Sudman Affidavit**"), and the consent of Alvarez & Marsal Canada Inc. ("**A&M**") to act as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**"), and the Pre-Filing Report of A&M, filed, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants and the additional parties listed in Schedule "A" hereto (collectively, the "**Non-Applicant Stay Parties**" and together with the Applicants, the "**Ayurcann Entities**"), counsel for A&M, and such other counsel that were present,

SERVICE

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

APPLICATION

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

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

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

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

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

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

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

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

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

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order;

(c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below) (collectively, "**Cannabis Taxes**"), but only where such Cannabis Taxes are accrued following the date of this Order; and

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

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

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

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

RESTRUCTURING

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

(a) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor; and

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate;

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

NO PROCEEDINGS AGAINST THE AYURCANN ENTITIES OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH RIGHTS

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

NO PRE-FILING VS POST-FILING SET-OFF

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

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

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

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

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

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

APPOINTMENT OF MONITOR

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

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

(a) monitor the Ayurcann Entities' receipts and disbursements, Business and dealings with the Property and, among other things, review all disbursements for consistency with the Cash Flow Statements (as defined in Pre-Filing Report), as amended from time to time;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) advise the Applicants in their preparation of the Applicants' cash flow statements;

(d) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Ayurcann Entities, to the extent that is necessary to adequately assess the Ayurcann Entities' business and financial affairs or to perform its duties arising under this Order;

(e) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(f) perform such other duties as are required by this Order or by this Court from time to time.

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

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

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

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

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

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

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

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

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

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

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

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

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

34. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreemen**t") 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 (3^{rd}) 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

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Shawn Kirkman (LSO# 92214U)
Email: KirkmanS@bennettjones.com

Lawyers for the Applicants

THIS IS **EXHIBIT "D"** REFERRED TO IN THE AFFIDAVIT
OF IGAL SUDMAN, SWORN BEFORE ME
THIS 8TH 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 he 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

Kimmel J.

THIS IS **EXHIBIT “E”** REFERRED TO IN THE AFFIDAVIT
OF IGAL SUDMAN, SWORN BEFORE ME
THIS 8TH DAY OF FEBRUARY, 2026.

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

Debtor-in-Possession Facility Commitment Letter

February 8, 2026

Ayurcann Inc.
1080 Brock Road
Pickering, Ontario
L1W 3H3

Attention: Igal Sudman and Roman Buzaker

Re: DIP Facility Commitment Letter – Ayurcann Inc.

The Lender hereby commits to provide the DIP Facility to the Borrower upon the terms and subject to the conditions set forth in this binding term sheet (this "**Agreement**") to fund the Borrower's restructuring efforts in the CCAA Proceedings under the jurisdiction of the CCAA Court. Capitalized terms used herein without express definition will have the same meanings as are assigned to them in Schedule A. Any word defined in or importing the singular number has the same meaning when used in the plural number, and *vice versa*.

1.	**Borrower:**	Ayurcann Inc., a Canadian federally incorporated company (the "**Borrower**").
2.	**Guarantor:**	Ayurcann Holdings Corp., an Ontario company (the "**Guarantor**"). The Borrower and the Guarantor are collectively referred to herein as the "**Loan Parties**". The Guarantor hereby jointly and severally guarantees in favour of the Lender the payment and performance of all DIP Obligations of the Borrower under or in connection with the DIP Facility.
3.	**Lender:**	Auxly Cannabis Group Inc., an Ontario company (the "**Lender**").
4.	**DIP Credit Facility:**	A non-revolving loan up to the maximum principal amount of $2,000,000.00 (the "**DIP Facility**").
5.	**Purpose:**	All Advances under the DIP Facility shall be used in accordance with the Cash Flow Projections for the following purposes and in the following order: (1) to fund the working capital and restructuring expenses of the Loan Parties necessary for the preservation of the business and assets of the Loan Parties during the CCAA Proceedings in accordance with the approved Cash Flow Projections; (2) to fund the reasonable and documented professional fees and disbursements associated with the CCAA Proceedings; (3) to fund the payment of interest, fees, and other amounts payable under this Agreement; and (4) to fund such other costs and expenses as agreed to in advance, in writing, by the Lender.

		For greater certainty, the Borrower may not use the proceeds of the DIP Facility to pay any pre-filing obligations of the Loan Parties without the prior written consent of the Lender and the Monitor; it being agreed by the Lender that such consent is not required for the Loan Parties to pay any amounts owing by the Loan Parties to the extent specifically identified in the Cash Flow Projections or the CCAA Initial Order. No proceeds of the Advances may be used for any purpose other than in accordance with the Cash Flow Projections except with the prior written consent of the Lender.
6.	**Availability:**	The DIP Facility shall be available in advances on the dates and in the amounts noted in the Cash Flow Projections, which must be approved by the Lender (the "**Advances**"). The Borrower must request an Advance to the Lender in writing as soon as practicable and on no less than three (3) Business Days notice. Advances shall be made directly to the Borrower provided written confirmation of each Advance is concurrently provided to the Monitor.
7.	**Interest:**	Amounts drawn and outstanding under the DIP Facility will bear interest at a rate per annum equal to 12%. Interest on the principal amount outstanding under the DIP Facility shall be capitalized monthly in arrears and payable on the DIP Termination Date (defined below). All interest shall be calculated on the basis of a 365-day year, in each case for the actual number of days elapsed in the period during which it accrues. All payments required to be made by the Borrower under or in respect of the DIP Facility shall be made free and clear of any withholding, set-off or other deduction.
8.	**Term and Repayment:**	The DIP Facility shall terminate on the earliest to occur of ("**DIP Termination Date**"): (1) the closing of the purchase and sale of all or substantially all of the assets or shares of the Borrower; (2) the effective date of any Plan; (3) the early termination of the DIP Facility in accordance with the terms of this Agreement by the Lender (in writing) upon the occurrence and during the continuation of an Event of Default; (4) unless otherwise consented to by the Lender, May 15, 2026; (5) the termination, expiration, or conversion of the CCAA Proceedings; and (6) payment in full of all amounts owing under the DIP Facility.

		Amounts outstanding under the DIP Facility, including all principal, accrued interest, fees, and other amounts then unpaid with respect thereto, shall be due and payable in full on the DIP Termination Date, and the DIP Facility shall be automatically terminated, with no further notice. The DIP Facility may be terminated with the consent of both the Lender and the Borrower, at which time, all accrued interest, principal, fees and expenses owing shall be paid in cash to the Lender on such DIP Termination Date.
9.	**Fees:**	**Commitment Fee** The Borrower shall pay a commitment fee in the amount of CA$40,000.00, representing 2% of the maximum amount of the DIP Facility. The Commitment Fee shall be added to the principal amount outstanding under the DIP Facility and otherwise treated as an Advance hereunder. The Commitment Fee shall be earned on the issuance of the DIP Order and payable at the DIP Termination Date. For certainty, the Commitment Fee shall be secured by the DIP Charge.
10.	**Security:**	All present and future obligations (including without limitation, principal, interest, fees, and other expenses, collectively the "**DIP Obligations**") of the Loan Parties under or in connection with the DIP Facility, this Agreement, and other documents in connection with the DIP Facility (collectively, the "**Loan Documents**"), will be secured by the DIP Charge. The DIP Charge shall rank in priority to all other security interests, encumbrances, and charges save and except for the Administrative Charge. The DIP Charge shall be granted by the CCAA Court, on terms and conditions satisfactory to the Lender and the Loan Parties. The Lender may take such steps from time to time as it deems necessary or appropriate to file, register, record or perfect the DIP Charge or any of the Loan Documents.
11.	**Cash Management:**	Subject to the terms of the CCAA Initial Order: (1) Each Loan Party shall, at its own expense, enforce, collect, and receive all amounts owing on its accounts in the ordinary course of its business, and any proceeds it so receives shall be subject to the terms hereof. (2) Each Loan Party shall provide the Lender with a complete list of its bank accounts (the "**Accounts**"). (3) All Advances shall be deposited into a designated Account acceptable to the Borrower, the Monitor and the Lender; (4) Each Loan Party shall direct all debtors in the CCAA Proceedings to deposit any and all proceeds into the Accounts.

		(5) The Lender shall record the principal amount of the obligations owing to the Lender under this Agreement and the payment of principal and interest and all other amounts becoming due to the Lender. The Lender's accounts and records shall constitute, in the absence of manifest error, *prima facie* evidence of the amount of the obligations owing to the Lender under this Agreement.
12.	**Conditions Precedent to All Advances:**	Each Advance under the DIP Facility shall be subject to the satisfaction of the following conditions precedent: (1) The issuance of the DIP Order and the CCAA Initial Order (which may be one and the same Order) (i) shall have been issued by the CCAA Court authorizing and approving Advances under the DIP Facility and granting the DIP Charge, and (ii) shall be in full force and effect and shall have not been stayed, reversed, vacated, rescinded, modified or amended in any respect adversely affecting the Lender, unless otherwise agreed by the Lender, acting reasonably. (2) The DIP Charge shall have priority over all liens or encumbrances granted by the Loan Parties against any of the undertaking, property or assets of the Loan Parties except for the Administrative Charge. (3) The Lender shall have received a drawdown request in accordance with the terms herein. (4) The terms and conditions of the SISP, including the various relevant milestones of such SISP (the "**Milestone Dates**") and an outside date for the completion of the SISP approved by the Court, shall be in a form and substance satisfactory to the Monitor, and the Lender shall be satisfied, acting reasonably, with the terms of the SISP and the SISP Order. (5) The issuance of the SISP Order. (6) The Lender shall have received a certificate from an officer of each of the Loan Parties in form and substance satisfactory to the Lender, certifying that each of the representations and warranties made by any Loan Party under this Agreement are true and correct on and as of the date of the subsequent Advance. (7) No Default or Event of Default shall have occurred and be continuing on the date of the Advance or will occur after giving effect to the Advance(s) requested. (8) The Cash Flow Projections shall be approved in writing by the Lender, acting reasonably, and the timing and amount of each Advance shall be in accordance with the Cash Flow Projections.

		(9) All fees and expenses owing to the Lender under the Loan Documents shall have been paid or added to the principal amount of the DIP Facility. (10) This Agreement shall have been executed and delivered by the Loan Parties. (11) The Lender is reasonably satisfied that all representations and warranties are true and correct as of the Closing Date, and that the Loan Parties have complied with all covenants under this Agreement. (12) No Default or Event of Default shall have occurred and be continuing on the Closing Date. (13) No Material Adverse Effect has occurred other than any Material Adverse Effect previously disclosed in writing to the Lender.
13.	**Representations and Warranties:**	Each Loan Party represents and warrants to the Lender, upon which the Lender is relying in entering into this and other Loan Documents, that: (1) Each Loan Party is duly incorporated and validly existing under the laws of its jurisdiction of incorporation and each is qualified to carry on business in each jurisdiction in which it owns property or assets or carries on business (if any). (2) Each Loan Party has the power and authority to own or lease its property (if any), carry on business and enter into, execute, deliver, and, subject to the obtaining of the CCAA Initial Order and the terms thereof, perform its obligations under this Agreement and the other Loan Documents. (3) Each Loan Party has taken all corporate actions to authorize the execution, delivery, and performance of this Agreement and the other Loan Documents and the transactions contemplated hereby and thereby. (4) Each Loan Party has good and marketable title to its property and assets (if any), and no person has any agreement, option, or right to acquire an interest in such property other than in the ordinary course of business of the Loan Parties. (5) Subject to the obtaining of the CCAA Initial Order and the terms thereof, all consents, notices, and approvals necessary for each Loan Party to enter into the transactions contemplated by this Agreement and the other Loan Documents to which it is a party have been obtained. (6) Subject to the obtaining of the CCAA Initial Order and the terms thereof, this Agreement and the other Loan Documents have been duly executed, delivered, and authorized by each Loan Party and constitute legal,

		valid, and binding obligations, enforceable in accordance with their respective terms.
		(7) Subject to the obtaining of the CCAA Initial Order and the terms thereof, each Loan Party is in compliance with, and operates its business (if any) in compliance with, all Applicable Laws, in all material respects, including with respect to licensing and regulatory requirements.
		(8) The Cash Flow Projections, and any forward-looking statements, estimates, and pro forma financial information furnished to the Lender pursuant to any Loan Document, are based on good-faith estimates and assumptions believed by the Loan Parties to be reasonable at the time made.
		(9) Each Loan Party has in full force and effect policies of insurance with sound and reputable insurance companies in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses.
		(10) Each Loan Party has filed in a timely fashion all required tax returns and reports (except in respect of any prior fiscal period for which the due date for filing the applicable tax return has not yet occurred).
		(11) The DIP Charge is effective to create, in favour of the Lender, a legal, valid, binding, and enforceable perfected security interest in the collateral and the proceeds and products noted therein, without the necessity of the execution of mortgages, security agreements, pledge agreements, financing statements, or other agreements or documents.
		(12) No Default or Event of Default has occurred.
		(13) The Loan Parties have not entered into any material transaction or other written contractual relationship with any Related Party except as publicly disclosed by the Borrower or disclosed to the Lender in writing prior to the effective date of this Agreement, other than currently existing employment arrangements.
		(14) All payments to directors and senior executives of the Loan Parties or any Related Party, whether under contract or otherwise, including bonus payments, transaction payments, management fees, consulting or advisory fees or amounts payable in respect of reimbursement have, to the extent known and contemplated for future payments, been included and specified in the Cash Flow Projections.
		(15) The Borrower only engages in business activities related to cannabis in Canada.

		(16) Except as disclosed in writing to the Lender, other than the CCAA Proceedings, there are no material actions, suits or proceedings by a governmental authority or, to the knowledge of each Loan Party, threatened against the Borrower.
14.	**Positive Covenants:**	Each Loan Party covenants and agrees to: (1) Pay all indebtedness due and payable in connection with the DIP Facility in accordance the Loan Documents. (2) Maintain and preserve its existence, organization, and status in its jurisdiction of formation and in each jurisdiction in which it carries on business. (3) Subject to, and in accordance with, the Loan Documents, the CCAA Initial Order, the Cash Flow Projections, promptly pay and perform all debts, liabilities, and obligations, including, without limitation, obligations under Material Contracts. (4) Only make expenditures that are in accordance with the Cash Flow Projections, unless otherwise agreed by the Lender in advance. (5) File all tax returns which are or will be required to be filed by it. (6) Subject to the terms of the CCAA Initial Order, the Cash Flow Projections, pay all or remit when due all statutory remittances, withholdings, taxes, rent, wages, property taxes, and other amounts that, if unpaid, would or may have the benefit of an encumbrance or deemed trust ranking in priority or *pari passu* to the security of the Lender. (7) Comply with the terms of the CCAA Initial Order, the Cash Flow Projections, and all orders made in the CCAA Proceedings. (8) Update the Cash Flow Projections in accordance with the terms of this Agreement. (9) Use the proceeds from the DIP Facility only for the purposes stated in this Agreement. (10) Keep the Lender informed on a timely basis of material events in the conduct of the business and the CCAA Proceedings, subject to the terms of any orders issued by the Court from time to time. (11) Immediately advise the Lender of any event which constitutes an Event of Default. (12) Maintain adequate insurance of such kinds and in such amounts and against such risks as is customary for the business of the Loan Parties with financially sound and reputable insurers in coverage and scope acceptable to the Lender, with the Lender noted as first loss payee on

		property insurance policies and additional insured on liability insurance policies. (13) Subject to the terms of the CCAA Initial Order, comply with all Applicable Laws. (14) Maintain all licenses required for the operation of their business in good standing. (15) Fully cooperate with each party conducting any field exam or due diligence on behalf of the Lender and will permit and reimburse the Lender for all reasonable documented costs associated with any appraisals and/or field exams, in each case, acting reasonably. (16) Provide the Lender with all correspondence between the Borrower and any governmental authority in respect of their licenses from and after the date of the CCAA Initial Order. (17) Carry out the SISP out in accordance with its terms, including satisfaction of all Milestone Dates.
15.	**Negative Covenants:**	Each Loan Party covenants and agrees with the Lender that it shall not, without the prior written consent of the Lender: (1) Make any payments or create, incur, or assume any obligations or indebtedness other than: (a) obligations or indebtedness existing as of the date of this Agreement and disclosed to the Lender, (b) obligations under the DIP Facility, (c) post-filing trade payables or other post-filing obligations incurred in the ordinary course of business in accordance with the CCAA Initial Order or any other order made in the CCAA Proceedings, and the Cash Flow Projections, or (d) obligations or indebtedness expressly provided for, or permitted to be incurred, in the Cash Flow Projections, the CCAA Initial Order, or any other order of the CCAA Court. (2) Make any payment, including, without limitation, any payment of principal, interest, or fees, on account of pre-filing indebtedness or in respect of any other pre-filing liabilities, including payments with respect to pre-filing trade or unsecured liabilities of the Loan Parties, royalties, forward contracts or any similar arrangements, other than as required or permitted pursuant to the Cash Flow Projections or the CCAA Initial Order or any other order made in the CCAA Proceedings, *provided that* the Loan Parties shall be permitted to pay the professional fees and expenses of the Lender in its capacity as holder of pre-filing indebtedness. (3) Terminate or amend any Material Contract if the effect of such termination or amendment would be a Material Adverse Effect.

		(4) Use or direct any Advances made under the DIP Facility to any other Affiliate or subsidiary of the Loan Parties, such that the use of proceeds is limited to Loan Parties. (5) Make or give any financial assurances, in the form of bonds, letter of credit, financial guarantees, or otherwise to any Person or Governmental Authority. (6) Create, incur, or permit to exist any liens, security interests, or encumbrances on any assets, property, and undertaking of any of the Loan Parties other than (a) liens, security interests or other encumbrances in existence on the date hereof; (b) the Priority Charges; (c) the KERP Charge; and (d) the DIP Charge. (7) Transfer, sell, lease, assign, or otherwise dispose of any of the property, assets or undertaking of any of the Loan Parties except for: (a) in the ordinary course of business; (b) in accordance with the Cash Flow Projections, the CCAA Initial Order, or any further orders in the CCAA Proceedings; or (c) the disposition of obsolete or worn-out equipment or assets consistent with past practice. (8) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise. (9) Enter into any amalgamation, reorganization, liquidation, dissolution, winding up, consolidation or merger. (10) Cease (or threaten to cease) to carry on their business or activities as currently being conducted or modify or alter in any material manner the nature and type of their operations, business or the manner in which such business is conducted. (11) Declare or make (a) any distribution, dividend, return of capital or other distribution in respect of equity securities (in cash, securities, or other property or otherwise); or (b) a retirement, redemption, purchase or repayment, or other acquisition of equity securities; or (c) any payment on account of indebtedness (including any payment of principal, interest, fees or other amounts); (a), (b) and (c) except as permitted in the Cash Flow Projections, the CCAA Initial Order, or any other order of the CCAA Court. (12) Consent to any order, or any change or amendment to any order, issued in the CCAA Proceedings, including any order which stays, reverses, appeals, vacates, discharges, terminates, or amends the CCAA Initial Order. (13) seek or obtain any order from the Court that materially adversely affects the Lender, except with the prior written consent of the Lender.

		(14) Except in accordance with the SISP Order, commence, continue, or seek court approval of any Plan or liquidation.
16.	**Reporting Requirements:**	The Loan Parties shall provide to the Lender: • **Weekly Cash Flow Results.** Prior to 5 p.m. (Toronto time) on the Thursday of each week, a cash flow results report, setting forth the Loan Parties: (a) actual receipts and disbursements for the prior week, and (b) the actual receipts and disbursements for the cumulative period, including a variance calculation as compared to the then approved Cash Flow Projection on a line-by-line basis. The Loan Parties shall provide an accompanying explanation to the Lender should there be an individual line variance in excess of 10%. • **Updated Cash Flow Projections**. Prior to 5 p.m. (Toronto time) on February 12, 2026 and the first Thursday of the month thereafter, updated the Cash Flow Projections. The Cash Flow Projections shall be certified by a senior officer of the Loan Party acceptable to the Lender, to be complete, true and accurate. • **Materials Filed in CCAA Proceedings**. Deliver to the Lender draft copies of any court materials to be filed by the Loan Parties with the CCAA Court, for review, comment and approval by the Lender not less than five (5) Business Days prior to the date of service and filing or, where it is not practically possible to do so at least five (5) Business Days prior to any such service or filing, as soon as possible prior to such service or filing. • **Default/Event of Default**. Prompt notice of a Default or Event of Default. • **Monthly Financials**. Within 10 days of the month end, the Borrower shall deliver to the Lender, in respect of the preceding month, (i) internal management prepared financial statements of the Loan Parties as at the end of such calendar month on an unconsolidated basis, (ii) bank statements for any Accounts, (iii) proof of all post-filing payments required to be made on all taxes owing by the Loan Parties, including excise tax that is due and payable; (iv) upon request, copies of all original final purchase orders, invoices, supply agreements etc., and (v) a cash reconciliation, reconciling all purchases, repayments, chargebacks, write-offs and any other transactions covering the prior calendar month. • **Other Information**. Promptly, from time to time, such other information as may be reasonably requested by the Lender including, without limitation regarding the business, assets, liabilities, operations, financial condition, and the CCAA Proceedings.

17.	**Events of Default:**	The occurrence of any one or more of the following shall constitute an event of default (each an "**Event of Default**") under this Agreement: (1) The non-payment when due of any principal, interest, fees, or other amounts owing on account of the DIP Obligations to the Lender under this Agreement or any of the other Loan Documents. (2) The SISP Order has not been issued by the CCAA Court by February 13, 2026. (3) Borrowings of principal under the DIP Facility exceed $2.0 million without the prior written consent of the Lender. (4) If any representation or warranty made under this Agreement or in any of the other Loan Document is incorrect or misleading in any material respect, provided that, where capable of remedy, such breach remains unremedied for longer than five (5) Business Days following receipt of notice thereof. (5) Any Loan Party fails to perform or observe any of its obligations or covenants under this Agreement or the other Loan Documents in any material respect, provided that where capable of remedy, such breach remains unremedied for longer than five (5) Business Days following receipt of notice thereof. (6) If a proceeding is commenced or consented to by any Loan Party challenging the validity, priority, perfection, or enforceability of any of the Loan Documents. (7) If the priority of the DIP Charge set out in the CCAA Initial Order is varied without the consent of the Lender. (8) If the CCAA Initial Order (or the Monitor's appointment thereunder) is at any time stayed, reversed, appealed, vacated, discharged, terminated, or amended, without the consent of the Lender. (9) The termination of the CCAA Proceedings, the termination or expiration of the stay issued thereunder, or the granting of relief from such stay in favour of any Person not agreed to in advance by the Lender. (10) The seeking or support by any of the Loan Parties of any court order (in the CCAA Proceedings or otherwise) which is adverse or potentially adverse to the interests of the Lender. (11) The sale of all or substantially all the assets of any Loan Party that does not provide for the payment in full of the DIP Obligations, without the consent of the Lender, or the granting of any order permitting the same.

		(12) The appointment of a receiver, receiver-manager, interim receiver, trustee in bankruptcy, proposal trustee, or similar trustee, without the consent of the Lender. (13) If any of the business or property is seized, levied upon, subject to execution, garnishment, distress or similar process. (14) If any of the Loan Parties, without the consent of the Lender, seek to obtain a "critical supplier charge" or similar protection pursuant to the CCAA in favour of any Person (provided that, the Loan Parties shall be permitted, with the consent of the Lender, to seek the ability to pay pre-filing obligations necessary for the preservation of their business pursuant to the CCAA Initial Order with the consent of the Monitor and subject to the Loan Documents), seek to continue the CCAA Proceedings under the jurisdiction of a court other than the CCAA Court, or seek to initiate any restructuring proceedings other than the CCAA Proceedings in any court or jurisdiction. (15) If any order is made by the CCAA Court that contravenes or is inconsistent with this Agreement or the other Loan Documents that materially adversely affect the interests of the Lender, as determined by the Lender in its reasonable discretion. (16) If there occurs, in the reasonable judgment of the Lender, a Material Adverse Effect since the date of making of the CCAA Initial Order. (17) If any Loan Party ceases or threatens to cease carrying on its business or files a petition or notice for the winding up, dissolution or liquidation of any Loan Party, or an order shall be made or a resolution shall be passed for the winding up, dissolution or liquidation of any Loan Party. (18) If the Loan Parties fail to meet the Milestone Dates. (19) For each Test Period: (a) if the sum of actual cumulative Operating Disbursements exceeds 115% of the sum of the cumulative Operating Disbursements set forth in the then approved Cash Flow Projections; or (b) if actual cumulative cash receipts is less than 85% of the cumulative cash receipts set forth in the then approved Cash Flow Forecast. (20) If any Loan Party or Affiliate (as defined in the *Canada Business Corporations Act*) of any Loan Party engages in business activities related to cannabis within the United States of America. (21) If any license, permit or approval required by any law, regulation or governmental policy or any governmental authority for the operation by any Loan Party of its business shall be withdrawn, materially altered in a

		manner detrimental to the business of such license holder, or cancelled. (22) If any Loan Party or Affiliate (as defined in the *Canada Business Corporations Act*) of any Loan Party engages in business activities related to cannabis outside of Canada. (23) Save and except for the Administrative Charge, the entry of an order of any court granting or approving the granting of any lien or encumbrance that is pari passu with or senior to the liens, charges and claims of the Lender securing the DIP Facility, including the DIP Charge, or any way affecting the relative priority of the DIP Charge;
18.	**Remedies:**	Upon the occurrence and continuance of an Event of Default, subject to the orders made in the CCAA Proceedings, the Lender may, upon written notice to the Loan Parties and the Monitor: (1) Declare that the commitment under the DIP Facility has expired and that the Lender's obligations to make any Advances or other amounts have terminated whereupon the Lender's obligations to make any Advances or other amounts shall terminate. (2) Declare the entire amount of the DIP Obligations under the DIP Facility to be immediately due and payable, without the necessity of presentment for payment, notice of non-payment or notice of protest (all of which are hereby expressly waived), whereupon all DIP Obligations shall become due and payable by the Loan Parties. (3) Set off or combine any amounts then owing by the Lender to a Loan Party against the DIP Obligations of such Loan Party to the Lender. (4) Subject to the applicable provisions of the CCAA Initial Order and any subsequent orders issued in the CCAA Proceedings, exercise any and all rights and remedies available to the Lender under Applicable Law, in equity, pursuant to this Agreement, the Loan Documents, or otherwise. (5) On prior written notice to the Loan Parties and the service list in the CCAA Proceedings of no less than five (5) Business Days, apply to the CCAA Court for an order for the appointment of a receiver, interim receiver, or receiver and manager of some or all of the assets of the Borrower or other Loan Parties, or a trustee in bankruptcy of the Borrower or other Loan Parties. (6) On prior written notice to the Loan Parties and the service list in the CCAA Proceedings of no less than five (5) Business Days, apply to the CCAA Court for an order, on terms acceptable to the Monitor and the

		Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower and the other Loan Parties, to take all necessary steps in the CCAA Proceedings. No failure or delay on the part of the Lender in exercising any of its rights and remedies in respect of an Event of Default or otherwise shall be deemed to be a waiver of any kind.
19.	**Remedies Cumulative:**	The rights and remedies of the Lender under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise, including under the CCAA in the CCAA Proceedings.
20.	**Payments; Calculation and Payment of Interest:**	(1) Payments of principal, interest, fees, and all other amounts payable by the Borrower to the Lender under this Agreement shall be paid at or before 2:00 p.m. Toronto time on the day such payment is due. If any such day is not a Business Day, such amount shall be deemed for purposes of this Agreement to be due on the Business Day next following such day, and any such extension of time shall be included in the computation of any interest or fees payable under this Agreement. (2) All computations of interest or fees "per annum" for Advances shall be made on the basis of a year of 365 or 366 days, as the case may be, and the actual number of days elapsed, and using the nominal rate method of calculation, and will not be calculated using the effective rate method of calculation or on any other basis that gives effect to the principle of deemed re-investment of interest. (3) For the purposes of the *Interest Act* (Canada) and disclosure under such Act, wherever interest to be paid under this Agreement is to be calculated on the basis of any period of time that is less than a calendar year (a "**Deemed Year**"), such rate of interest shall be expressed as a yearly rate by multiplying such rate of interest for the Deemed Year by the actual number of days in the calendar year in which the rate is to be ascertained and dividing it by the number of days in the Deemed Year.
21.	**Expenses:**	The Loan Parties shall pay, on demand, all fees, costs, and expenses of the Lender incurred in connection with the preparation, due diligence, negotiation, execution, amendment, administration, and enforcement of the DIP Facility, this Agreement, the other Loan Documents and with respect to the CCAA Proceedings (including, without limitation, all reasonable and documented legal fees, disbursements, and other charges). For greater certainty, the DIP Facility shall not be used to fund any professional fees or similar costs associated with Lender (or a

		related party) acting as the Stalking Horse Bidder or participating in the SISP in any way
22.	**Closing Date:**	The date of execution of this Agreement (the "**Closing Date**").
23.	**Governing Law and Forum:**	This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in such province. The Loan Parties hereby irrevocably submit to the exclusive jurisdiction of the courts of the Province of Ontario with respect to all matters arising under or in connection with this Agreement.
24.	**Entire DIP Commitment Letter:**	The Loan Documents, the CCAA Initial Order, and any other order made in the CCAA Proceedings constitute the entire agreement between the parties relating to the subject matter hereof.
25.	**Joint & Several:**	The obligations of the Loan Parties hereunder are joint and several.
26.	**Indemnity:**	Each of the Loan Parties agree to indemnify and hold harmless the Lender and each of its Affiliates and the directors, officers, employees, partners, agents, trustees, administrators, managers, advisors, and representatives of it and its Affiliates (each, an "**Indemnified Party**") from and against any and all actions, suits, proceedings, claims, losses, damages, liabilities (including the reasonable fees, disbursements, and other charges of counsel of any Indemnified Party) incurred in connection with the financing contemplated hereby or the use of proceeds of the DIP Facility and, upon demand, to pay and reimburse for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding, or claim, except to the extent they result from such Indemnified Party's gross negligence or willful misconduct as determined by a court of competent jurisdiction. The indemnities granted under this Agreement shall survive any termination of the DIP Facility.
27.	**Successors and Assigns:**	The provisions of this Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender, which consent may be refused in the sole and absolute discretion of the Lender. The Lender may, at any time before the occurrence of an Event of Default, assign or participate to one or more assignees or participants all or a portion of its rights and obligations under this Agreement to any other entity with the consent of the Monitor, and after the occurrence of an Event of Default, assign or participate to one or more assignees or participants all or a portion of its rights and obligations under this Agreement to any other entity on notice to the Loan Parties and the Monitor.
28.	**Further Assurances:**	Each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances, and assurances and take such further actions as may be reasonably required to carry out the

		provisions hereof and in each of the other Loan Documents and give effect to the transactions contemplated hereby and thereby.
29.	**Severance:**	If any term or provision of this Agreement is found, for any reason, to be invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision thereof or invalidate or render unenforceable such term or provision in any other jurisdiction.
30.	**Press Release**	The Loan Parties shall not issue any press releases or other public disclosure, other than Court documents approved in the manner set out herein, naming the Lender without its prior approval, acting reasonably, unless the Loan Parties are required to do so by applicable securities laws or other Applicable Law.
31.	**Amendments in Writing:**	This Agreement may not be amended or modified except pursuant to an agreement or agreements entered into by the parties hereto in writing.
32.	**Counterparts:**	This Agreement and any amendments, waivers, consents, or supplements hereto may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Agreement by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.
33.	**Accounting Terms and GAAP:**	Except as otherwise specifically provided herein, all accounting terms not specifically or completely defined in this Agreement shall be construed in conformity with, and all financial data required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP. All calculations for the purposes of determining compliance with the financial covenants contained herein shall be made on a basis consistent with GAAP in existence as at the Closing Date and used in preparation of the financial statements of the Loan Parties. In the event of a change in GAAP that results in a material change in the calculation of the financial ratios, covenants, standards or terms used in this Agreement, the Loan Parties and the Lender shall negotiate in good faith to revise (if appropriate) such covenants to equitably reflect such accounting changes with the intention that the criteria for evaluating the Loan Parties' financial condition shall be the same after such accounting changes as they were prior to such change in GAAP. Until the successful conclusion of any such negotiation and approval by the Lender, (a) all calculations of financial covenants and other standards and terms in this Agreement shall continue to be prepared, delivered and made on a basis consistent with GAAP in existence immediately prior to such adoption or change to GAAP, and (b) financial statements delivered by the Loan Parties pursuant to the terms of this Agreement shall be accompanied by a management-prepared reconciliation showing the adjustments made to calculate such financial covenants.

34.	**Currency:**	All dollar amounts referred to in this Agreement are denominated in Canadian dollars.
35.	**Notice:**	All notices, requests, consents, claims, demands, waivers and other communications hereunder (each, a "**Notice**") shall be in writing and addressed to: For Ayurcann Inc. and Ayurcann Holdings Corp.: 1080 Brock Street Pickering, Ontario L1W 3H3 Attn: Igal Sudman / Roman Buzaker igal@ayurcann.com / roman@ayurcann.com With a copy to: 100 King Street West, Suite 3400 Toronto, Ontario M5X 1A4 Attn: Sean Zweig / Jesse Mighton zweigs@bennettjones.com / mightonj@bennettjones.com For Auxly Cannabis Group Inc: 777 Richmond Street West, Unit 002 Toronto, Ontario M6J 0C2 Attn: Mike Lickver / Ron Fichter / Becky Olscher mike@auxly.com / ron@auxly.com / rolscher@auxly.com With a copy (that will not constitute notice) to: 181 Bay Street, Suite 1800 Toronto, Ontario M5J 2T9 Attn: Kyle Plunkett / Sherri Altshuler kplunkett@airdberlis.com / saltshuler@airdberlis.com In either case, with a copy to the Monitor: Alvarez & Marsal Canada Inc.

		200 Bay Street, Suite 2900 Toronto, Ontario M5J 2J1 Attn: Joshua Nevsky / Steven Glustein jnevksy@alvarezandmarsal.com / sglustein@alvarezandmarsal.com With a copy (that will not constitute notice) to: 80 Richmond Street West, Suite 1700 Toronto, Ontario M5H 2A4 Attn: Caitlin Fell / Natasha Rambaran cfell@reconllp.com / nrambaran@reconllp.com All Notices shall be delivered by personal delivery, nationally recognized overnight courier, or email of a scanned copy of a document (with confirmation of transmission) or certified or registered mail (in each case, return receipt requested, postage prepaid). Notice is effective upon receipt by the receiving party and if the party giving the Notice has complied with the requirements of this Section.

[SIGNATURE PAGE FOLLOWS]

Yours truly,

AUXLY CANNABIS GROUP INC., as Lender

Signed by:

By: ________________________________

9A5D298BFBD746C...

Name: Hugo Alves
Title: Chief Executive Officer

The undersigned hereby acknowledge, accept, and agree to the terms and conditions of this Agreement (including Schedule A attached hereto) this 8th day of February, 2026.

AYURCANN INC., as Borrower

Signed by:

By: Igal Sudman

26ACA44216F7480...

Name: Igal Sudman
Title: Chief Executive Officer

AYURCANN HOLDINGS CORP., as Guarantor

Signed by:

By: Igal Sudman

26ACA44216F7480...

Name: Igal Sudman
Title: Chief Executive Officer

SCHEDULE A

This Schedule forms an integral part of the Agreement.

Defined Terms

In this Agreement (including in the preamble), the following terms shall have the meanings described below:

"**Accounts**"	has the meaning ascribed in section 11.
"**Administrative Charge**"	means the charge in the amount not to exceed $800,000 on all the present and future assets, property, and undertakings of the Loan Parties, real and personal, tangible and intangible, and whether now owned or that are hereafter acquired or otherwise become the property of a Loan Party, granted in favour of the Monitor, counsel to the Monitor, counsel to the Borrower, as more particularly described in the CCAA Initial Order.
"**Advances**"	has the meaning ascribed in section 6.
"**Affiliate**"	means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.
"**Applicable Law**"	means, in respect of any Person, property, transaction, or event, all applicable laws (including, without limitation, Cannabis Laws environmental, labour and employment, sanctions, anti-terrorist financing and anti-money laundering laws, and anti-corruption laws), statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments, and decrees of any Governmental Authority having the force of law.
"**BIA**"	means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.
"**Borrower**"	has the meaning ascribed in section 1.
"**Business Day**"	means any day other than a Saturday, Sunday, or any other day in which banks in Toronto are not open for business.
"**Cannabis Laws**"	means the *Cannabis Licence Act*, 2018, S.O. 2018, c.12, Sched. 2, the *Cannabis Act*, S.C. 2018, c. 16 (Canada), the *Cannabis Control Act*, 2017, S.O. 2017, c. 26, Schedule 1 (Ontario), and any other applicable governing legislation and the regulations thereunder, all as may be amended, supplemented or replaced from time to time and those which regulate the sale or distribution of cannabis (in various forms), cannabinoid product or paraphernalia commonly associated with cannabis and/or related cannabinoid products.

"**Cash Flow Projections**"	means a statement indicating each Loan Parties' weekly cash-flow projections, in form, content and detail satisfactory to the Lender setting forth a rolling 13-week cash flow forecast of the cash receipts and cash disbursements of the Loan Parties from February 6, 2026, as such Cash Flow Projections may be updated, amended, or modified from time to time by the Loan Parties, subject to the written approval of the Monitor and the Lender.
"**CCAA**"	means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.
"**CCAA Court**"	means the Ontario Superior Court of Justice (Commercial List).
"**CCAA Initial Order**"	means the amended and restated initial order issued by the CCAA Court on February 9, 2026 commencing the CCAA Proceedings with respect to the Loan Parties (as amended and restated from time to time), which amends and restates the initial order issued by the CCAA Court on January 30, 2026.
"**CCAA Proceedings**"	means the proceedings under the CCAA under which the Loan Parties are applicants and debtor companies, bearing Court File No. CL-26-00000039-0000.
"**Closing Date**"	has the meaning ascribed in section 22.
"**Deemed Year**"	has the meaning ascribed in section 20.
"**Default**"	means any Event of Default or any condition or event which, after notice or lapse of time or both, would constitute an Event of Default.
"**DIP Charge**"	means the super-priority Court-ordered charge in an amount sufficient to secure all amounts payable to the Lenders hereunder on all the present and future assets, property and undertaking of the Loan Parties, real and personal, tangible and intangible, and whether now owned or that are hereafter acquired or otherwise become the property of a Loan Party, granted in favour of the Lender, as more particularly described in the CCAA Initial Order.
"**DIP Facility**"	has the meaning ascribed in section 4.
"**DIP Obligations**"	has the meaning ascribed in section 10.
"DIP Order"	means an order of the Court approving this Agreement and the DIP Facility, and granting the DIP Charge, in form and substance satisfactory to the Lender and its counsel.
"**DIP Termination Date**"	has the meaning ascribed in section 8.
"**Directors' Charge**"	means a charge in an amount not to exceed $3,020,000 on all the present and future assets, property and undertaking of the Loan Parties, real and personal, tangible and intangible, and whether now owned or which are hereafter acquired or otherwise become the property of a Loan Party, granted in

	favour of the current and future directors and officers of the Loan Parties, as more particularly described in the CCAA Initial Order.
“**Event of Default**”	has the meaning ascribed in section 17.
“**Guarantor**”	has the meaning ascribed in section 2.
“**Governmental Authority**”	means any federal, provincial, state, municipal, local, or other government, governmental or public department, commission, board, bureau, agency or instrumentality, domestic or foreign and any subdivision, agent, commission, board or authority of any of the foregoing.
“**Indemnified Party**”	has the meaning ascribed in section 26.
“**KERP**”	means the key employee retention plan described in the affidavit filed in connection with the CCAA Initial Order.
“**KERP Charge**”	means the charge in an amount not to exceed $66,250 on all the present and future assets, property, and undertaking of the Loan Parties, real and personal, tangible and intangible, and whether now owned or which are hereafter acquired or otherwise become the property of a Loan Party, granted in favour of the employees under the KERP.
“**Lender**”	has the meaning ascribed in section 3.
“**Loan Documents**”	has the meaning ascribed in section 10.
“**Loan Parties**”	has the meaning ascribed in section 2.
“**Material Adverse Effect**”	means any such matter, event, or circumstance that, individually, or in the aggregate could, in the opinion of the Lender, acting reasonably, be expected to have a material adverse effect on: (a) the business, assets, properties, liabilities (actual or contingent), operations, or condition (financial or otherwise) of the Borrower, individually, or the Loan Parties taken as a whole; (b) the validity or enforceability of the Loan Documents; (c) the perfection or priority of any encumbrance granted by any Loan Party or any other Person pursuant to the Loan Documents; or (d) the rights or remedies of the Lender under any Loan Document, taken as a whole; provided that, the commencement of the CCAA Proceedings does not constitute a Material Adverse Effect.
“**Material Contract**”	means any contract, licence, or agreement: (i) to which any Loan Party is a party or is bound; (ii) which is material to, or necessary in, the operation of the business of any Loan Party; and (iii) which a Loan Party cannot promptly replace by an alternative and comparable contract with comparable commercial terms.
“**Milestone Dates**”	has the meaning ascribed in section 12.
“**Monitor**”	means Alvarez and Marsal Canada Inc., in its capacity as the court appointed monitor of the Loan Parties.
“**Notice**”	has the meaning ascribed in section 35.

“**Operating Disbursements**”	means all cash disbursements with the exception of any amounts subject to the Administration Charge.
“**Person**”	means an individual, partnership, corporation, business trust, limited liability company, trust, unincorporated association, joint venture, estate, Governmental Authority, or other entity of whatever nature.
“**Plan**”	means any plan of compromise, arrangement, or reorganization filed pursuant to the CCAA or any other statute in any jurisdiction, in respect of any of the Loan Parties.
“**Priority Charges**”	means the Administrative Charge and the Directors’ Charge.
“**Related Party**”	means with respect to any Person, such Person’s Affiliates and the directors, officers, employees, partners, agents, trustees, administrators, managers, advisors, and representatives of it and its Affiliates.
“**SISP**”	means a stalking horse sales and investment solicitation process.
“**SISP Order**”	means an order approving a SISP relating to the investment in the Borrower or any Loan Party and/or the sale of all or substantially all of the assets of the Borrower or any Loan Party, approving the Lender or its Affiliate as Stalking Horse Bidder (as defined in the SISP), which shall be in form and substance satisfactory to the Lender.
“**Test Period**”	shall mean, every two-week period on a cumulative and rolling basis commencing at the end of Week 3 in the Cash Flow Projections. For greater certainty, the cash flow testing shall be on a cumulative basis such that the second test will be at the end of Week 5, which test will be for the prior cumulative five-week period, and so on thereafter.

THIS IS **EXHIBIT "F"** REFERRED TO IN THE AFFIDAVIT
OF IGAL SUDMAN, SWORN BEFORE ME
THIS 8TH DAY OF FEBRUARY, 2026.

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

AYURCANN HOLDINGS CORP.
AND
AYURCANN INC.

- AND -

AUXLY CANNABIS GROUP INC.

AGREEMENT OF PURCHASE AND SALE

DATED FEBRUARY 8, 2026

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AGREEMENT OF PURCHASE AND SALE

This agreement of purchase and sale (this "**Agreement**") is made and entered into as of this 8th day of February, 2026 between Ayurcann Holdings Corp. ("**Ayurcann Holdings**"), Ayurcann Inc. ("**Ayurcann**" and together with Ayurcann Holdings, the "**Ayurcann Entities**"), and Auxly Cannabis Group Inc., as purchaser (the "**Purchaser**").

RECITALS:

A. The Ayurcann Entities sought and obtained relief under the CCAA (as hereinafter defined) pursuant to the Initial Order issued on January 30, 2026 (as hereinafter defined) by the Ontario Superior Court of Justice (Commercial List) (the "**Court**").

B. The CCAA Proceedings (as hereinafter defined) are intended to, among other things, evaluate options for restructuring the business, and to implement a Court-supervised sale process in respect of the Ayurcann Entities' business operations and assets.

C. The Ayurcann Entities intend to seek a Sale Process Order (as hereinafter defined) from the Court, which order shall, among other things, approve the Sale Process (as hereinafter defined) and approve this Agreement as the "Stalking Horse Bid" in connection with the Sale Process.

D. Ayurcann has agreed to issue the Purchased Shares (as hereinafter defined) to the Purchaser, and the Purchaser has agreed to act as the "Stalking Horse Bidder" and subscribe for and purchase the Purchased Shares, upon and subject to the terms and conditions of this Agreement and in accordance with Section 36 and other provisions of the CCAA, the Sale Process Order and the Vesting Order (as hereinafter defined) to be issued by the Court.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement:

"**$**" means the lawful currency of Canada;

"**Affiliate**" has the meaning set out in National Instrument 45-106 - Prospectus Exemptions of the Canadian Securities Administrators;

"**Agreement**" has the meaning set out in the recitals hereto;

"**Alternative Transaction**" has the meaning set out in Section 5.4;

"**Applicable Law**" means, in respect of any Person, property, transaction or event, any domestic or foreign constitution, statute, law, principle of common law or equity, ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order (including any securities laws or requirements of stock exchanges and any consent, decree or administrative order), in each case, having the force of law, that applies in whole or in part to such Person, property, transaction or event;

"**Articles of Reorganization**" means articles of reorganization for Ayurcann to change the conditions in respect of Ayurcann's authorized and issued share capital to provide for a redemption right in favour of Ayurcann for nil consideration, to create a new class or classes of common shares and to make such other changes as may be requested by the Purchaser, which shall be in a form and substance satisfactory to the Purchaser, as confirmed in writing in advance of the filing thereof;

"**Authorization**" means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs (including any zoning approval, development permit or building permit) or from any Person in connection with any easements, contractual rights or other matters;

"**Ayurcann**" means Ayurcann Inc.;

"**Ayurcann Entities**" means, collectively, Ayurcann and Ayurcann Holdings;

"**Ayurcann Holdings**" means Ayurcann Holdings Corp.;

"**Back-Up Bid**" has the meaning set out in the Sale Process;

"**Bid Protections Charge**" means a charge to be granted against the Ayurcann Entities' Property (as such term is defined in the Initial Order), in favour of the Purchaser, as security for the payment of the Break Fee and Expense Reimbursement in accordance with the terms of this Agreement and the Sale Process Order;

"**Books and Records**" means all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise) of the Ayurcann Entities relating to the Business, the Retained Assets, the Retained Liabilities or the ownership of the Purchased Shares, including (without limitation):

(a) corporate, financial, accounting and tax books and records (including general ledgers, trial balances, journal entries, financial statements and working papers, and all Tax Returns and supporting files);

(b) commercial and operational records (including purchase and sales data, customer and supplier lists, order histories, forecasts, price lists, credit policies, marketing, brand and advertising materials, inventory and production records, equipment logs, maintenance records and shipping and receiving documentation);

(c) human resources and payroll files for Employees and Retained Employees (subject to Applicable Law), including compensation, benefits and training records, health and safety documentation and workplace incident reports);

(d) regulatory and compliance materials relating to the Permits and Licences (including the Critical Permits and Licences listed in Schedule “C”) and the Health Canada Licenses listed in Schedule “F”, and all other authorizations issued by Health Canada or any Governmental Authority in connection with the Business, including, in each case and to the extent applicable: (i) licence applications, renewals, amendments, variations, extensions, replacements or substitutions, together with all licence conditions and terms; (ii) site evidence packages, Good Production Practices documentation and validations, master files, SOPs and QA/QC manuals; (iii) batch production records, batch packaging records, release documentation, stability files and recall logs; (iv) deviation and CAPA files, change-control records, complaint handling and product quality files;(v) Health Canada and CRA correspondence, inspection reports, audit findings, notices of non-compliance, responses, remediation and closure documentation; (vi) environmental, health and safety compliance records, including Environmental Permits, monitoring data and reports;

(e) intellectual property files relating to the Intellectual Property (including registrations, prosecution files, assignments, licences, coexistence agreements and domain and social media credentials);

(f) information technology, cybersecurity and data-governance documentation (including system architecture, access controls, data-retention and privacy compliance materials); and

(g) all other books and records used or intended for use in, and in the possession or control of, the Ayurcann Entities in connection with the operation of the Business;

For greater certainty, “Books and Records” includes all records necessary to evidence compliance with Applicable Law and with the terms of the Permits and Licences (including the Critical Permits and Licences) and the Health Canada Licenses, and to support the access rights in 5.3 of this Agreement, but excludes any records that relate primarily or solely to the Excluded Assets or Excluded Liabilities (other than copies to the extent reasonably required to operate the Business after Closing).

“**Break Fee**” means the amount of $139,200;

“**Business**” means the business carried on by the Ayurcann Entities, including the manufacturing, processing and distribution of medical and recreational cannabis;

“**Business Day**” means a day on which banks are open for business in Toronto but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;

“**Cash Flow**” means the 13-week rolling cashflow projection filed in the CCAA Proceedings;

“**CCAA**” means the *Companies’ Creditors Arrangement Act* (Canada);

“**CCAA Proceedings**” means the proceedings under the CCAA commenced by the Ayurcann Entities pursuant to the Initial Order;

“**Closing**” means the completion of the Transaction in accordance with this Agreement;

"**Closing Date**" means the fifth (5th) Business Day following the date on which the Vesting Order becomes a final order or such other date as agreed to in writing by the Parties with the consent of the Monitor;

"**Closing Time**" means the time on the Closing Date at which Closing occurs, as evidenced by the Monitor's Certificate;

"**Consent Costs**" the costs, if any, necessary to obtain the Consents and Approvals;

"**Consents and Approvals**" means the consents, approvals, notifications or waivers from, and filings with, third parties (including any Governmental Authority) as may be required to complete the Transaction, in form and substance (including without limitation the quantum of the Consent Costs) satisfactory to the Purchaser, as set out in Schedule "B", as same will be completed by the Purchaser no later than four (4) weeks following the issuance of the Sale Process Order;

"**Consideration**" has the meaning set out in Section 3.2;

"**Consulting Agreements**" means the consulting agreements to be entered into between the Purchaser and each member of Key Management, on terms acceptable to the Purchaser and Key Management, each acting reasonably;

"**Contracts**" means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) related to the Business to which Ayurcann is a party or under which Ayurcann has any rights or obligations;

"**Court**" has the meaning set out in the recitals hereto;

"**Critical Permits and Licenses**" means those Permits and Licenses that are necessary and critical to the operation of the Business and the Retained Assets and listed in Schedule "C" hereto, as same will be completed by the Purchaser no later than four (4) weeks following the issuance of the Sale Process Order;

"**Cure Costs**" means the amounts, if any, that are required to cure any monetary defaults of Ayurcann under any Retained Contract, which amounts shall be set out in Schedule "D" hereto, as the same will be completed by the Purchaser no later than four (4) weeks following the issuance of the Sale Process Order (provided that the Purchaser may amend such Schedule after such date if there is no material prejudice to the Ayurcann Entities or their creditors);

"**DIP Commitment Letter**" means the DIP Facility Commitment Letter, dated February 8, 2026, among the Purchaser, as lender, Ayurcann, as borrower, and Ayurcann Holdings, as guarantor (as amended, supplemented, amended and restated, replaced, or otherwise modified from time to time);

"**DIP Debt**" means obligations owing by the Ayurcann Entities to the Purchaser, in its capacity as interim lender under the DIP Commitment Letter, and secured by, *inter alia*, the DIP Lender's Charge (as defined in the Initial Order), inclusive of all interest, fees and other amounts payable pursuant to the DIP Commitment Letter;

"**Employee Plans**" means all employee benefit, welfare, supplemental unemployment benefit, bonus, pension, profit sharing, executive compensation, current or deferred compensation, incentive compensation (cash and equity), stock compensation, stock purchase, stock option, stock appreciation, phantom stock option, savings, vacation pay, severance or termination pay, retirement, supplementary retirement, hospitalization insurance, salary continuation, legal, health or other medical, dental, life, disability or other insurance (whether insured or self-insured) plan, program, agreement or arrangement, including post-retirement health and life insurance benefit plans, and every other written or oral benefit plan, program, agreement or arrangement sponsored, maintained or contributed to or required to be contributed to by any of the Ayurcann Entities for the benefit of Employees or former Employees and their dependents or beneficiaries by which any of the Ayurcann Entities are bound or with respect to which any of the Ayurcann Entities participate or have any actual or potential Liability (excluding, for greater certainty: (i) any Statutory Plan; and (ii) any change of control, termination, severance, retention or similar obligations that may arise in connection with the change of control contemplated by the Transaction, for which appropriate Consents and Approvals shall have been obtained at or prior to Closing, including as contemplated in Section 7.3(a));

"**Employees**" means all individuals who, as of the Closing Time, are employed by any of the Ayurcann Entities, whether on a full-time or part-time basis, including all individuals who are on an approved and unexpired leave of absence, and all individuals who have been placed on temporary lay-off which has not expired, but, for certainty, excludes any employees who are to be terminated and are not Retained Employees, and "**Employee**" means any one of them;

"**Encumbrances**" means any security interest, lien, claim, charge, right of retention, deemed trust, judgment, writ of seizure, writ of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, mortgage, adverse claim or right of a third party including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right, or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease);

"**Environmental Claim**" means any action, order, notice of violation or infraction, lien, fine, penalty, or as to each, any settlement or judgment arising therefrom, by or from any Person alleging Liability of whatever kind or nature (including Liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (i) the presence, release of, or exposure to, any Hazardous Materials on, in, at or under the Retained Assets; or (ii) any actual or alleged non-compliance with any Environmental Law;

"**Environmental Law**" means any Applicable Law, and any order or binding agreement with any Governmental Authority: (i) relating to pollution (or the investigation or cleanup thereof), the management or protection of natural resources, endangered or threatened species, human health or safety, or the protection or quality of the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (ii) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials, including any condition or action required under any Permit and License, letter, clearance, consent, waiver, closure plan or exemption issued, granted, given, authorized by or made by any Governmental Authority pursuant to Applicable Law;

"**Environmental Liabilities**" means any cost, damage, expense, Liability, or other responsibility arising from or under Environmental Laws and consisting of or relating to: (i) any environmental conditions (including on-site or off-site contamination, and regulation of Hazardous Materials); (ii) fines, penalties, judgments, awards, settlements, legal or administrative proceedings, damages, losses, claims, demands and responses, investigative, remedial, monitoring or inspection costs and expenses arising under Environmental Laws; (iii) cleanup costs or corrective action, including any investigation, cleanup, removal, containment, monitoring or other remediation or response actions required by Environmental Laws (whether or not such has been required or requested by any Governmental Authority or any other Person) and for any natural resource damages; or (iv) any other compliance, corrective, investigative, notice or remedial measures required under Environmental Laws;

"**Environmental Obligations**" means all past, present and future Liabilities of whatsoever nature or kind arising from or relating to, directly or indirectly, any Environmental Claim in respect of the Retained Assets whether arising from or relating to any activity, event or circumstance having occurred before or after Closing;

"**Environmental Permit**" means any Permit and License, letter, clearance, consent, waiver, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law;

"**Excise Tax Act**" means the *Excise Tax Act* (Canada), as amended;

"**Excluded Assets**" means any and all properties, rights, assets and undertakings of Ayurcann that are listed as "Excluded Assets" on Schedule "E", as the same will be completed by the Purchaser by the date that is no later than four (4) weeks following the issuance of the Sale Process Order (provided that the Purchaser may amend such Schedule after such date if there is no material prejudice to the Ayurcann Entities or their creditors), and any other properties, rights, assets and undertakings of Ayurcann designated as Excluded Assets by the Purchaser in accordance with Section 2.2;

"**Excluded Contracts**" means all Contracts that are not Retained Contracts;

"**Excluded Liabilities**" means any and all Liabilities of Ayurcann that are not Retained Liabilities;

"**Expense Reimbursement**" has the meaning set forth in Section 8.2 of this Agreement;

"Filing Date" means January 30, 2026;

"**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial, or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation;

"**Hazardous Materials**" means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral, gas, odour, heat, sound, vibration, radiation or combination of them that may impair the natural environment, injure or damage property or animal life or harm or impair the health of any individual and includes any contaminant, waste or substance or material defined, prohibited, regulated or reportable pursuant to any Environmental Law in each case, whether naturally occurring or manmade; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation and polychlorinated biphenyls;

"**Health Canada Licenses**" means all licences, permits, authorizations, approvals, registrations, security clearances and other permissions issued by Health Canada to any of the Ayurcann Entities under the *Cannabis Act* (Canada) and the *Cannabis Regulations* (Canada), as amended, including, without limitation, all authorizations to cultivate, propagate, process, extract, package, possess, store, distribute, sell or otherwise deal in cannabis or cannabis products, together with all associated licence conditions, terms, notices, site evidence packages, Good Production Practices confirmations, and any renewals, amendments, variations, extensions, replacements or substitutions thereof, in each case required for the lawful conduct of the Business as at the Closing Time, including without limitation, those listed in Schedule "F" hereto, as same will be completed by the Purchaser no later than four (4) weeks following the issuance of the Sale Process Order;

"**Income Tax Act**" means the *Income Tax Act* (Canada), as amended;

"**Initial Order**" means the Initial Order of the Court made on January 30, 2026, as thereafter may be amended and restated from time to time;

"**Intellectual Property**" means all intellectual property and industrial property related to the Business throughout the world, whether or not registrable, patentable or otherwise formally protectable, and whether or not registered, patented, otherwise formally protected or the subject of a pending application for registration, patent or any other formal protection, including all: (i) trade-marks, corporate names and business names; (ii) inventions or plant breeders' rights; (iii) works and subject matter in which copyright, neighbouring rights or moral rights subsist; (iv) industrial designs; (v) know-how, trade secrets, proprietary information, confidential information and information of a sensitive nature that have value to the Business or relate to business opportunities for the Business, in whatever form communicated, maintained or stored; (vi) telephone numbers and facsimile numbers; (vii) registered domain names; and (viii) social media usernames and other internet identities and all account information relating thereto and (ix) the trademarks and intellectual property rights listed in Schedule "K" hereto, as same may be modified by the Purchaser no later than four (4) weeks following the issuance of the Sale Process Order;

"**Interim Period**" means the period from the date that this Agreement is entered into by the Parties to the Closing Time;

"**Key Management**" means key management of the Ayurcann Entities, as determined by the Purchaser and the Ayurcann Entities;

"**Leased Property**" means Ayurcann's leasehold interests as set out in Schedule "G";

"**Liability**" means, with respect to any Person, any debt, liability or obligation of such Person of any kind, character or description, whether known or unknown, certain or uncertain, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person and "**Liabilities**" means more than one of them;

"**Material Adverse Change**" means any one or more changes, effects, facts, developments, events or occurrences, individually or in the aggregate:

i. is, or would reasonably be expected to be, material and adverse to the Business, properties, assets, liabilities (contingent or otherwise), condition (financial or otherwise), operations or results of operations of the Ayurcann Entities, taken as a whole; or

ii. prevents or materially delays or would reasonably be expected to prevent or materially delay the Ayurcann Entities from consummating the Transaction;

other than any change, effect, fact, development, event or occurrence: (a) relating to the commencement and continuation of the CCAA Proceedings; (b) in or relating to general political, economic or financial conditions in Canada; or (c) in or relating to the industry involving the cultivation, processing and sale of medical and recreational cannabis, in general, and which in the case of paragraph (a), (b) and (c) does not have a materially disproportionate effect on the Ayurcann Entities, taken as a whole;

"**Monitor**" means Alvarez & Marsal Canada Inc., in its capacity as court-appointed monitor of the Ayurcann Entities in the CCAA Proceedings, and shall include, as the context so requires, Alvarez & Marsal Canada Inc. in its capacity as monitor or trustee in bankruptcy of ResidualCo to the extent subsequently appointed as such;

"**Monitor's Certificate**" means the certificate in form and substance satisfactory to the Monitor, in its sole discretion, to be delivered by the Monitor in accordance with Section 7.4 and thereafter filed with the Court, by the Monitor confirming that all conditions to Closing have been satisfied or waived in accordance with this Agreement;

"**Organizational Documents**" means any trust document, charter, certificate or articles of incorporation or amalgamation, Articles of Reorganization, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals);

"**Party**" means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and "**Parties**" means more than one of them;

"**Permits and Licenses**" means the permits, licenses, Authorizations, approvals or other evidence of authority related to the Business, including: (i) the permits, licenses, authorizations, approvals or other evidence of authority related to the Business and issued to, granted to, conferred upon, or otherwise created for, Ayurcann, including any Environmental Permits; and (ii) the Critical Permits and Licenses;

"**Permitted Encumbrances**" means the Encumbrances listed in Schedule "L" hereto, as the same will be completed by the Purchaser no later than four (4) weeks following the issuance of the Sale Process Order (provided that the Purchaser may amend such Schedule after such date if there is no material prejudice to the Ayurcann Entities or their creditors);

"**Person**" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted;

"**Priority Payable Cash Amount**" means the amount, if any, of any Priority Payables that remain outstanding at the Closing Time;

"Priority Payables" means any amounts owing by the Ayurcann Entities that are secured by an Encumbrance that has priority over the security of the Purchaser for the DIP Debt;

"Priority Payables Schedule" means a schedule delivered by the Ayurcann Entities to the Purchaser and the Monitor not less than ten (10) Business Days prior to the Closing Date, itemizing in reasonable detail each Priority Payable proposed to be paid from Closing proceeds, together with supporting documentation for each such amount. No amount shall constitute a Priority Payable, nor be included in the Priority Payables Cash Amount, unless it is listed on the Priority Payables Schedule and verified in writing by the Monitor as a valid Priority Payable in accordance with the CCAA and the Court-ordered priority regime;

"**Purchase Price**" means $4,640,000;

"**Purchase Price Cash Amount**" means an amount equal to the sum of the Purchase Price *minus* the DIP Debt as at the Closing Date, such amount to be confirmed in writing by the Monitor by two (2) business days prior to the Closing Date;

"**Purchased Shares**" means the common shares in the capital of Ayurcann issued from treasury to the Purchaser pursuant to the Vesting Order and the Articles of Reorganization, which following issuance constitute one hundred percent (100%) of the issued and outstanding equity interests of Ayurcann;

"**Purchaser**" means Auxly Cannabis Group Inc.;

"**Representative**" means, in respect of a Party, each director, officer, employee, agent, Affiliate, manager, lender, attorney, accountant, professional advisor, consultant, contractor and other representative of such Party or such Party's Affiliates;

"**ResidualCo**" means either Ayurcann Holding Corp. or a new subsidiary to be incorporated by Ayurcann Holdings prior to the Closing, as may be agreed to by the Ayurcann Entities and the Purchaser in consultation with the Monitor, to which the

Excluded Assets, Excluded Contracts and Excluded Liabilities will be transferred to pursuant to the sequence and steps set out in the Vesting Order;

"**Retained Assets**" all properties, rights, assets and undertakings of Ayurcann that are not Excluded Assets at the Closing Time;

"**Retained Contracts**" means the Contracts listed at Schedule "H" hereto, as the same will be completed by the Purchaser no later than four (4) weeks following the issuance of the Sale Process Order (provided that the Purchaser may amend such Schedule after such date if there is no material prejudice to the Ayurcann Entities or their creditors), and any other Contracts of Ayurcann designated as Retained Contracts by the Purchaser in accordance with Section 2.3;

"**Retained Employees**" means the Employees listed at Schedule "I" hereto, as the same will be completed by the Purchaser no later than four (4) weeks following the issuance of the Sale Process Order, that the Purchaser determines, in consultation with the Ayurcann Entities, it wants the Purchaser or Ayurcann to employ from and after the Closing Time;

"**Retained Liabilities**" means only those Liabilities expressly and specifically assumed by the Purchaser, namely:

i. all Liabilities under the Retained Contracts from and after the Closing Time (for greater certainty, excluding any Cure Costs or any pre-Closing arrears unless expressly identified in Schedule "D");

ii. the Liability of the employer of the Retained Employees from and after the Closing Time towards the Retained Employees in connection with their wages, benefits and statutory obligations and such other amounts that are indemnified by the Ayurcann Entities and secured by the Directors' Charge as of the Closing, as set forth in Schedule "I" hereto, as will be completed by the Purchaser no later than four (4) weeks following the issuance of the Sale Process Order;

iii. Liabilities required by Applicable Law to maintain in good standing the Permits and Licences that are retained or assigned hereunder, but only to the extent such Liabilities are due and payable after the Closing Time;

iv. all trade payables and other liabilities relating to the Business incurred in the ordinary course of business after the Filing Date but prior to the Closing Time that remain outstanding as at the Closing Time provided that prior to the Closing Time, all such payables shall be paid in accordance with the approved Cash Flow; and

v. Taxes of Ayurcann for any period, or the portion thereof, beginning on or after the Filing Date, it being understood that in no event will the Purchaser assume more than one month of accrued excise tax liabilities;

and any other Liabilities designated as Retained Liabilities by the Purchaser in accordance with Section 2.4;

"**Sale Process**" means the sale process attached as Schedule A to the form of the Sale Process Order (attached as Schedule "A" hereto);

"**Sale Process Order**" means an order of the Court, among other things: (i) approving the Sale Process, (ii) approving this Agreement and recognizing it as the "stalking horse" bid in the Sale Process, (iii), approving the Break Fee and Expense Reimbursement in the circumstances set out herein, and (iv) granting the Bid Protections Charge in the maximum aggregate amount of $264,200 in favour of the Purchaser as security for the payment of the Break Fee and Expense Reimbursement, and ranking only behind the Administration Charge, the DIP Lender's Charge, the Directors' Charge and the KERP Charge (as these terms are defined in the Initial Order), as ordered by the Court, substantially in the form of Schedule "A";

"**Sales Tax**" means all taxes, interest, penalties and fines imposed under either Part IX of the *Excise Tax Act* or under any other provincial sales, excise, commodity or similar tax legislation in Canada, and the regulations made thereunder;

"**Statutory Plan**" means any statutory benefit plan which any of the Ayurcann Entities is required to participate in or comply with, including the Canada Pension Plan and any plans administered pursuant to applicable health tax, workplace safety insurance, employment insurance and employment standards legislation;

"**Successful Bid**" has the meaning set out in the Sale Process;

"**Successful Bidder**" has the meaning set out in the Sale Process;

"**Tax Returns**" means all returns, reports, declarations, designations, forms, elections, notices, filings, information returns, and statements in respect of Taxes that are required to be prepared and/or filed with any applicable Governmental Authority, including all amendments, schedules, attachments or supplements thereto and whether in tangible or electronic form;

"**Tax Certificates**" means any tax clearance certificates, comfort letters or similar confirmations issued by a Governmental Authority evidencing payment, remittance or satisfactory arrangements for payment of Taxes required to be paid prior to Closing, in each case to the extent available under Applicable Law;

"**Tax Clearance Letters**" means any written confirmations, letters or statements (howsoever described) issued by a Governmental Authority indicating that specified Taxes of an Ayurcann Entity have been paid, remitted, secured or otherwise addressed to the satisfaction of such Governmental Authority, in each case to the extent available under Applicable Law;

"**Taxes**" means, with respect to any Person, all supranational, national, federal, provincial, state, local or other taxes or similar charges, including income taxes, branch taxes, profits taxes, capital gains taxes, gross receipts taxes, windfall profits taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, Sales Tax, use taxes, license taxes, excise taxes, franchise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, social security premiums, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, QST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person;

"**Termination Date**" means the earlier of: (i) the date this Agreement is terminated in accordance with its terms, or (ii) May 15, 2026; provided that, if all conditions to Closing in favour of the Purchaser other than the condition in Section 6.1(j) have been satisfied or waived, the Purchaser may, in its sole discretion, extend the Termination Date by written notice to the Ayurcann Entities and the Monitor from time to time for successive periods of up to thirty (30) days each;

"**Transaction**" means, collectively, the purchase and sale of the Purchased Shares, and all related steps contemplated by this Agreement;

"**Transition Access Agreement**" means an agreement, in form and substance satisfactory to the Ayurcann Entities and the Purchaser, providing the Purchaser (and its Representatives) with access to and use of the applicable Leased Property for up to six (6) months following the Closing Date (renewable at the Purchaser's option on mutually agreed terms), provided that the Purchaser shall be responsible for paying all rent and related costs in respect of the Leased Property and shall be on the terms and conditions set out in the applicable lease agreement, for the purposes of conducting the Business and operating in compliance with the terms of the Health Canada Licenses and the Permits and Licences (including the Critical Permits and Licences), and which includes, without limitation:

i. permitted use terms allowing the Purchaser to carry on regulated cannabis activities at the Leased Property, including all activities authorized under the Health Canada Licenses;

ii. provisions governing rent, occupancy costs, arrears treatment (if any), utilities, maintenance and operating expenses;

iii. requirements for the Ayurcann Entities and the applicable landlord to maintain, and for the Purchaser to be added to, applicable insurance policies, together with customary indemnities in favour of the Purchaser;

iv. rights of access for the Purchaser and its Representatives, including access to all areas of the Leased Property necessary to carry on the Business and comply with Applicable Law and the Health Canada Licenses;

v. landlord consents, estoppels, waivers or acknowledgements required to give effect to the Transition Access Agreement; and

vi. such other terms customary for transition access arrangements in connection with the sale of a regulated cannabis business; and

"**Vesting Order**" means the approval and vesting Order of the Court, among other things, (i) approving the Transaction; (ii) vesting out of Ayurcann all Excluded Assets, Excluded Contracts and Excluded Liabilities, and discharging all Encumbrances against Ayurcann and the Retained Assets except only the Permitted Encumbrances; (iii) authorizing and directing Ayurcann to adopt and make effective the Articles of Reorganization; (iv) terminating and cancelling any agreement, contract, plan, indenture, deed, certificate, subscription rights, conversion rights, pre-emptive rights, options (including stock option or share purchase or equivalent plans), or other documents or instruments governing and/or having been created or granted in connection with the share capital of Ayurcann, if any (other than the rights of the Purchaser under this Agreement), for no consideration; and (v) vesting in the Purchaser the Purchased Shares, free and clear from any Encumbrances, which order shall be substantially in the form to be attached as Schedule "J" and in form and substance satisfactory to the Ayurcann Entities, the Purchaser and the Monitor, each acting reasonably.

1.2 Interpretation

In this Agreement, unless otherwise stated or the context otherwise requires:

(a) the words "hereunder", "hereof" and similar expressions refer to this Agreement and not to any particular section or schedule and references to "Sections" and "Schedule" are to Sections of and the Schedules to this Agreement;

(b) words importing the singular include the plural and vice versa and words importing any gender include all genders;

(c) the word "including" means "including without limiting the generality of the foregoing";

(d) a reference to any statute is to that statute as now enacted or as the statute may from time to time be amended, re-enacted or replaced and includes any regulation made thereunder;

(e) a reference to any agreement (including this Agreement), indenture or other document is to that document as amended, supplemented, restated or replaced from time to time;

(f) references to dollar amounts are to Canadian dollars;

(g) the division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement; and

(h) for greater certainty, any representation or warranty in this Agreement that concerns the conduct of the Business, the Health Canada Licenses, the Permits and Licences, regulatory compliance, operational matters or the day-to-day activities of the Business is given by, and applies to, Ayurcann (as the operating and licence-holding entity), and any covenant, undertaking or obligation concerning those matters is to be performed by Ayurcann, with Ayurcann Holdings giving representations and performing obligations only to the extent applicable to it in its capacity as a non-operating holding company.

1.3 Schedules

The following Schedules are incorporated in and form part of this Agreement:

Schedule "A" – Sale Process Order (including Sale Process)

Schedule "B" – Consents and Approvals

Schedule "C" – Critical Permits and Licenses

Schedule "D" – Cure Costs

Schedule "E" – Excluded Assets

Schedule "F" – Health Canada Licenses

Schedule "G" – Leased Property

Schedule "H" – Retained Contracts

Schedule "I" – Retained Employees

Schedule "J" – Vesting Order

Schedule "K" – List of Trademarks

Schedule "L" – Permitted Encumbrances

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Schedules and the interpretation provisions set out in this Agreement apply to the Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2
REORGANIZATION

2.1 ResidualCo

On or prior to the Closing Date, ResidualCo shall be added as an applicant within the CCAA Proceedings.

2.2 Excluded Assets

On the Closing Date and at the time provided for in the Vesting Order, on and subject to the terms and conditions of this Agreement and the Vesting Order, all of Ayurcann's right, title and interest in and to the Excluded Assets shall be transferred to and vest in ResidualCo. The Purchaser may, on written notice to the Ayurcann Entities and the Monitor, at any time and from time to time, but in any event no later than one (1) day prior to the Ayurcann Entities' hearing before the Court seeking the Vesting Order, designate any business, property, assets or undertakings of Ayurcann as an Excluded Asset. Upon such designation, the relevant asset shall automatically be deemed an Excluded Asset for all purposes of this Agreement and the Vesting Order, without any further consent or action of the Ayurcann Entities.

2.3 Excluded Contracts

On the Closing Date and at the time provided for in the Vesting Order, on and subject to the terms and conditions of this Agreement and the Vesting Order, all of Ayurcann's rights, benefits and interests in, to and under the Excluded Contracts shall be assigned to and vest in ResidualCo. Neither the Purchaser nor Ayurcann shall assume, nor have any liability or obligations under, any Excluded Contract after the Closing Time. The Purchaser may, on written notice to the Ayurcann Entities and the Monitor, at any time and from time to time, but no later than one (1) day prior to the Ayurcann Entities' hearing seeking the Vesting Order, designate any Contract as a Retained Contract or Excluded Contract. Any Contract designated as a Retained Contract shall automatically become a Retained Contract, and any liability from and after the Closing Time in connection with such Contract shall be a Retained Liability. Any Contract not so designated shall be an Excluded Contract and vest in ResidualCo pursuant to the Vesting Order.

2.4 Excluded Liabilities

On the Closing Date and at the time provided for in the Vesting Order, on and subject to the terms and conditions of this Agreement and the Vesting Order, all Excluded Liabilities shall be transferred to and assumed by ResidualCo. Neither the Purchaser nor Ayurcann shall retain, assume, or have any liability or obligations under any Excluded Liabilities after the Closing Time, and Ayurcann shall be forever released and discharged from same in accordance with the Vesting Order. The Purchaser may, on written notice to the Ayurcann Entities and the Monitor, at any time and from time to time, but no later than one (1) day prior to the Ayurcann Entities' hearing before the Court seeking the Vesting Order, designate any Liability of Ayurcann as a Retained Liability or an Excluded Liability. Upon such designation, the relevant Liability shall automatically be deemed to be a Retained Liability or an Excluded Liability, as applicable, without any further act or consent of the Ayurcann Entities. For clarity, any Liability not expressly designated as a Retained Liability shall be an Excluded Liability and shall vest in ResidualCo pursuant to the Vesting Order.

ARTICLE 3
SALE AND PURCHASE OF PURCHASED SHARES

3.1 Sale, Subscription and Reverse Vesting Mechanics

(a) Subject to the terms of this Agreement and the Vesting Order, at the Closing Time and upon delivery of the Monitor's Certificate, all equity interests of Ayurcann issued and outstanding immediately prior to the Closing Time (including any options, warrants, conversion or subscription rights and any other equity or equity-linked interests) shall be terminated and cancelled for no consideration.

(b) Concurrently with the foregoing and pursuant to the Vesting Order and the Articles of Reorganization, Ayurcann is authorized and directed to issue to the Purchaser, from treasury, the Purchased Shares. Upon such issuance and delivery free and clear of all Encumbrances (other than Permitted Encumbrances), the Purchased Shares shall constitute one hundred percent (100%) of the issued and outstanding equity interests of Ayurcann.

(c) Concurrently with Sections 3.1(a) and 3.1(b) above, and pursuant to the Vesting Order, all Excluded Assets, Excluded Contracts and Excluded Liabilities shall be transferred to and vest in ResidualCo, free and clear of all Encumbrances (other than Permitted Encumbrances).

(d) Following the steps in this Section 3.1, the Purchaser shall be the sole shareholder of Ayurcann, and Ayurcann shall continue to own the Retained Assets and be responsible only for the Retained Liabilities, in each case free and clear of all Encumbrances (other than Permitted Encumbrances), all as more particularly set out in the Vesting Order.

3.2 **Consideration**

The aggregate consideration payable in connection with the transactions set forth in this Agreement shall consist of the Purchase Price, which shall be satisfied in the manner set out in Section 3.3. For certainty, the Purchase Price is comprised of (i) the credit bid of the DIP Debt, and (ii) the cash portion of the Purchase Price payable on Closing as contemplated in Section 3.3, and does not include any adjustments or allocations in respect of any Retained Liabilities.

3.3 **Satisfaction of Consideration**

The Purchase Price shall be satisfied at Closing as follows:

(a) the Purchaser shall cause the release of the full amount of the DIP Debt as of Closing (including any principal outstanding in connection therewith, interest accrued thereunder and other fees owing in connection therewith) in favour of the Ayurcann Entities in full and final satisfaction of the DIP Debt;

(b) the Purchaser shall pay the Purchase Price Cash Amount in cash on Closing, by wire transfer of immediately available funds paid to the Monitor or as the Monitor may direct in writing; and

(c) in addition to the Purchase Price Cash Amount, the Purchaser shall also pay in cash on Closing an amount equal to the Cure Costs, if any, by wire transfer in immediately available funds to the Monitor or shall pay the Cure Costs to the applicable counterparties to the Retained Contracts, in each case confirmed in writing by the Monitor two (2) Business Days prior to Closing.

For certainty, no payment shall be made by the Purchaser on account of Priority Payables unless a reasonable estimate of such amount is listed on the Priority Payables Schedule.

3.4 **Amendments to Transaction Structure**

Notwithstanding the reorganization provisions set forth in Article 2, the reverse vesting mechanics set forth in Section 3.1 or any other provisions set forth herein, if this Agreement is selected as the Successful Bid in accordance with the Sale Process, the Purchaser may amend the structure of the Transaction prior to the Ayurcann Entities seeking approval of the Vesting Order, provided, however, that no such amendment may result in a reduction of the Purchase Price or materially adversely affect the treatment of the Ayurcann Entities' creditors or other stakeholders as compared to the existing structure contemplated under this Agreement.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Ayurcann Entities as of the date hereof and as of the Closing Time, and acknowledges that the Ayurcann Entities is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) Incorporation and Status. The Purchaser is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation and has the requisite power and authority to enter into this Agreement and to complete the transactions contemplated hereunder.

(b) Corporate Authorization. The Purchaser has taken all necessary corporate action to authorize the entering into and performance by it of this Agreement and completion of the Transaction contemplated herein will not breach its Organizational Documents, any agreement binding upon it or any Applicable Laws.

(c) No Consents. Other than the Consents and Approvals, the Sale Process Order and the Vesting Order, execution, delivery and performance of this Agreement by the Purchaser does not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to, any Governmental Authority.

(d) Execution and Binding Obligation. This Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Closing Time, duly and validly executed and delivered by the Purchaser and constitute or will, as at the Closing Time, constitute legal, valid and binding obligations of the Purchaser enforceable in accordance with the terms hereof or thereof.

(e) No Litigation. Except in connection with the CCAA Proceedings, there are no proceedings before or pending before any Governmental Authority, or threatened to be brought by or before any Governmental Authority by or against the Purchaser affecting the legality, validity or enforceability of this Agreement or the consummation of the transactions contemplated hereby by the Purchaser.

(f) No Order. The Purchaser is not subject to any order of any Governmental Authority, nor are there any such orders threatened to be imposed by any Governmental Authority, which could affect the legality, validity or enforceability of this Agreement or the consummation of the transactions contemplated hereby by the Purchaser.

(g) Sufficient Funds. The Purchaser has or will have made adequate arrangements to have sufficient funds available to satisfy its obligations to pay the cash portion of the Consideration.

4.2 **Representations and Warranties of the Ayurcann Entities**

Each of the Ayurcann Entities represents and warrants to the Purchaser as of the date hereof and as of the Closing Time, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) Incorporation and Status. Each Ayurcann Entity is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation and has the requisite power and authority to enter into this Agreement and to complete the transactions contemplated hereunder.

(b) Corporate Authorization. Subject to obtaining the Sale Process Order and the Vesting Order, each Ayurcann Entity has taken all necessary corporate action to authorize the entering into and performance by it of this Agreement and completion of the Transaction contemplated herein will not breach its Organizational Documents, any agreement binding upon such Ayurcann Entity or any Applicable Laws with respect to the Ayurcann Entities.

(c) No Consents. Other than the Consents and Approvals, no consent of any Person is required in connection with the execution, delivery or performance of this Agreement, or the consummation of the Transaction by the Ayurcann Entities.

(d) Execution and Binding Obligations. Subject to obtaining the Vesting Order, this Agreement and all other documents contemplated hereunder to which any Ayurcann Entity is or will be a party, have been or will be, as at the Closing Time, duly and validly executed and delivered by such Ayurcann Entity and constitute or will, as at the Closing Time, constitute legal, valid and binding obligations of such Ayurcann Entity enforceable in accordance with the terms hereof or thereof.

(e) No Conflict. At the Closing Time, the execution, delivery and performance by the Ayurcann Entities of this Agreement, after issuance of the Vesting Order:

i. do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Ayurcann Entities;

ii. do not violate, contravene or breach or constitute a default under any Retained Contract to which any of the Ayurcann Entities is a party or order by which any of the Ayurcann Entities is bound; or

iii. result in the creation or require the creation of any Encumbrance upon or against any of the shares in the capital or assets of any of the Ayurcann Entities.

(f) Required Authorizations. Except for the Sale Process Order and the Vesting Order, the Ayurcann Entities do not require any Authorization as a condition to the lawful completion of the Transaction.

(g) No Other Agreements to Purchase. Except for the rights of the Purchaser under this Agreement, immediately prior to the Closing Time, no Person will have any contractual right, option or privilege for the purchase, issuance or acquisition of any of the Purchased Shares.

(h) Title to Purchased Shares. On Closing, the Purchaser will acquire good and valid title to the Purchased Shares, free and clear of all Encumbrances (other than Permitted Encumbrances), in accordance with the Vesting Order. The sale of the Purchased Shares to the Purchaser will be made in compliance with applicable Laws.

(i) Compliance with Laws. The Ayurcann Entities have and continue to conduct the Business in compliance with all Applicable Laws in all material respects.

(j) Equity Cancellation, Treasury Issuance and No Impediments. The Transaction will be effected pursuant to Section 3.1 and the Vesting Order such that, at the Closing Time, (i) all equity interests in Ayurcann outstanding immediately prior to the Closing Time will be terminated and cancelled for no consideration, and (ii) the Purchased Shares will be issued by Ayurcann to the Purchaser from treasury and will vest in the Purchaser free and clear of Encumbrances (other than Permitted Encumbrances) in accordance with the Vesting Order. The Ayurcann Entities further represent and warrant that there are no outstanding contractual, pre-emptive, subscription, conversion or similar rights, options or privileges granted by the Ayurcann Entities, that would restrict, impair or otherwise affect the issuance and vesting of the Purchased Shares to the Purchaser as contemplated herein.

(k) No Commission. No finder, broker or similar intermediary acting on behalf of any Ayurcann Entity or any of their Affiliates is entitled to a commission, fee or other compensation from the Purchaser in connection with the negotiation, execution or delivery of this Agreement or the consummation of the Transaction.

4.3 **As is, Where is**

The Purchaser acknowledges and agrees that it has conducted to its satisfaction an independent investigation and verification of the Business, the Purchased Shares, the Retained Assets, the Retained Liabilities and all related operations of the Ayurcann Entities, and, based solely thereon and the advice of its financial, legal and other advisors, has determined to proceed with the transactions contemplated by this Agreement. The Purchaser has relied solely on the results of its own independent investigation and verification and, except for the representations and warranties of the Ayurcann Entities expressly set forth herein, the Purchaser understands, acknowledges and agrees that all other representations, warranties, conditions and statements of any kind or nature, expressed or implied (including any relating to the future or historical financial condition, results of operations, prospects, assets or liabilities of the Ayurcann Entities or the Business, or the quality, quantity or condition of the Purchased Shares or the Retained Assets) are specifically disclaimed by each of the Ayurcann Entities, the Monitor, and their respective financial and legal advisors. THE PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF THE AYURCANN ENTITIES EXPRESSLY AND SPECIFICALLY SET FORTH HEREIN: (A) THE PURCHASER IS ACQUIRING THE PURCHASED SHARES ON AN “AS IS, WHERE IS” BASIS; AND (B) NONE OF THE AYURCANN ENTITIES, THE MONITOR OR ANY OTHER PERSON

(INCLUDING ANY REPRESENTATIVE OF EITHER OF THE AYURCANN ENTITIES OR THE MONITOR WHETHER IN ANY INDIVIDUAL, CORPORATE OR ANY OTHER CAPACITY) IS MAKING, AND THE PURCHASER IS NOT RELYING ON, ANY REPRESENTATIONS, WARRANTIES, CONDITIONS OR OTHER STATEMENTS OF ANY KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AS TO ANY MATTER CONCERNING THE AYURCANN ENTITIES, THE BUSINESS, THE PURCHASED SHARES, THE RETAINED ASSETS, THE RETAINED LIABILITIES, THE EXCLUDED ASSETS, THE EXCLUDED LIABILITIES, THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THE AGREEMENT, OR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION PROVIDED TO (OR OTHERWISE ACQUIRED BY) THE PURCHASER OR ANY OF ITS RESPECTIVE REPRESENTATIVES, INCLUDING WITH RESPECT TO MERCHANTABILITY, PHYSICAL OR FINANCIAL CONDITION, DESCRIPTION, FITNESS FOR A PARTICULAR PURPOSE, OR IN RESPECT OF ANY OTHER MATTER OR THING WHATSOEVER, INCLUDING ANY AND ALL CONDITIONS, WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, PURSUANT TO ANY APPLICABLE LAWS IN ANY JURISDICTION, WHICH THE PURCHASER CONFIRMS DO NOT APPLY TO THIS AGREEMENT, AND ARE HEREBY WAIVED IN THEIR ENTIRETY BY THE PURCHASER. Notwithstanding anything in this Section 4.3 or elsewhere in this Agreement to the contrary, nothing herein limits or restricts (i) any Liability arising from fraud or wilful misconduct by any of the Ayurcann Entities, or (ii) any Liability relating to, arising from, or in respect of non-compliance with the terms, conditions or requirements of the Permits and Licences (including the Critical Permits and Licences) or the Health Canada Licenses.

ARTICLE 5
COVENANTS

5.1 Undertaking of Ayurcann Entities

The Ayurcann Entities, as applicable, undertake to provide to the Purchaser all information reasonably required by the Purchaser in order to consider, analyze and complete or modify the Schedules to this Agreement, including without limitation a list of what they consider to be material contracts, Critical Permits and Licenses, critical Employees, and their Retained Assets and Intellectual Property according to their Books and Records.

5.2 Interim Period

(a) During the Interim Period, the Ayurcann Entities, subject to the Orders made in the CCAA Proceedings, shall:

i. continue to conduct and maintain the Business and the Retained Assets in substantially the same manner as conducted and maintained on the date of this Agreement. The Ayurcann Entities shall not transport, remove or dispose of, and the Ayurcann Entities shall not allow the transportation, removal or disposal of, any Retained Asset out of their current locations at the Leased Property or other offices (other than sales of inventory in the ordinary course of business);

ii. keep in good standing the Health Canada Licenses that are active as of the date of this Agreement;

iii. comply, in all material respects, with their respective obligations under all existing Retained Contracts. The occurrence of a default or event of default that has not been waived or cured (other than a default or event of default arising out of the initiation of the CCAA Proceedings) under any of the Retained Contracts shall constitute a breach of covenant under this Agreement;

iv. pay its trade creditors and retailers in the ordinary course of business as such amounts become due and payable; and

v. keep the Purchaser fully informed of any material developments relating to the Ayurcann Entities or the Business.

(b) During the Interim Period, subject to the Orders made in the CCAA Proceedings, neither of the Ayurcann Entities shall, except with the consent or at the direction of the Purchaser in its sole discretion, or except if taking place in the normal course of business and in accordance with the Cash Flow approved by the Purchaser in its capacity as lender under the DIP Commitment Letter:

i. enter into any Contract or obtain any Authorization or terminate, amend, restate, supplement, extend, assign, or waive (partially or completely) any rights under any Contract or Authorization;

ii. sell, lease, exchange, transfer or otherwise dispose of, or agree to sell, lease, exchange, transfer or otherwise dispose of, any Retained Asset;

iii. settle or compromise any litigation or claims relating to the Business or Retained Assets or that would impose any restrictions or Liabilities on the Business or the Purchaser's use of the Retained Assets after the Closing;

iv. permit, allow or suffer any assets that would be Retained Assets to be subjected to any Encumbrance;

v. cancel or compromise any debt or claim that would be included in the Retained Assets or waive or release any material right of Ayurcann that would be included in the Retained Assets;

vi. terminate or hire any executive officers, members of senior management or other Employees or contractors or consultants, other than in connection with a for-cause termination or the expiration of a contract pursuant to the terms of such contract in effect as of the date hereof;

vii. enter into or adopt any collective agreement or enter into negotiations in connection therewith;

viii. enter into, adopt, amend, modify or terminate any Employee Plan other than as required pursuant to Applicable Law or the terms of the Employee Plan in effect as of the date hereof;

ix. pay or agree to pay any bonus, retention, change-in-control or similar amounts;

x. take any action that would reasonably be expected to jeopardize any Health Canada or CRA Permits and Licenses;

xi. take any action that would reasonably be expected to prevent or significantly impede or materially delay the completion of the Transaction contemplated hereunder;

xii. make, revoke or change any election relating to Taxes, file any amended Tax Return, request, enter into or obtain any Tax ruling with or from a Governmental Authority, or execute or file, or agree to execute or file, with any Governmental Authority any agreement or other document extending, or having the effect of extending, the period of assessment or collection of any Taxes; or

xiii. agree to do any of the foregoing.

5.3 **Access During Interim Period**

During the Interim Period, the Ayurcann Entities shall give, or cause to be given, to the Purchaser and their Representatives reasonable access during normal business hours to the Retained Assets, including their Books and Records, to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Business and the Retained Assets as the Purchaser deems reasonably necessary or desirable to further familiarize themselves with the Business and the Retained Assets. Without limiting the generality of the foregoing, the Purchaser and their Representatives shall be permitted reasonable access during normal business hours to all documents relating to information scheduled or required to be disclosed under this Agreement and to the Employees. Such investigations, inspections, surveys and tests shall be carried out at the Purchasers' sole and exclusive risk, during normal business hours, and without undue interference with the Business and the Ayurcann Entities shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser and their Representatives.

5.4 **Alternative Transaction**

Prior to the application for the Vesting Order, if the Purchaser determines in its reasonable discretion, that it is necessary or desirable to proceed with another form of transaction (an "**Alternative Transaction**") which, in the Monitor's opinion, provides the creditors of the Ayurcann Entities with a financial result substantially equivalent to or better than the Transaction, then, the Ayurcann Entities will support the completion of such Alternative Transaction and take all actions necessary or desirable which are within their power to effect the completion of such Alternative Transaction, provided that the Monitor's approval shall not be unreasonably withheld, conditioned or delayed.

5.5 **Risk of Loss and Casualty**

Until the Closing Time, all of the Retained Assets will be at the risk of the Ayurcann Entities. If, before the Closing Time, any material portion of the Retained Assets are destroyed or damaged or are appropriated, expropriated or otherwise, the Ayurcann Entities will promptly so notify the Purchaser, who shall have the option, exercisable by notice in writing:

(a) to complete the Transaction, in which event all proceeds of any insurance (including business interruption insurance) will be immediately payable to the Purchaser upon receipt by the Ayurcann Entities; or

(b) to terminate this Agreement.

5.6 **Insurance Matters**

Until the Closing, each of the Ayurcann Entities will keep in full force and effect all of its existing insurance policies and give any notice or present any claim under any such insurance policies consistent with past practices of the Ayurcann Entities in the ordinary course of business.

5.7 **Consents and Approvals and other Filings and Notices**

Prior to the application for the Vesting Order, the Ayurcann Entities will use commercially reasonable efforts to obtain any Consent and Approval required for the Transaction and that will remain necessary after application of the Vesting Order. If so requested in writing by the Ayurcann Entities, the Purchaser will provide its reasonable cooperation to assist the Ayurcann Entities in obtaining any such Consents and Approvals. Each of the Ayurcann Entities and the Purchaser shall, as promptly as possible, make, or cause or be made, all filings and submissions (including with respect to the Health Canada Licenses), as applicable, required under any Applicable Law.

ARTICLE 6
CONDITIONS

6.1 **Conditions - Purchaser**

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed:

(a) all representations and warranties of the Ayurcann Entities contained in this Agreement shall be true in all material respects as of the Closing Time with the same effect as though made on and as of that date;

(b) each of the Ayurcann Entities shall have performed in all material respects its obligations under this Agreement to the extent required to be performed at or prior to the Closing Time;

(c) as of the Closing Time, no suspension, revocation, cancellation, non-compliance notice, administrative monetary penalty, licence amendment adverse to the Business, inspection deficiency, enforcement action or other proceeding by Health Canada or the Canada Revenue Agency (CRA) shall have been issued, made, threatened or be pending in respect of the Business, the Permits and Licences (including the Critical Permits and Licences) or the Health Canada Licenses, and all such licences, permits and authorizations shall be valid, subsisting and in good standing;

(d) the Court shall have issued an order granting full and final releases in favour of the directors and officers of the Ayurcann Entities, as applicable, for any and all Liabilities incurred in their capacity as directors and officers of the Ayurcann

Entities, other than any Liabilities arising from such directors' or officers' gross negligence or wilful misconduct;

(e) on or before the Closing Date, the Consulting Agreements shall have been executed and delivered by the Purchaser and each member of Key Management;

(f) on or before the Closing Date, the Transition Access Agreement shall have been executed and delivered by the Parties;

(g) all landlord consents, estoppels, waivers or acknowledgements required in connection with the Transaction (including, for certainty, in respect of the Transition Access Agreement or any Leased Property) shall have been obtained in form and substance satisfactory to the Purchaser;

(h) all stays of proceedings and other provisions contained in the Initial Order shall have remained in effect as at the Closing Time except where any such stay or other provisions are terminated or lifted or amended in a manner that is not prejudicial to the Purchaser and does not adversely affect the Purchaser's rights under this Agreement or the Purchased Shares;

(i) all documents relating to Closing and the Transaction, and all actions or proceedings taken on or prior to the Closing Time in connection with the performance by the Ayurcann Entities of their respective obligations under this Agreement shall be satisfactory to the Purchaser, acting reasonably, and the Purchaser shall have received copies of all such documents and evidence that all such actions and proceedings have been taken as they may reasonably request, in each case in form and substance satisfactory to the Purchaser;

(j) all Consents and Approvals shall have been obtained, in each case in form and substance satisfactory to the Purchaser;

(k) the Vesting Order shall not have been stayed, varied, vacated or appealed (or any such appeal shall have been dismissed with no further appeal therefrom), and all applicable appeal periods shall have passed such that the Vesting Order is a final order; and

(l) after the date of this Agreement and before the Closing Time, there shall not have occurred any Material Adverse Change.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 6.1 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing and such waiver is signed by the Purchaser. If any condition set out in Section 6.1 is not satisfied or performed on or prior to the date specified therefor, the Purchaser may elect on written notice to the Ayurcann Entities to terminate this Agreement.

6.2 **Conditions – Ayurcann Entities**

The obligation of the Ayurcann Entities to complete the Transaction is subject to the following conditions being fulfilled or performed:

(a) all representations and warranties of the Purchaser contained in this Agreement shall be true in all material respects as of the Closing Time with the same effect as though made on and as of that date; and

(b) the Purchaser shall have performed in all material respects its obligations under this Agreement to the extent required to be performed at or prior to the Closing Time.

The foregoing conditions are for the exclusive benefit of the Ayurcann Entities. Any condition in this Section 6.2 may be waived by the Ayurcann Entities in whole or in part (with the consent of the Monitor), without prejudice to any of their rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Ayurcann Entities only if made in writing. If any condition set forth in Section 6.2 is not satisfied or performed on or prior to the date specified therefor, the Ayurcann Entities may elect on written notice to the Purchaser to terminate the Agreement.

6.3 **Conditions - Purchaser and Ayurcann Entities**

The obligations of the Ayurcann Entities and the Purchaser to complete the Transaction are subject to the following conditions being fulfilled or performed:

(a) the Initial Order shall not have been stayed, varied, vacated or appealed (or any such appeal shall have been dismissed with no further appeal therefrom);

(b) an amended and restated Initial Order shall have been granted by the Court within the ten (10) day prescribed period following the granting of the Initial Order;

(c) the Sale Process Order shall have been obtained on or by February 13, 2026 and shall not have been stayed, varied, vacated or appealed (or any such appeal shall have been dismissed with no further appeal therefrom);

(d) this Agreement shall be the Successful Bid (as determined pursuant to the Sale Process);

(e) the Vesting Order shall have been obtained and shall not have been stayed, varied, vacated or appealed (or any such appeal shall have been dismissed with no further appeal therefrom);

(f) no Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction; and

(g) no motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

The Parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Ayurcann Entities and the Purchaser. If the conditions set out in this Section 6.3 are not satisfied performed or mutually waived on or before the Termination Date, any Party shall have the option to terminate this Agreement upon written notice to the other Parties and the Monitor.

ARTICLE 7
CLOSING

7.1 Closing

Subject to the conditions set out in this Agreement, the completion of the Transaction shall take place virtually at the Closing Time, or as otherwise determined by mutual agreement of the Parties in writing, but, in any event, shall take place prior to the Termination Date.

7.2 Purchaser Deliveries on Closing

At or before the Closing Time, the Purchaser shall execute and deliver, or arrange for the delivery, as the case may be, to the Ayurcann Entities the following, each of which shall be in form and substance satisfactory to the Ayurcann Entities:

(a) a certificate dated as of the Closing Date from the Purchaser confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time with the same effect as though made on and as of the Closing Time, and that the Purchaser has performed in all material respects each of its obligations under this Agreement required to be performed by it at or prior to the Closing Time;

(b) an acknowledgement dated as of the Closing Date that each of the conditions precedent in Sections 6.1 and 6.3 of this Agreement have been fulfilled, performed or waived as of the Closing Time;

(c) written confirmation to the Monitor (in form and substance satisfactory to the Monitor) that all conditions of Closing in favour of the Purchaser in Sections 6.1 and 6.3 have been satisfied or waived; and

(d) such further and other documentation as is referred to in this Agreement or as the Ayurcann Entities may reasonably require to give effect to this Agreement.

7.3 Ayurcann Entities' Deliveries on Closing

At or before the Closing Time, the Ayurcann Entities shall execute and deliver, or arrange for the delivery, as the case may be, to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser:

(a) evidence that all Consents and Approvals have been obtained;

(b) the Books and Records;

(c) a true copy of the Vesting Order;

(d) an officer's certificate of each Ayurcann Entity, dated as of the Closing Date, certifying that:

i. all Health Canada Licenses and all Permits and Licences (including the Critical Permits and Licences listed in Schedule "C") are valid, subsisting and in good standing and have not been suspended, revoked, cancelled or made subject to any adverse amendment;

ii. no notice of non compliance, inspection deficiency, administrative monetary penalty, warning letter, enforcement action, licence amendment adverse to the Business, or other communication alleging non compliance with the *Cannabis Act* (Canada) or the *Cannabis Regulations* (Canada) has been issued, threatened or is pending that has not been disclosed in writing to the Purchaser;

iii. all information, submissions, notifications and responses made or provided by or on behalf of the Ayurcann Entities to Health Canada and the Canada Revenue Agency in connection with the Transaction, the change of control review, and the Health Canada Licenses are true, complete and accurate in all material respects and do not omit any material fact necessary to make such information not misleading;

iv. all Books and Records relevant to regulatory compliance, including those relating to the Health Canada Licenses, the Permits and Licences, the Good Production Practices requirements, and the records described in Section 1.1(d), have been delivered to the Purchaser at Closing and are true, complete and correct in all material respects; and

v. to the knowledge of such officer, there are no circumstances, facts or conditions that would reasonably be expected to prevent Health Canada or the CRA from issuing, confirming or acknowledging any applicable Consents and Approvals required to complete the Transaction or permit the Purchaser to operate the Business following Closing;

(e) a certificate dated as of the Closing Date confirming that there has been no Material Adverse Change; that all of the representations and warranties of the Ayurcann Entities contained in this Agreement are true in all material respects as of the Closing Time with the same effect as though made on and as of the Closing Time, and that the Ayurcann Entities have performed in all material respects each of the obligations under this Agreement required to be performed by each of them at or prior to the Closing Time;

(f) an acknowledgement dated as of the Closing Date that each of the conditions precedent in Sections 6.2 and 6.3 of this Agreement have been fulfilled, performed or waived as of the Closing Time;

(g) evidence of ownership of all issued and outstanding shares of Ayurcann as at the Closing Time, in the form of (i) share certificates (to the extent any such shares are certificated) or (ii) statements of uncertificated holdings, direct registration system (DRS) advices or extracts from the applicable securities registers, in each case showing the Purchaser as the registered and beneficial holder of the Purchased Shares issued at Closing, and reflecting the equity cancellation and treasury issuance mechanics set out in Section 3.1 and the Vesting Order;

(h) all documents, instruments, resolutions and consents required to transfer and vest the Excluded Assets, Excluded Contracts and Excluded Liabilities into ResidualCo in accordance with the Vesting Order;

(i) resignation letters, effective as of the Closing Time, executed by each of the officers, directors or responsible persons nominated, elected or appointed to the board of the Ayurcann;

(j) evidence satisfactory to the Purchaser, acting reasonably, of the filing of the Articles of Reorganization;

(k) executed IP assignment agreements and evidence of all third-party consents required to assign or transfer the Intellectual Property to Ayurcann or the Purchaser, as applicable;

(l) all Tax Certificates, Tax Clearance Letters, and evidence of payment of all Taxes required to be paid prior to Closing, to the extent available;

(m) written confirmation to the Monitor (in form and substance satisfactory to the Monitor) that all conditions of Closing in favour of the Ayurcann Entities in Sections 6.2 and 6.3 have been satisfied or waived; and

(n) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement.

7.4 Monitor's Certificate

Upon receipt of payment in full of the Purchase Price Cash Amount, the Priority Payables Cash Amount, and the Cure Costs (or evidence as to payment of such amount) and the written confirmations referred to in Section 7.2(c) and 7.3(m), the Monitor shall (a) issue the Monitor's Certificate concurrently to the Ayurcann Entities and the Purchaser, at which time the Closing will be deemed to have occurred; and (b) file as soon as practicable a copy of the Monitor's Certificate with the Court. The Parties hereby acknowledge and agree that the Monitor will be entitled to file the Monitor's Certificate with the Court without independent investigation and without any obligation whatsoever to verify or inquire into the satisfaction or waiver of the applicable conditions, and the Monitor will have no liability to the Ayurcann Entities or the Purchaser or any other Person as a result of the filing of the Monitor's Certificate or otherwise in connection with the Agreement or the Transaction contemplated hereunder (whether based on contract, tort or any other theory).

7.5 Material Adverse Change

The Ayurcann Entities shall promptly notify the Purchaser upon the occurrence of a Material Adverse Change.

7.6 Dispute Resolution

If any dispute arises with respect to any other matter related to the Transaction or the interpretation or enforcement of this Agreement, such dispute will be determined exclusively by the Court as the Court may direct, on application by the Ayurcann Entities, the Monitor or the Purchaser.

7.7 Termination

(a) This Agreement shall automatically terminate at any time prior to the Closing Time upon the occurrence of any of the following:

i. by mutual written agreement of the Ayurcann Entities and the Purchaser and upon written notice thereof to the Monitor;

ii. if the Agreement is not the Successful Bid or the Back-Up Bid (as determined pursuant to the Sale Process); or

iii. if the Agreement is the Back-Up Bid and the transaction contemplated by the Successful Bid is closed.

(b) This Agreement may be terminated at any time prior to the Closing Time upon the occurrence of any of the following:

i. as provided in Article 6 (provided that the terminating Party has not breached its obligations under the Agreement in such a manner as to cause such condition not to be fulfilled); or

ii. by any of the Parties (provided that the terminating Party has not breached its obligations under the Agreement in such a manner as to cause a closing condition not to be fulfilled) if Closing shall not have occurred on or prior to the Termination Date in accordance with Section 6.3, provided that the Purchaser shall not be required to terminate this Agreement and may elect, in its sole discretion, to extend the Termination Date pursuant to the definition of "Termination Date".

(c) If this Agreement is terminated in any of the circumstances set out in this Section, all further obligations of the Parties under this Agreement will terminate and no Party shall have any liability or further obligations hereunder, except as contemplated in Section 7.8, which shall survive such termination.

7.8 Regulatory Delay and Interim Funding

If Closing cannot occur by the Termination Date solely because Consents and Approvals have not been obtained, and the Purchaser elects to extend the Termination Date: (i) the Parties shall negotiate in good faith, in consultation with the Monitor, appropriate amendments to the DIP Commitment Letter and interim funding arrangements necessary to maintain ordinary-course operations and preserve required licences until Closing, and (ii) the Purchase Price shall be increased dollar-for-dollar to the extent of any increase to the interim financing arrangements under the DIP Commitment Letter. Nothing herein obligates any Party to agree to specific terms, and if no agreement is reached within 10 Business Days, the Purchaser's extension election shall automatically lapse and the original Termination Date shall apply.

7.9 Effects of Termination and Closing

(a) If this Agreement is terminated pursuant to Article 6, or 7.7, all further obligations of the Parties under or pursuant to this Agreement shall terminate without further liability of any Party to the others except for the provisions of: (i) Section 7.8

(Effects of Termination and Closing); and (ii) Section 8.2 (Break Fee & Expense Reimbursement).

(b) Under no circumstance shall any of the Parties, their Representatives or their respective directors, officers, employees or agents be liable for any special, punitive, exemplary, consequential or indirect damages (including loss of profits) that may be alleged to result, in connection with, arising out of, or relating to this Agreement or the Transaction contemplated herein.

ARTICLE 8
CCAA PROCEEDINGS

8.1 CCAA Proceedings

(a) The Parties acknowledge and agree that the Ayurcann Entities shall apply to the Court by no later than February 13, 2026 for the Sale Process Order, and all Parties will use best efforts to have the Sale Process Order issued. The Purchaser acknowledges and agrees that the Sale Process is in contemplation of determining whether a superior bid can be obtained for the Business or some alternative form of sale, investment or restructuring transaction.

(b) The Ayurcann Entities shall use best efforts to provide the Purchaser for review, three Business Days in advance of filing, drafts of such material motions, pleadings, reports or other filings relating to the process of consummating the Transaction to be filed with the Court, including the motions for issuance of the Initial Order, the Sale Process Order and the Vesting Order.

(c) In the event an appeal is taken or requested or a stay pending appeal is requested from the Sale Process Order or the Vesting Order, the Ayurcann Entities shall promptly notify the Purchaser of such appeal, request or stay request and shall promptly provide the Purchaser a copy of the related notice of appeal or order of stay. The Ayurcann Entities shall also provide the Purchaser with written notice of any motion or application filed in connection with any appeal from such orders. The Ayurcann Entities agree to take all action as may be reasonable and appropriate to defend against such appeal or stay request and the Ayurcann Entities and the Purchaser agree to use their commercially reasonable efforts to obtain an expedited resolution of such appeal or stay request, provided that nothing herein shall preclude the Parties hereto from consummating the Transaction contemplated hereby, if the Vesting Order shall have been issued and has not been stayed and the Purchaser, in its sole discretion, waives in writing the condition that the Vesting Order be a final order.

8.2 Break Fee & Expense Reimbursement

In consideration for the Purchaser's considerable expenditure of time and money and agreement to act as the "Stalking Horse Bidder" and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement and subject to Court approval, the Purchaser shall be entitled to: (i) payment in an amount equal to the Break Fee, plus (ii) an expense reimbursement for the Purchaser's legal and other costs incurred in connection with this Agreement and supported by third-party invoices up to a maximum aggregate amount of $125,000 (collectively, the "**Expense Reimbursement**"), payable jointly and severally by the

Ayurcann Entities to the Purchaser in the event that the Purchaser is not the Successful Bidder. The payment of the Break Fee and Expense Reimbursement shall be approved by the Sale Process Order, and shall be secured by the Bid Protections Charge in an aggregate amount of $264,200 in favour of the Purchaser, and ranking only behind the Administration Charge, the DIP Lender's Charge, the Directors' Charge and the KERP Charge (as these terms are defined in the Initial Order), as ordered by the Court. The Break Fee and Expense Reimbursement shall be payable to the Purchaser out of the sale proceeds derived from and immediately upon completion of the Successful Bid and shall be secured by the Bid Protections Charge. Each of the Parties hereto acknowledges and agrees that the Break Fee and Expense Reimbursement represents a fair and reasonable estimate of the costs, including opportunity costs, that will be incurred by the Purchaser as a result of non-completion of the Transaction, and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Shares, the Business or the Retained Assets, and no Party shall take a position inconsistent with this Section 8.2. Each of the Parties acknowledge and agree that the Break Fee and Expense Reimbursement in this Section 8.2 are integral parts of this Agreement and of the Transaction, and that without these agreements, the Purchaser would not enter into this Agreement. Upon payment of the Break Fee and Expense Reimbursement to the Purchaser, the Purchaser shall be precluded from any other remedy against the Ayurcann Entities in respect of the disclaimer, repudiation, breach or termination of this Agreement; provided that nothing herein shall preclude any Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or to compel specific performance of this Agreement.

ARTICLE 9
GENERAL

9.1 No Successor Liability

The Purchaser shall not assume or be liable for any liabilities of the Ayurcann Entities or their predecessors of any kind or nature whatsoever, whether known or unknown, matured or unmatured, absolute or contingent, including Taxes (including excise and sales taxes), product liability, environmental matters, employee or pension matters, or any other liabilities or obligations arising prior to Closing, except only the Retained Liabilities expressly assumed hereunder. The Vesting Order shall provide corresponding relief.

9.2 Regulatory Co-operation

The Ayurcann Entities shall fully cooperate with the Purchaser in preparing, filing and prosecuting all applications, notifications and submissions to Health Canada and the CRA, provide all information reasonably requested by the Purchaser, and use commercially reasonable efforts to obtain all required approvals and to maintain the Licences in good standing through Closing.

9.3 Access to Books and Records

(a) The Purchaser shall, and shall cause Ayurcann from and after the Closing Date, to retain and preserve all Books and Records for six (6) years, or for any longer periods as may be required by any Applicable Laws. The Purchaser shall make such Books and Records, as well as electronic copies of such Books and Records (to the extent such electronic copies exist), available to the Monitor and Ayurcann Holdings, its successors, any trustee in bankruptcy or any receiver of Ayurcann

Holdings, and shall, at such party's expense, permit any of the foregoing persons to take copies of such Books and Records as they may reasonably require.

(b) Ayurcann Holdings shall, for a period of six (6) years from the Closing Date have access to and the right to copy, at its expense, for bona fide business purposes (including in respect of any insolvency proceedings of Ayurcann Holdings) and during usual business hours, upon reasonable prior notice to the Purchaser, all Books and Records existing at the Closing Time or relating to the period of time prior to the Closing Time that are transferred and conveyed to the Purchaser (including, for greater certainty, any Books and Records that remain in the possession and control of the Ayurcann Entities after Closing).

9.4 **Notice**

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by e-mail, addressed:

in the case of the Ayurcann Entities, as follows:

Attention: Igal Sudman and Roman Buzaker
Email: igal@ayurcann.com and roman@ayurcann.com

with a copy to:

Bennett Jones LLP

Attention: Sean Zweig and Jesse Mighton
Email: zweigs@bennettjones.com and mightonj@bennettjones.com

in the case of the Purchaser, as follows:

Attention: Mike Lickver, Ron Fichter and Becky Olscher
Email: mike@auxly.com, ron@auxly.com and roslcher@auxly.com

with a copy to:

Aird & Berlis LLP

Attention: Kyle Plunkett, Sherri M. Altshuler and Melanie Cole
Email: kplunkett@airdberlis.com, saltshuler@airdberlis.com and mcole@airdberlis.com

in the case of the Monitor, as follows:

Alvarez & Marsal Canada Inc.

Attention: Joshua Nevsky and Steven Glustein
Email: jnevsky@alvarezandmarsal.com and sglustein@alvarezandmarsal.com

with a copy to:

Reconstruct LLP

Attention: Caitlin E. Fell
Email: cfell@reconllp.com

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by e-mail before 5:00 p.m. (Eastern Standard time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by e-mail after 5:00 p.m. (Eastern Standard Time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

9.5 **Time**

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Ayurcann Entities and the Purchaser or by their respective solicitors.

9.6 **Survival**

The representations and warranties of the Parties contained in this Agreement shall merge on Closing and the covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

9.7 **Benefit of Agreement**

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. Subject to the prerogatives of the Monitor expressively provided under this Agreement, each Party intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties and their successors and permitted assigns, and no Person, other than the Parties and their successors and their permitted assigns, shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum.

9.8 **Amendment**

Schedule “B”, Schedule “C”, Schedule “F”, Schedule “G”, Schedule “H”, and Schedule “I” to this Agreement may be amended by the Purchaser at any time before the Closing Time with the consent of the Monitor. Schedule “D”, Schedule “E”, Schedule “J”, Schedule “K” and Schedule “L” may be amended by the Purchaser at any time up to and including the date that is one (1) day prior to the Ayurcann Entities’ hearing before the Court seeking the Vesting Order (or at any time after that date and before the Closing Time if there is no material prejudice to the Ayurcann Entities or their creditors). Subject to the foregoing and the terms of this Agreement, no amendment of this Agreement shall be effective unless made in writing and signed by the Parties.

9.9 **Entire Agreement**

This Agreement and the attached Schedules constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. Unless as provided for by this Agreement, this Agreement may not otherwise be amended or modified in any respect except by written instrument executed by all of the Parties.

9.10 **Paramountcy**

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

9.11 **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court.

9.12 **Assignment**

(a) This Agreement may be assigned by the Purchaser prior to the issuance of the Vesting Order, in whole or in part, without the prior written consent of the Ayurcann Entities, ResidualCo or the Monitor, provided that: (x) (i) such assignee is a wholly-owned subsidiary of the Purchaser; (ii) the Purchaser provides prior notice of such assignment to the Ayurcann Entities and the Monitor; (iii) the Purchaser assigns all of its rights and obligations under the DIP Commitment Letter to such assignee prior to or concurrently with the assignment of this Agreement; and (iv) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder; and (y) the Purchaser may assign the benefits of this Agreement to a lender or lenders as security for obligations owed to it or them, all without the consent of (but upon notice to) the Ayurcann Entities and the Monitor.

(b) Except as specifically contemplated herein as it relates to ResidualCo, this Agreement may not be assigned by either of the Ayurcann Entities without the consent of the Purchaser.

9.13 **Further Assurances**

Each of the Parties shall, at the request and expense of the requesting party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such documents (including registrations and removal of encumbrances to be discharged) and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

9.14 **Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile or by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

9.15 **Severability**

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein, other than those contained in Article 3, Article 7 or Article 9, is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

[**THE REMAINDER OF THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK**]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

AYURCANN HOLDINGS CORP.

By: Signed by: Igal Sudman
26ACA44216F7480...

Name: Igal Sudman

Title: CEO

AYURCANN INC.

By: Signed by: Igal Sudman
26ACA44216F7480...

Name: Igal Sudman

Title: CEO

AUXLY CANNABIS GROUP INC.

By: Signed by:
9A5D298BFBD746C...

Name: Hugo Alves

Title: CEO

SCHEDULE "A"
SALE PROCESS ORDER

Attached.

SCHEDULE "B"
CONSENTS AND APPROVALS

[To be completed following the issuance of the Sale Process Order]

SCHEDULE "C"
CRITICAL PERMITS AND LICENSES

[To be completed following the issuance of the Sale Process Order]

SCHEDULE "D"
CURE COSTS

[To be completed following the issuance of the Sale Process Order]

SCHEDULE "E"
EXCLUDED ASSETS

[To be completed following the issuance of the Sale Process Order]

1. any remaining cash on hand as at the Closing Date;

2. any liabilities that are not Retained Liabilities;

3. the tax records and returns, and books and records pertaining thereto and other documents, in each case, that primarily or solely relate to any of the Excluded Liabilities or excluded assets;

4. the Excluded Contracts;

5. any rights which accrue to ResidualCo under the transaction documents;

6. any other asset, including contracts and leases, identified by the Purchaser to the Ayurcann Entities in writing as an Excluded Asset at least one (1) day prior to the hearing of the applicants' motion to the CCAA Court seeking the Vesting Order;

7. 2022 TESLA MODEL Y bearing the VIN: 7SAYGAEE4NF535014 leased under the Credit Agreement between Ayurcann Inc., as Borrower, Igal Sudman, as Co-Borrower, and Tesla Motors Canada ULC, as assigned to the Bank of Nova Scotia, as Seller, dated August 16, 2022;

8. 2022 TESLA MODEL Y bearing the VIN: 7SAYGDEE3NF511580 leased under the Credit Agreement between Ayurcann Inc., as Borrower, Roman Buzaker, as Co-Borrower, and Tesla Motors Canada ULC, as assigned to the Bank of Nova Scotia, as Seller, dated August 30, 2022; and

9. The surety bond issued pursuant to the General Agreement of Indemnity between Amynta Surety Solutions, as Surety, and Ayurcann Holdings Corp., Ayurcann Inc. and XTRX Solutions Inc., as Indemnitors, dated February 26, 2024.

SCHEDULE “F”
HEALTH CANADA LICENSES

[To be completed following the issuance of the Sale Process Order]

SCHEDULE "G"
LEASED PROPERTY

1. The lease agreement dated February 16, 2023 between Com 53 Ltd., as Landlord, and Ayurcann Inc., as Tenant, for the portion of the building premises known municipally as Unit 5-7, 1080 Brock Road, Pickering, Ontario.

2. The lease agreement dated June 10, 2020 (as amended by a lease proposal dated September 15, 2025) between Com 53 Ltd., as Landlord, and Ayurcann Inc., as Tenant, for the portion of the building premises known municipally as Unit 8, 1080 Brock Road, Pickering, Ontario.

3. The lease agreement dated December 18, 2022 between Com 53 Ltd., as Landlord, and Ayurcann Inc., as Tenant, for the portion of the building premises known municipally as Unit 9, 1080 Brock Road, Pickering, Ontario.

SCHEDULE "H"
RETAINED CONTRACTS

[To be completed following the issuance of the Sale Process Order]

SCHEDULE "I"
RETAINED EMPLOYEES

[To be completed following the issuance of the Sale Process Order]

SCHEDULE "J"
VESTING ORDER

[To be populated]

SCHEDULE "K"
LIST OF TRADEMARKS

[To be completed following the issuance of the Sale Process Order]

SCHEDULE “L”
PERMITTED ENCUMBRANCES

[To be completed following the issuance of the Sale Process Order]

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 8, 2026)

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

Sean Zweig (LSO# 573071)
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Shawn Kirkman (LSO# 92214U)
Email: KirkmanS@bennettjones.com

Lawyers for the Applicants

TAB 3

Court File No. CL-26-00000039-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 13TH
	)	
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**")

SECOND 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 affidavit of Igal Sudman sworn February 8, 2026 and the Exhibits thereto (the "**Third 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, the First Report of the Monitor dated February 6, 2026 (the "**First Report**") and the Second Report of the Monitor dated February [•], 2026 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, counsel for Auxly Cannabis Group Inc. (the "**DIP Lender**") 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 and the DIP Lender, 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, subject to the terms of the DIP Agreement (as hereinafter defined) 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 and the DIP Lender, 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 or in the DIP Agreement, 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 and the DIP Lender, 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 or required pursuant to the terms of the DIP Agreement, 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 and such covenants as may be contained in the DIP Agreement, 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 and the DIP Lender;

(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 April 30, 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 44 and 46 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 and the Applicants' compliance with the Cash Flow Projections (as defined in the DIP Agreement), including the management and use of any funds advanced by the DIP Lender to the Applicants under the DIP Agreement;

(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 Applicants, to the extent required by the Applicants, in their dissemination to the DIP Lender and its counsel of financial and other information in accordance with the DIP Agreement;

(d) advise the Applicants in their preparation of the Applicants' Cash Flow Projections and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel in accordance with the DIP Agreement;

(e) advise the Applicants in their development of the Plan (if any) and any amendments to the Plan;

(f) 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;

(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 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;

(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

(i) 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, including, without limitation, the DIP Lender, 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 44 and 46 hereof.

DIP FINANCING

34. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lender in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that the indebtedness under such credit facility shall not exceed $2,000,000, plus interest, fees and expenses in accordance with the DIP Agreement, unless permitted by further Order of this Court.

35. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicants and the DIP Lender dated as of February 8, 2026 (the "**DIP Agreement**"), filed.

36. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Agreement as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

37. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not exceed the amount of $2,000,000, plus interest, fees, costs or other charges in accordance with the DIP Agreement, which DIP Lender's Charge shall not secure an obligation

that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 44 and 46 hereof.

38. **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 definitive documents contemplated by the DIP Agreement;

(b) upon the occurrence of an event of default under the DIP Agreement or the DIP Lender's Charge, the DIP Lender, upon five (5) days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Agreement and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Agreement 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 Applicants and for the appointment of a trustee in bankruptcy of the Applicants; 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 Applicants or the Property.

39. **THIS COURT ORDERS** that, unless agreed to by the DIP Lender, the DIP Lender shall be treated as unaffected in any Plan filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the DIP Agreement.

40. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the DIP Lender under this Order or at law, the DIP Lender shall not incur any liability or obligation as a result of the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

KEY EMPLOYEE RETENTION PLAN

41. **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.

42. **THIS COURT ORDERS** 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.

43. **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 44 and 46 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. **THIS COURT ORDERS** that the priorities of the Administration Charge, the DIP Lender's Charge, the Directors' Charge, the KERP Charge and the Bid Protections Charge (as defined in the Third Sudman Affidavit (collectively, the "**Charges**"), as among them, shall be as follows:

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

Second – DIP Lender's Charge (to the maximum amount of $2,000,000 plus accrued and unpaid interest, fees and expenses);

Third – Directors' Charge (to the maximum amount of $3,020,000);

Fourth – KERP Charge (to the maximum amount of $66,250); and

Fifth – Bid Protections Charge (to the maximum amount of $264,200).

45. **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.

46. **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.

47. **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, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

48. **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**") and/or the DIP Lender thereunder 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 "**Agreemen**t") which binds any of the 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 DIP Agreement shall 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 Applicants entering into the DIP Agreement, the creation of the Charges, or the execution, delivery or performance of the DIP Agreement; and

(c) the payments made by the Applicants pursuant to this Order or the DIP Agreement 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.

49. **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

50. **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.

51. **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.

52. **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

53. **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

54. **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.

55. **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.

56. **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).

57. **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

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

GENERAL

59. **THIS COURT ORDERS** that each of the Applicants, the DIP Lender 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.

60. **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.

61. **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.

62. **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.

63. **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

SECOND AMENDED AND RESTATED INITIAL ORDER

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Lawyers for the Applicants

TAB 4

Court File No. CL-26-00000039-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	~~WEEKDAY~~FRIDAY, THE ~~#~~ 13TH
	)	
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")

SECOND 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 3, 2026 and the Exhibits thereto (the "**Second Sudman Affidavit**"), the affidavit of Igal Sudman sworn February 8, 2026 and the Exhibits thereto (the "**Third 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, the First Report of the Monitor dated February 6, 2026 (the "**First Report**") and the Second Report of the Monitor dated February [•], 2026 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]~~[1]the Applicants and the additional parties listed in Schedule "A" hereto (collectively,

~~[1] 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)~~

the "**Non-Applicant Stay Parties**" and together with the Applicants, the "**Ayurcann Entities**"), counsel for the Monitor, counsel for Auxly Cannabis Group Inc. (the "**DIP Lender**") 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 validated~~[2]~~ 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**~~"~~").

~~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).~~

~~[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 system[3] currently in place as described in the Sudman Affidavit ~~of [NAME] sworn [DATE] or~~or, with the consent of the Monitor and the DIP Lender, 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~~(ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the ~~Applicant~~Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and ~~shall~~(iii) be, in its capacity as provider of the Cash Management System, an unaffected creditor under ~~the~~any Plan with regard

~~[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.~~

to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.~~]~~

7. ~~6.~~ **THIS COURT ORDERS** that~~ the Applicant~~, subject to the terms of the DIP Agreement (as hereinafter defined) 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 and the DIP Lender, 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) ~~(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 or in the DIP Agreement, 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) ~~(c)~~ 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 ~~**[or 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 and the DIP Lender, 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~~ or required pursuant to the terms of the DIP Agreement, 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 ~~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.

~~[4] The term "resiliated" 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)~~DIP Agreement, 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~~]~~[5];

(b) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor and the DIP Lender;

(c) ~~(b) [~~terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate~~]~~; and

(d) ~~(c)~~ 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

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

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~~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 ~~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~~i) 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~~ii) 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.~~April 30~~ DAYS]~~, 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~~, facsimile numbers~~, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the ~~date of this Order~~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]

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

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,[7]~~Filing 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).~~

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

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

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]~~44 and ~~[40]~~46 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 and the Applicants’ compliance with the Cash Flow Projections (as defined in the DIP Agreement), including the management and use of any funds advanced by the DIP Lender to the Applicants under the DIP Agreement;

(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~~Applicants, to the extent required by the ~~Applicant, in its~~Applicants, in their 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~~in accordance with the DIP ~~Lender~~Agreement;

(d) advise the ~~Applicant in its~~Applicants in their preparation of the ~~Applicant's cash flow statements~~Applicants' Cash Flow Projections 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~~in accordance with the DIP ~~Lender~~Agreement;

(e) advise the ~~Applicant in its~~Applicants in their development of the Plan (if any) and any amendments to the Plan;

(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;

(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;

(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

(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~~Applicants, including, without limitation, the DIP Lender, 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]~~44 and ~~[40]~~46 hereof.

DIP FINANCING

34. ~~32.~~ **THIS COURT ORDERS** that the ~~Applicant is~~Applicants are 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~~Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that ~~borrowings~~the indebtedness under such credit facility shall not exceed $●2,000,000, plus interest, fees and expenses in accordance with the DIP Agreement, unless permitted by further Order of this Court.

35. ~~33.~~ **THIS COURT ORDERS** ~~THAT~~that such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the ~~Applicant~~Applicants and the DIP Lender dated as of ~~[DATE]~~February 8, 2026 (the ~~"Commitment Letter"~~"**DIP Agreement**"), filed.

36. ~~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~~Applicants are hereby authorized and directed to pay and perform all of ~~its~~their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the ~~Commitment Letter and the Definitive Documents~~DIP Agreement as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

37. ~~35.~~ **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the ~~"~~“**DIP Lender’s Charge**~~"~~”) on the Property, which DIP ~~Lender's~~Lender’s Charge shall not exceed the amount of $2,000,000, plus interest, fees, costs or other charges in accordance with the DIP Agreement, which DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs ~~[38]~~44 and ~~[40]~~46 hereof.

38. ~~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~~definitive documents contemplated by the DIP Agreement;

(b) upon the occurrence of an event of default under the ~~Definitive Documents~~DIP Agreement or the DIP Lender’s Charge, the DIP Lender, upon ~~●~~five (5) days’ notice to the ~~Applicant~~Applicants and the Monitor, may exercise any and all of its rights and remedies against the ~~Applicant~~Applicants or the Property under or pursuant to the ~~Commitment Letter, Definitive Documents~~DIP Agreement and the DIP Lender’s Charge, including without limitation, to cease making advances to the ~~Applicant~~Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the ~~Applicant~~Applicants against the obligations of the ~~Applicant~~Applicants to the DIP Lender under the ~~Commitment Letter, the Definitive Documents~~DIP Agreement 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~~Applicants and for the appointment of a trustee in bankruptcy of the ~~Applicant~~Applicants; 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~~Applicants or the Property.

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

40. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the DIP Lender under this Order or at law, the DIP Lender shall not incur any liability or obligation as a result of the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

KEY EMPLOYEE RETENTION PLAN

41. **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.

42. **THIS COURT ORDERS** 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.

43. **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 44 and 46 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. ~~38.~~ **THIS COURT ORDERS** that the priorities of the ~~Directors' Charge, the~~ Administration Charge~~ and~~, the DIP Lender's Charge, the Directors' Charge, the KERP Charge and the Bid Protections Charge (as defined in the Third Sudman Affidavit (collectively, the "**Charges**"), as among them, shall be as follows[9]:

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

Second – DIP Lender's Charge~~; and~~ (to the maximum amount of $2,000,000 plus accrued and unpaid interest, fees and expenses);

Third – Directors' Charge (to the maximum amount of $~~●~~3,020,000)~~.~~;

Fourth – KERP Charge (to the maximum amount of $66,250); and

Fifth – Bid Protections Charge (to the maximum amount of $264,200).

45. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "~~Charges~~")~~ shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. ~~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

[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.~~

otherwise (collectively, ~~"~~“**Encumbrances**~~"~~”) in favour of any Person notwithstanding the order of perfection or attachment.

47. ~~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.

48. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the ~~"~~“**Chargees**~~"~~”) and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by: (~~a~~i) the pendency of these proceedings and the declarations of insolvency made herein; (~~b~~ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (~~c~~iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (~~d~~iv) the provisions of any federal or provincial statutes; or (~~e~~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 ~~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~~DIP Agreement shall create or be deemed to constitute a breach by any of the ~~Applicant~~Applicants of any Agreement to which ~~it~~the applicable Applicant(s) is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant~~Applicants entering into the ~~Commitment Letter~~DIP Agreement, the creation of the Charges, or the execution, delivery or performance of the ~~Definitive Documents~~DIP Agreement; and

(c) the payments made by the ~~Applicant~~Applicants pursuant to this Order~~, the Commitment Letter~~ or the ~~Definitive Documents,~~DIP Agreement 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.

49. ~~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

50. **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.

51. **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.

52. **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

53. **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

54. ~~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.

55. ~~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.

56. ~~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).

57. **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

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

GENERAL

59. ~~47.~~ **THIS COURT ORDERS** that ~~the Applicant~~each of the Applicants, the DIP Lender 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.

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

61. ~~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.

62. ~~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.

63. ~~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

SECOND AMENDED AND RESTATED INITIAL ORDER

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Lawyers for the Applicants

[Different first page link-to-previous setting changed from off in original to on in modified.].

TAB 5

Court File No. CL-26-00000039-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	~~MONDAY~~FRIDAY, THE ~~9TH~~13TH
	)	
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**")

SECOND 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 affidavit of Igal Sudman sworn February 8, 2026 and the Exhibits thereto (the "**Third 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 6, 2026 (the "**First Report**")~~,~~ and the Second Report of the Monitor dated February [•], 2026 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, counsel for Auxly Cannabis Group Inc. (the "**DIP Lender**") 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 and the DIP Lender, 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, subject to the terms of the DIP Agreement (as hereinafter defined) 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 and the DIP Lender, 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 or in the DIP Agreement, 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 and the DIP Lender, 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 or required pursuant to the terms of the DIP Agreement, 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 and such covenants as may be contained in the DIP Agreement, 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 and the DIP Lender;

(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~~April 30, 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~~44 and ~~39~~46 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~~ and the Applicants' compliance with the Cash Flow ~~Statements~~Projections (as defined in ~~First Report of the Monitor), as amended from time to time~~the DIP Agreement), including the management and use of any funds advanced by the DIP Lender to the Applicants under the DIP Agreement;

(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 Applicants, to the extent required by the Applicants, in their dissemination to the DIP Lender and its counsel of financial and other information in accordance with the DIP Agreement;

(d) ~~(c)~~ advise the Applicants in their preparation of the Applicants' Cash Flow ~~Statements~~Projections and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel in accordance with the DIP Agreement;

(e) ~~(d)~~ advise the Applicants in their development of the Plan (if any) and any amendments to the Plan;

(f) ~~(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;

(g) ~~(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;

(h) ~~(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

(i) ~~(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, including, without limitation, the DIP Lender, 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~~44 and ~~39~~46 hereof.

DIP FINANCING

34. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lender in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that the indebtedness under such credit facility shall not exceed $2,000,000, plus interest, fees and expenses in accordance with the DIP Agreement, unless permitted by further Order of this Court.

35. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicants and the DIP Lender dated as of February 8, 2026 (the "**DIP Agreement**"), filed.

36. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender

under and pursuant to the DIP Agreement as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

37. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not exceed the amount of $2,000,000, plus interest, fees, costs or other charges in accordance with the DIP Agreement, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 44 and 46 hereof.

38. **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 definitive documents contemplated by the DIP Agreement;

(b) upon the occurrence of an event of default under the DIP Agreement or the DIP Lender's Charge, the DIP Lender, upon five (5) days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Agreement and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Agreement 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 Applicants and for the appointment of a trustee in bankruptcy of the Applicants; 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 Applicants or the Property.

39. **THIS COURT ORDERS** that, unless agreed to by the DIP Lender, the DIP Lender shall be treated as unaffected in any Plan filed by the Applicants under the CCAA, or any

proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the DIP Agreement.

40. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the DIP Lender under this Order or at law, the DIP Lender shall not incur any liability or obligation as a result of the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

KEY EMPLOYEE RETENTION PLAN

41. ~~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.

42. ~~35.~~ **THIS COURT ORDERS** 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.

43. ~~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~~44 and ~~39~~46 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. ~~37.~~ **THIS COURT ORDERS** that the priorities of the Administration Charge, the DIP Lender's Charge, the Directors' Charge ~~and~~, the KERP Charge and the Bid Protections Charge (as defined in the Third Sudman Affidavit (collectively, the "**Charges**"), as among them, shall be as follows:

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

Second – DIP Lender's Charge (to the maximum amount of $2,000,000 plus accrued and unpaid interest, fees and expenses);

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

~~Third~~Fourth – KERP Charge (to the maximum amount of $66,250)~~.~~; and

Fifth – Bid Protections Charge (to the maximum amount of $264,200).

45. ~~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.

46. ~~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.

47. ~~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, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

48. ~~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**") and/or the DIP Lender thereunder 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) neither the creation of the Charges ~~shall not~~nor the execution, delivery, perfection, registration or performance of the DIP Agreement shall 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 Applicants entering into the DIP Agreement, the creation of the Charges, or the execution, delivery or performance of the DIP Agreement; and

(c) the payments made by the Applicants pursuant to this Order or the DIP Agreement 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.

49. ~~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

50. ~~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.

51. ~~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.

52. ~~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

53. ~~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

54. ~~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.

55. ~~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.

56. ~~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).

57. ~~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

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

GENERAL

59. ~~52.~~ **THIS COURT ORDERS** that each of the Applicants, the DIP Lender 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.

60. ~~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.

61. ~~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.

62. ~~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.

63. ~~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

SECOND AMENDED AND RESTATED INITIAL ORDER

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Lawyers for the Applicants

TAB 6

Court File No. CL-26-00000039-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 13TH
	)	
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. (together the "**Applicants**" and each an "**Applicant**")

SALE PROCESS APPROVAL 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**"), for an order, among other things, (i) approving the sale process in the form attached hereto as Schedule "A" (the "**Sale Process**"), (ii) approving the Stalking Horse Purchase Agreement (as defined below) to act as the "stalking horse bid" (the "**Stalking Horse Bid**") in the Sale Process, and (iii) granting the Bid Protections Charge (as defined below), and certain related relief, was heard this day by judicial videoconference via Zoom.

ON READING the affidavit of Igal Sudman sworn February 8, 2026 (the "**Sudman Affidavit**") and the Second Report of Alvarez & Marsal Canada Inc., in its capacity as the monitor of the Applicants (in such capacity, the "**Monitor**") dated February [•], 2026, and on being advised that the secured creditors who are likely to be affected by the charge created herein were given notice, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for the Stalking Horse Bidder (as defined below) and such other counsel that were present, no one else appearing although duly served as appears from the Lawyer's Certificate of Service, filed:

SERVICE AND DEFINITIONS

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 capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Amended and Restated Initial Order of this Court dated February 9, 2026 (the "**ARIO**"), the Sale Process or the Stalking Horse Purchase Agreement, as applicable.

SALE PROCESS

3. **THIS COURT ORDERS** that the Sale Process be and is hereby approved and the Applicants and the Monitor are hereby authorized and directed to implement the Sale Process in accordance with its terms and the terms of this Order. The Applicants and the Monitor are hereby authorized and directed to perform their respective obligations thereunder and to take any and all actions as they consider necessary or desirable to implement and carry out the Sale Process in accordance with its terms and this Order, subject to prior approval of this Court being obtained before completion of any transaction(s) under the Sale Process.

4. **THIS COURT ORDERS** that the Applicants, the Monitor, and their respective affiliates, partners, directors, officers, employees, legal advisors, representatives, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities of any nature or kind to any person in connection with or as a result of the Sale Process, except to the extent of losses, claims, damages or liabilities that arise or result from the gross negligence or wilful misconduct of the Applicants and/or the Monitor, as applicable, in performing their obligations under the Sale Process, as determined by this Court in a final order that is not subject to appeal or other review.

5. **THIS COURT ORDERS** that, notwithstanding anything contained in this Order or in the Sale Process, the Monitor shall not take Possession of the Business or the Property or be deemed to take Possession of the Business or the Property, including pursuant to any provision of the Cannabis Legislation or the Environmental Legislation.

6. **THIS COURT ORDERS** that in overseeing and conducting the Sale Process, the Monitor shall have all of the benefits and protections granted to it under the CCAA, the ARIO and any other Order of this Court in these CCAA proceedings.

STALKING HORSE PURCHASE AGREEMENT

7. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to enter into the Agreement of Purchase and Sale dated February 8, 2026 (the "**Stalking Horse Purchase Agreement**") between the Applicants and Auxly Cannabis Group Inc. (the "**Stalking Horse Bidder**") and attached as Exhibit "F" to the Sudman Affidavit, *nunc pro tunc*, with such minor amendments as may be acceptable to the Applicants and the Stalking Horse Bidder, with the approval of the Monitor. The bid made by the Stalking Horse Bidder pursuant to the Stalking Horse Purchase Agreement is hereby approved as the Stalking Horse Bid under the Sale Process; provided that nothing herein approves the sale to the Stalking Horse Bidder (or any of its designees) pursuant to the Stalking Horse Purchase Agreement and that the approval of any sale shall be considered by this Court on a subsequent motion if the transaction set out in the Stalking Horse Purchase Agreement is designated as the Successful Bid pursuant to the Sale Process.

8. **THIS COURT ORDERS** that if the Stalking Horse Purchase Agreement is selected as the Successful Bid in accordance with the Sale Process, the Purchaser may amend the structure of the transaction contemplated thereunder prior to seeking its approval, provided, however, that no such amendment may result in a reduction of the Purchase Price or materially adversely affect the treatment of the Applicants' creditors or other stakeholders as compared to the existing transaction structure contemplated by the Stalking Horse Purchase Agreement approved pursuant to this Order.

9. **THIS COURT ORDERS** that, as soon as reasonably practicable following the Applicants and the Stalking Horse Bidder agreeing to any amendment to the Stalking Horse Purchase Agreement permitted pursuant to the terms of this Order, the Applicants shall: (a) file a copy thereof with this Court; (b) serve a copy thereof on the Service List; and (c) upload a copy thereof to the VDR, excluding from the public record any confidential information that the Applicants and the Stalking Horse Bidder, with the consent of the Monitor, agree should be redacted.

BID PROTECTIONS

10. **THIS COURT ORDERS** that the Bid Protections are hereby approved and the Applicants are hereby authorized and directed to pay the Bid Protections to the Stalking Horse Bidder (or to such other person as it may direct), subject to and in accordance with the terms of the Stalking Horse Purchase Agreement and the Sale Process.

11. **THIS COURT ORDERS** that the Stalking Horse Bidder shall be entitled to the benefit of and is hereby granted a charge (the "**Bid Protections Charge**") on the Property, which charge shall not exceed $264,200 as security for payment of the Bid Protections in accordance with paragraph 10 of this Order.

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

13. **THIS COURT ORDERS** that the Bid Protections Charge shall constitute a charge on the Property and shall rank subordinate to the Administration Charge, the DIP Lender's Charge, the Directors' Charge and the KERP Charge (collectively, the "**Charges**"), but in priority to all other Encumbrances.

14. **THIS COURT ORDERS** that except for the Charges, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Bid Protections Charge, unless the Applicants also obtain the prior written consent of the Monitor and the Stalking Horse Bidder, or upon further Order of this Court.

15. **THIS COURT ORDERS** that the Bid Protections Charge shall not be rendered invalid or unenforceable and the rights and remedies of the Stalking Horse Bidder 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) or receivership order(s) issued pursuant to the *Bankruptcy and Insolvency Act,* R.S.C., 1985, c. B-3, as amended (the "**BIA**"), or otherwise, or any bankruptcy order(s) or receivership order(s) 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) neither the creation of the Bid Protections Charge nor the execution, delivery, perfection, registration or performance of the Stalking Horse Purchase Agreement shall create, cause or be deemed to constitute a breach by any of the Applicants of any Agreement to which they are a party;

(b) the Stalking Horse Bidder shall have no liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Bid Protections Charge or the execution, delivery or performance of the Stalking Horse Purchase Agreement; and

(c) the payments made by the Applicants pursuant to this Order, the Stalking Horse Purchase Agreement and the granting of the Bid Protections Charge, do not and shall not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

16. **THIS COURT ORDERS** that the Bid Protections Charge created by this Order over leases of real property in Canada shall only be a charge on the Applicants' interest in such real property lease.

17. **THIS COURT ORDERS AND DECLARES** that the Stalking Horse Bidder, with respect to the Bid Protections Charge only, shall be treated as unaffected in any Plan, or any proposal filed by the Applicants under the BIA.

PIPEDA

18. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 and any similar legislation in any other applicable jurisdictions, the Monitor, the Applicants and their respective advisors are hereby

authorized and permitted to disclose and transfer to prospective participants in the Sale Process that are party to a non-disclosure agreement (each a "**Potential Bidder**") and their respective advisors personal information of identifiable individuals, but only to the extent required to negotiate or attempt to complete a transaction pursuant to the Sale Process (a "**Transaction**"). Each Potential Bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation for the purpose of effecting a Transaction, and, if it does not complete a Transaction, shall return all such information to the Monitor or the Applicants, or, in the alternative, destroy all such information and provide confirmation of its destruction if requested by the Monitor or the Applicants. Any bidder with a Successful Bid shall maintain and protect the privacy of such information and, upon closing of the transaction(s) contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Business and/or the Property acquired pursuant to the Sale Process in a manner that is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Monitor or the Applicants, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Monitor or the Applicants.

GENERAL

19. **THIS COURT ORDERS** that the Applicants or the Monitor may apply to this Court to amend, vary or supplement this Order or for advice and directions with respect to the Sale Process at any time.

20. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

21. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal and regulatory or administrative bodies, having jurisdiction in Canada or in any other foreign jurisdiction, 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 and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and the Monitor, as an officer of this Court, as may be necessary or

desirable to give effect to this Order or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

SCHEDULE "A"
SALE PROCESS

[ATTACHED]

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

SALE PROCESS

1. On January 30, 2026, Ayurcann Holdings Corp. and Ayurcann Inc. (together, the "**Applicants**") obtained an Initial Order (as amended from time to time, the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985. c. C-36, as amended (the "**CCAA**") from the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed as the monitor of the Applicants (in such capacity, the "**Monitor**").

2. On February 13, 2026, the Court granted an order (the "**Sale Process Approval Order**") which, among other things: (i) authorized the Applicants and the Monitor to implement a sale process (the "**Sale Process**") in respect of the Applicants' business (the "**Business**"), including substantially all of the property, assets, and undertakings of the Applicants including the share interests of their affiliates Ayurcann Holding Corp. and Can Ayurcann Merger Sub Inc. (collectively, the "**Assets**"), in accordance with the terms hereof; (ii) authorized and empowered the Applicants to enter into the Agreement of Purchase and Sale dated February 8, 2026 (the "**Stalking Horse Purchase Agreement**" and the bid contemplated thereunder, the "**Stalking Horse Bid**") with Auxly Cannabis Group Inc. (the "**Stalking Horse Bidder**"); (iii) approved certain bid protections (the "**Bid Protections**") in favour of the Stalking Horse Bidder as set out in the Stalking Horse Purchase Agreement; and (iv) granted a related Court-ordered charge on the Assets to secure the obligation to pay the Bid Protections if applicable.

3. Set forth below are the bidding procedures (the "**Bidding Procedures**") and auction procedures (the "**Auction Procedures**") to be implemented with respect to the sale of the Business pursuant to the Court-approved Sale Process.

4. Subject to Court availability and in accordance with the terms hereof, the Applicants shall bring a motion (the "**Approval and Vesting Order Motion**"), seeking an order (the "**Approval and Vesting Order**"), among other things, authorizing the Applicants to proceed with the sale of the Applicants' Business to the Qualified Bidder with the Successful Bid (each as defined below) (the "**Successful Bidder**").

5. All dollar amounts expressed herein, unless otherwise noted, are in Canadian currency.

6. Capitalized terms that are not otherwise defined herein have the meanings ascribed to them in the Initial Order, the Sale Process Approval Order or the Affidavit of Igal Sudman sworn February 8, 2026 (the "**Sudman Affidavit**"), as applicable.

7. Copies of the Initial Order, the Sale Process Approval Order and the Sudman Affidavit can be found at www.alvarezandmarsal.com/Ayurcann (the "**Monitor's Website**").

BIDDING PROCEDURES

Opportunity

1. This Sale Process is intended to solicit interest in, and opportunities for, an "as is, where is" sale of the Applicants' Business and/or Assets on a going-concern, cash-free, debt-free basis.

2. The Applicants have entered into the Stalking Horse Purchase Agreement, which constitutes a Qualified Bid (as defined below) for all purposes and at all times under the Sale Process. The purchase price under the Stalking Horse Purchase Agreement is $4,640,000 (the "**Purchase Price**").

3. The Sale Process shall be conducted by the Monitor and the Applicants. The Applicants are offering for sale, in whole or in part, all of their right, title and interest in and to their Business, including all Assets and all of their issued and outstanding shares, whether by way of an asset or share sale to be implemented through the proposed Approval and Vesting Order.

4. The Monitor and the Applicants will consider (i) a bid for all of the Applicants' Business, or (ii) separate bids to acquire some but not all of the Applicants' Assets ("**Aggregate Bids**"), provided that the Monitor and the Applicants will only consider Aggregate Bids if a combination of one or more Aggregate Bids in the aggregate meets the requirements to be a Qualified Bid.

Timeline

Date	Milestone
February 13, 2026, or as soon as practicable following the issuance of the Sale Process Approval Order	Commencement of the Sale Process
March 31, 2026 at 5:00 p.m. (Eastern Time) on	Bid Deadline
1. If no Qualified Bids are received other than the Stalking Horse Bid	
The Bid Deadline	Selection of the Stalking Horse Bid as the Successful Bid
April 13, 2026, or the earliest date available thereafter (subject to Court availability)	Approval and Vesting Order Motion

As soon as possible following issuance of the Approval and Vesting Order but no later than May 1, 2026	Closing of the Stalking Horse Bid
2. If Qualified Bids are selected other than the Stalking Horse Bid	
April 6, 2026	Monitor to provide the Lead Bid(s) to the Stalking Horse Bidder and each Qualified Bidder
April 10, 2026	Auction, if needed
April 10, 2026, or such later date immediately thereafter if the Auction is not completed in one day	Selection of the Successful Bid and Back-Up Bid, if applicable
April 24, 2026, or the earliest date available thereafter (subject to Court availability)	Approval and Vesting Order Motion
As soon as possible but no later than May 15, 2026 (the "**Outside Date**")	Closing of the Successful Bid

5. Subject to Section 22, the dates or time limits indicated in the table may be extended or modified by the Monitor in consultation with the Applicants, as the Monitor deems necessary or appropriate, acting reasonably, or by order of the Court, provided that any such modification is in compliance with the terms of the DIP Commitment Letter between the Applicants and Auxly Cannabis Group Inc. (the "**DIP Lender**") dated February 8, 2026 or is otherwise consented to by the DIP Lender.

Solicitation of Interest: Notice of the Sale Process

6. As soon as reasonably practicable following issuance of the Sale Process Approval Order:

   (a) the Monitor and the Applicants will prepare (i) a list of potential bidders who may be interested in acquiring all or part of the Applicants' Business (each a "**Known Potential Bidder**"), and (ii) a teaser letter (the "**Teaser Letter**") describing the Business and Assets, outlining these Bidding Procedures and inviting potential participants to express their interest in accordance with the terms herein;

   (b) the Monitor will cause a notice of the Sale Process (and such other relevant information that the Monitor, in consultation with the Applicants, considers appropriate) (the "**Notice**") to be published (i) on the Monitor's Website, and (ii) in one or more trade industry and/or insolvency-related publications, as may be considered appropriate by the Monitor; and

(c) the Applicants, with the assistance of and in consultation with the Monitor, will prepare a form of non-disclosure agreement (an "**NDA**"), to be provided to Potential Bidders (as defined below).

7. The Monitor will send the Teaser Letter and an NDA to (i) each Known Potential Bidder, and (ii) any other party requesting a copy thereof or identified by the Applicants or the Monitor as a Potential Bidder (as defined below), as soon as reasonably practicable after such request or identification.

Confidential Data Room

8. A confidential virtual data room (the "**VDR**") will be made available by the Monitor and the Applicants to Potential Bidders that have executed an NDA. The VDR will be made available as soon as practicable following the commencement of the Sale Process. The Monitor, in consultation with the Applicants, may establish separate VDRs if the Applicants and the Monitor reasonably determine that doing so would further the Applicants' and any Potential Bidder's compliance with applicable antitrust and competition laws, or would prevent the distribution of commercially sensitive and/or competitive information. The Monitor may also limit the access of any Potential Bidder to any confidential information in the VDR where the Monitor, in consultation with the Applicants, reasonably determines that such access could negatively impact the Business, the Sale Process or the ability to maintain the confidentiality of the information.

9. The Stalking Horse Bidder and the Applicants must complete the schedules attached to the Stalking Horse Purchase Agreement by no later than four weeks after the Sale Process is approved by the Court. Once the schedules are completed, a revised copy of the Stalking Horse Purchase Agreement will be uploaded to the VDR.

The Bidding Process and the Auction

10. The Monitor, with the assistance of the Applicants, shall be responsible for the marketing and sale of the Business and Assets in accordance with the Sale Process Approval Order, the Sale Process and these Bidding Procedures on behalf of the Applicants (the "**Bidding Process**"). The Monitor, in consultation with the Applicants, shall have the right to adopt other rules in connection with the Bidding Process (including rules that may depart from those set forth herein) that in its reasonable business judgment will better promote the goals of the Sale Process.

11. The Monitor and its advisors, with the assistance of the Applicants and their advisors, will be responsible for conducting an auction (the "**Auction**") on behalf of the Applicants if required in accordance with the terms of these Bidding Procedures.

Participation Requirements

12. Any interested party that wishes to participate in the Bidding Process (each a "**Potential Bidder**") must provide to the Applicants:

    (a) an executed NDA, which shall enure to the benefit of any purchaser of the Business, or any portion thereof; and

    (b) a letter setting forth the identity of the Potential Bidder, including its contact information and its direct and indirect principals and equity holders.

13. To be a "**Qualified Bidder**", a Potential Bidder must satisfy the Bid Requirements (as defined below).

Insider Bids

14. In order to protect the integrity of the Sale Process, any direct or indirect shareholder, unitholder, equity holder, director, officer or senior management of the Applicants (each an "**Insider**") may, subject in all respects to such Insider's compliance with the Bidding Procedures (including being designated as a Qualified Bidder), make a bid pursuant to the Sale Process provided that the Insider provides written notice to the Monitor by no later than 5:00 p.m. (Eastern Time) on March 21, 2026, that the Insider intends to participate in the Sale Process as a Potential Bidder.

15. For the avoidance of doubt, all bids submitted by Insiders shall be submitted by the Bid Deadline (as defined below).

16. Any and all communications (including, among other things, emails, letters, meetings and conversations) between any Insider and any Qualified Bidder shall be subject to the Monitor's direct supervision.

17. Notwithstanding any term of these Bidding Procedures: (a) until such time as an Insider irrevocably confirms in writing to the Monitor that it will not submit a bid in the Sale Process, the Monitor shall not share any information with respect to the Sale Process (including, without limitation, any bids submitted therein); and (ii) if an Insider provides notice to the Monitor in accordance with Section 14 that it intends to participate in the Sale Process, neither the Applicants or the Monitor shall share any information with respect to the Sale Process (including, without limitation, any bids submitted therein) with such Insider and shall not consult with such Insider.

Bid Deadline

18. Any Potential Bidder that wishes to make a bid shall deliver a written copy of its bid to the Monitor and the Applicants via email by no later than 5:00 p.m. (Eastern Time) on March 31, 2026 (the "**Bid Deadline**") at the addresses specified in Schedule "A" attached hereto.

Bid Requirements

19. In order to constitute a Qualified Bid, a bid (other than the Stalking Horse Bid) must conform with the following requirements (collectively, the "**Bid Requirements**"):

(a) it is superior to the Stalking Horse Bid and provides for aggregate consideration, payable in cash in full on closing, equal to or greater than: (i) the Stalking Horse Bid's Purchase Price of $4,640,000; (ii) the amount of $264,200 to satisfy the Bid Protections; and (iii) a minimum overbid increment of $100,000 (the "**Consideration Value**");

(b) it provides a detailed schedule that identifies, with specificity, the composition of the Consideration Value and any assumptions that could reduce the net consideration payable, including details of any material liabilities that are being assumed or being excluded;

(c) it provides that the proposed transaction shall be closed by no later than the Outside Date;

(d) it contains the following:

(i) duly executed binding transaction document(s);

(ii) the required Deposit (as defined below) in cash;

(iii) the identity of each entity or person and representatives thereof who are authorized to appear and act on behalf of the Potential Bidder for all purposes regarding the transaction;

(iv) a redline to the Stalking Horse Purchase Agreement;[1]

(v) evidence of authorization and approval from the Potential Bidder's board of directors (or a comparable governing body) and, if necessary to complete the transaction, the Potential Bidder's equityholder(s);

(vi) disclosure of any connections or agreements with the Applicants or any of their affiliates, any other bidder participating in the Sale Process or any officer, manager, director, member or equity/security holder of the Applicants or any of their affiliates; and

(vii) such other information as may be reasonably requested by the Applicants and the Monitor in advance of the Bid Deadline;

(e) it includes a letter stating that the bid is binding and irrevocable until the closing of the Successful Bid and submitted in good faith, provided, that if such bid is not

[1] The Monitor shall make a word copy of the Stalking Horse Purchase Agreement available in the VDR.

selected as the Successful Bid or as the Back-Up Bid (as defined below) it shall only remain irrevocable until the selection of the Successful Bid;

(f) it confirms that the bid will serve as a Back-Up Bid if it is not selected as the Successful Bid and, if selected as the Back-Up Bid, it will remain irrevocable until the earlier of (i) the closing of the Successful Bid, or (ii) the implementation of the Back-Up Bid;

(g) it provides written evidence of the Potential Bidder's ability to fully fund and consummate the transaction and satisfy its obligations under the transaction documents, including binding equity/debt commitment letters and/or guarantees covering the full Consideration Value;

(h) it does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment;

(i) it is not conditional upon:

   (i) approval from the Potential Bidder's board of directors (or comparable governing body) or equityholder(s);

   (ii) the outcome of any due diligence by the Potential Bidder; or

   (iii) the Potential Bidder obtaining financing;

(j) it includes an acknowledgment and representation that the Potential Bidder (i) has had an opportunity to conduct any and all required due diligence prior to making its bid and has relied solely upon its own independent review, investigation and inspection in making its bid, (ii) is not relying upon any written or oral statements, representations, promises, warranties, conditions, or guaranties whatsoever, whether express or implied (by operation of law or otherwise), made by any person or party, including the Applicants, the Monitor and their respective employees, officers, directors, agents, advisors and other representatives, regarding the proposed transaction, the Sale Process, or any information (or the completeness of any information) provided in connection therewith, except as expressly stated in the proposed transaction documents, (iii) is making its bid on an "as is, where is" basis, and did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, including by the Applicants, the Monitor or any of their respective employees, officers, directors, agents, advisors and other representatives, except to the extent set forth in the proposed transaction documents, (iv) is bound by the Sale Process and the Sale Process Approval Order, and (v) is subject to the exclusive jurisdiction of the Court with respect to any disputes or other controversies arising under or in connection with the Sale Process or its bid;

(k) it specifies any regulatory (including Health Canada) or other third-party approvals the Potential Bidder anticipates would be required to complete the transaction (including the anticipated timing necessary to obtain such approvals);

(l) it includes full details of the Potential Bidder's intended treatment of the Applicants' employees under the proposed bid;

(m) it is accompanied by a cash deposit (the "**Deposit**") by wire transfer of immediately available funds equal to 10% of the Consideration Value, which Deposit shall be held by the Monitor in a trust account in accordance with the terms hereof;

(n) it includes an acknowledgement and representation that the Potential Bidder:

(i) is a sophisticated party that is capable of making its own assessments in respect of its proposed bid; and

(ii) has had the benefit of independent legal advice in connection with its proposed bid; and

(o) it includes a statement that the Potential Bidder will bear its own costs and expenses (including any legal and advisor fees) in connection with the proposed transaction, and by submitting its bid, it is agreeing to refrain from and waive any assertion or request for reimbursement on any basis.

20. A bid from a Potential Bidder that includes all of the Bid Requirements and is received by the Bid Deadline is a "**Qualified Bid**", and such Potential Bidder is a Qualified Bidder. The Monitor shall notify each Potential Bidder as to whether it has submitted a Qualified Bid as soon as practicable after the Bid Deadline.

21. In consultation with the Applicants, the Monitor may waive compliance with any one or more of the Bid Requirements and deem any such non-compliant bid to be a Qualified Bid.

22. The Bid Deadline may be extended by: (a) the Monitor, in consultation with the Applicants, for a period of up to two weeks if, in the Monitor's sole discretion, it believes that such extension would be beneficial to the Sale Process; (b) the Monitor, in consultation with the Applicants, for an extension greater than two weeks; or (c) further order of the Court.

23. The Monitor and the Applicants shall be entitled to discuss, negotiate and request additional information with respect to any bid from a Potential Bidder prior to, or after, the Bid Deadline for purposes of amending or clarifying the terms thereof.

24. If after reviewing a Qualified Bid submitted by a Qualified Bidder, the Monitor, in consultation with the Applicants, determines that such Qualified Bidder is unlikely to be able to complete a transaction (e.g., due to not having a bona fide interest or the financial or business wherewithal to complete the proposed transaction based on its availability of financing, experience or other considerations), the Monitor shall advise the Qualified Bidder of that determination and may terminate such Qualified Bidder's access to the VDR and involvement in the Sale Process.

25. Notwithstanding the Bid Requirements detailed above, the Stalking Horse Bid shall be deemed to be a Qualified Bid, and the Stalking Horse Bidder shall be deemed to be a Qualified Bidder. For the avoidance of doubt, the implementation of the transaction contemplated by the Stalking Horse Purchase Agreement is conditional upon the Stalking Horse Bid being selected as a Successful Bid in accordance with the Bidding Procedures and Court approval of the Stalking Horse Purchase Agreement and the transaction contemplated therein.

26. If no Qualified Bids are submitted by the Bid Deadline other than the Stalking Horse Bid, the Monitor shall:

    (a) notify the Stalking Horse Bidder that it is the Successful Bidder;

    (b) forthwith irrevocably terminate the Sale Process; and

    (c) as soon as reasonably practicable after such termination, assist the Applicants with scheduling the Approval and Vesting Order Motion with the Court seeking, among other things, approval to implement the Stalking Horse Bid pursuant to the Approval and Vesting Order.

<u>The Sale and Auction Process</u>

27. If one or more Qualified Bids (other than the Stalking Horse Bid) have been received by the Monitor on or before the Bid Deadline, the Monitor shall invite all Qualified Bidders (including the Stalking Horse Bidder) to participate in the Auction in accordance with the Auction Procedures attached hereto as Schedule "B". The Auction will be conducted by video conference and/or in person at the sole discretion of the Monitor.

28. The Applicants and the Monitor shall review the Qualified Bids to determine which Qualified Bid is the best offer. The Applicants and the Monitor reserve the right to determine (a) the value of any Qualified Bid, and (b) which Qualified Bid (or combination of non-overlapping Qualified Bids) constitutes the best offer (the "**Lead Bid**"). A copy of the Lead Bid(s) will be provided by the Monitor to all Qualified Bidders after the Bid Deadline by no later than April 6, 2026.

29. The Applicants and the Monitor shall determine after each round of offers in the Auction, in their reasonable business judgments, the best bid to be designated as the highest and/or best offer (i.e., the "**Opening Bid**") for the following round in the Auction. In making such determination, the Applicants and the Monitor, may consider, without limitation: (i) the amount and nature of the consideration; (ii) the proposed assumption of liabilities, if any, and the related implied impact on recoveries for creditors; (iii) the ability of the applicable Qualified Bidder to close the proposed transaction; (iv) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (v) any purchase price adjustments; (vi) the net economic effect of any changes made to the Stalking Horse Bid; and (vii) such other considerations as the Applicants and the Monitor deem relevant in their reasonable business judgments. At the end of each round of offers, the Monitor shall advise the Qualified Bidders of the material terms of the then highest and/or best offer, and the basis for calculating the total consideration offered in such bid. If at the end of any round

of bidding a Qualified Bidder has elected not to submit a further bid meeting the criteria set out herein (including the Minimum Overbid Increment (as defined in the Auction Procedures)), then such Qualified Bidder shall not be entitled to continue to participate in the next round of offers or in any subsequent round.

30. If only one Qualified Bid is submitted in a round of offers, then that Qualified Bid shall be the Successful Bid. The next highest offer, as determined by the Applicants and the Monitor (the "**Back-Up Bid**"), is required to keep its offer open and available for acceptance until the closing of the Court-approved transaction with the Successful Bidder.

<u>Highest Versus Best Offer</u>

31. In determining the Lead Bid(s), the Opening Bid for each round of offers and the Successful Bid, the Applicants and the Monitor are not required to select the offer with the highest purchase price and may, exercising their reasonable business judgments, select another offer on the basis that it is the best offer (even though not the highest purchase price). Without limiting the foregoing, the Applicants and the Monitor, may give such weight to any non-monetary considerations as they determine, exercising their reasonable business judgments, to be appropriate and reasonable, including those described in Section 29.

<u>Acceptance of Qualified Bids and Deposits</u>

32. The highest Qualified Bid may not necessarily be accepted by the Applicants. The Applicants, with the consent of the Monitor, reserve the right not to accept any Qualified Bid or to otherwise terminate the Sale Process, in which case the Stalking Horse Bid will be the Successful Bid, and the Applicants will proceed to seek its approval at the Approval and Vesting Order Motion. The Applicants, with the consent of the Monitor, reserve the right to deal with one or more Qualified Bidders to the exclusion of others, to accept a Qualified Bid for different parts of the business and assets of the Applicants, or to accept multiple Qualified Bids and enter into definitive agreements in respect of all such bids, provided that the aggregate of such Qualified Bids satisfies the requirements of Section 19.

33. The consummation of any transaction between a Successful Bidder and the Applicants is expressly conditional upon the approval of such bid (the "**Successful Bid**") by the Court at the Approval and Vesting Order Motion. The presentation of the Successful Bid to the Court for approval does not obligate the Applicants to close the transaction contemplated by such Successful Bid unless and until the Court approves the Successful Bid. The Applicants will be deemed to have accepted a bid only when the bid has been approved by the Court.

34. If a Successful Bid is selected and the Approval and Vesting Order authorizing the consummation of the transaction contemplated thereunder is granted by the Court, any Deposit paid in connection with such Successful Bid will become non-refundable and shall, upon closing of such transaction, be applied to the cash consideration to be paid in connection with such Successful Bid or dealt with in accordance with the definitive agreement(s) entered into in connection with such Successful Bid.

"As is, Where is"

35. Any sale (or sales) of the Business or portions thereof will be on an "as is, where is" basis and without representations, warranties, or guarantees, express, implied or statutory, written or oral, of any kind, nature, or description by the Applicants or the Monitor, or their respective agents, representatives, partners or employees, or any of the other parties participating in the Sale Process (including as to any information contained in the Teaser Letter, the VDR or otherwise made available pursuant to the Sale Process), except for any representations and warranties that are customarily provided in purchase agreements for a debtor company subject to CCAA proceedings. Any such representations and warranties provided for in the definitive documents will not survive closing.

Free of Any and All Claims and Interests

36. Except as otherwise provided for in the Stalking Horse Purchase Agreement or another Successful Bidder's definitive agreement(s), and subject to any permitted encumbrances therein (in each case, the "**Permitted Encumbrances**"), all of the Applicants' right, title and interest in and to the Business shall be sold free and clear of all liens, pledges, security interests, encumbrances, claims, charges, options, and interests thereon and there against, except for the Permitted Encumbrances, if any (collectively, the "**Claims and Interests**"), pursuant to section 36(6) of the CCAA and the Approval and Vesting Order. Upon the closing of any transaction, such Claims and Interests will attach to the net proceeds of the sale of such Business and/or excluded assets, as applicable (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof).

Approval and Vesting Order Motion Hearing

37. The Approval and Vesting Order Motion shall take place as soon as practicable after: (i) the Auction, if one or more Qualified Bids (other than the Stalking Horse Bid) have been received by the Monitor on or prior to the Bid Deadline; or (ii) the Bid Deadline, if the Stalking Horse Bid is deemed the Successful Bid in accordance with Section 26. The Applicants, with the consent of the Monitor, reserve the right to change the date of the hearing of the Approval and Vesting Order Motion in order to achieve the maximum value for the Business, provided that such extension is consistent with the terms of the Stalking Horse Bid.

Further Orders

38. At any time during the Sale Process, the Applicants or the Monitor may apply to the Court for advice and directions regarding any aspect of the Sale Process including, but not limited to, the continuation of the Sale Process or with respect to the discharge of their powers and duties hereunder.

Miscellaneous

39. The Sale Process, the Bidding Process and these Bidding Procedures are solely for the benefit of the Applicants and nothing contained in the Sale Process Approval Order or these Bidding Procedures shall create any rights in any other person (including, without

limitation, any bidder or Qualified Bidder, and any rights as third party beneficiaries or otherwise), other than the rights expressly granted to a Successful Bidder under the Sale Process Approval Order.

40. The Sale Process, the Bidding Process and these Bidding Procedures do not, and will not be interpreted to create any contractual or legal relationship between the Applicants and any other party, other than as specifically set forth in any executed NDA or other definitive agreements.

41. Participants in the Sale Process and the Bidding Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Qualified Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction, including, without limitation, any actions pursuant to these Bidding Procedures or within the Auction.

42. Except as provided for in the Sale Process Approval Order and these Bidding Procedures, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Sale Process Approval Order, the Sale Process, the Bidding Process and these Bidding Procedures. Notwithstanding anything to the contrary herein, the Monitor shall have no liability whatsoever to any person or entity, including without limitation any Potential Bidder, Qualified Bidder, Successful Bidder or any other creditor or stakeholder, or any of the Applicants, in connection with the Sale Process, and all such persons or entities shall have no claim against the Monitor in respect of the Sale Process for any reason whatsoever.

43. All Deposits shall be retained by the Monitor in a non-interest bearing trust account. In the event that the Successful Bid is not completed due to a breach or default of the Successful Bidder's obligations thereunder, the Deposit shall be forfeited to the Applicants as damages and such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Applicants have in respect of such breach or default. Any Deposit delivered with a Qualified Bid that is not selected as the Successful Bid will be returned to the applicable bidder as soon as reasonably practicable after the earliest of (i) completion of a Successful Bid, or (ii) the date of the Monitor's determination that such bid will not be pursued further, at the discretion of the Monitor.

44. The Monitor will oversee the conduct of the Sale Process and, without limitation to that supervisory role, the Monitor will administer the Sale Process in the manner set out herein and in the Sale Process Approval Order. The Monitor is entitled to receive all information in relation to the Sale Process.

45. Subject to Section 10 and the terms herein, any amendments to the Sale Process, the Bidding Process and these Bidding Procedures may only be made by the Applicants with the written consent of the Monitor, or by further order of the Court.

SCHEDULE "A"
ADDRESSES FOR DELIVERY OF BIDS

<u>The Monitor:</u>

Alvarez & Marsal Canada Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900
Toronto, ON M5J 2J1

Attention: Josh Nevsky & Steven Glustein
Email: jnevsky@alvarezandmarsal.com & sglustein@alvarezandmarsal.com

with copies to:

Reconstruct LLP
80 Richmond St W, Suite 1700
Toronto, ON M5H 2A4

Attention: Caitlin Fell & Natasha Rambaran
Email: cfell@reconllp.com & nrambaran@reconllp.com

<u>The Applicants:</u>

Ayurcann Holdings Inc. & Ayurcann Inc.
1080 Brock Road, Unit 6
Pickering, Ontario L1W 3H3

Attention: Igal Sudman & Roman Buzaker
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SCHEDULE "B"
AUCTION PROCEDURES

1. <u>Auction</u>. If an Auction is to be conducted pursuant to the Bidding Procedures to which these Auction Procedures are appended, the Monitor will notify each Qualified Bidder. The Auction will be conducted by the Monitor and conducted by video conference and/or in person (at the discretion of the Monitor) at 10:00 a.m. (Eastern Time) on April 10, 2026, or at such other time as the Monitor may advise. Capitalized terms used but not defined herein have the meaning ascribed to them in the Bidding Procedures. The Auction shall be conducted in accordance with the procedures below.

2. <u>Participation at the Auction</u>. Only a Qualified Bidder is eligible to participate in the Auction. The Monitor shall provide all Qualified Bidders with a copy of the Lead Bid(s) after the Bid Deadline by no later than April 6, 2026. Each Qualified Bidder must inform the Monitor whether it intends to participate in the Auction by no later than 12:00 p.m. (Eastern Time) at on April 9, 2026. Only the authorized representatives of each of the Qualified Bidders, the Monitor, the Applicants, and their respective counsel and other advisors shall be permitted to attend the Auction.

3. <u>No Collusion</u>. Each Qualified Bidder participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the Bidding Process; and (ii) its bid is a good-faith bona fide offer and it intends to consummate the proposed transaction if selected as the Successful Bid or the Back-Up Bid.

4. <u>Bidding at the Auction</u>. Bidding at the Auction shall be conducted in rounds. The Lead Bid(s) shall constitute the "**Opening Bid**" for the first round and the highest Overbid (as defined below) at the end of each round shall constitute the "Opening Bid" for the subsequent round. In each round, a Qualified Bidder may submit no more than one Overbid. Any Qualified Bidder who bids in a round (including the Qualified Bidder that submitted the Opening Bid for such round) shall be entitled to participate in the next round of bidding at the Auction.

5. <u>Monitor Shall Conduct the Auction</u>. The Monitor and its advisors, with the support of the Applicants and their advisors, shall direct and preside over the Auction. At the start of each round of the Auction, the Monitor shall provide a copy of the Opening Bid to all participating Qualified Bidders at the Auction. To determine which Qualified Bid constitutes the Opening Bid for each round, the Applicants and the Monitor shall take into account any factors that the Applicants and the Monitor reasonably deem relevant to the value of the Qualified Bid, including, among other things, the following: (i) the amount and nature of the consideration; (ii) the proposed assumption of any liabilities and the related implied impact on recoveries for creditors; (iii) the Applicants' and the Monitor's assessment of the certainty of the Qualified Bidder to close the proposed transaction on or before the Outside Date; (iv) the likelihood, extent and impact of any potential delays in closing; (v) any purchase price adjustment; (vi) the net economic effect of any changes from the Opening Bid of the previous round; and (vii) such other considerations as the Applicants and the Monitor deem relevant in their reasonable business judgments

(collectively, the "**Bid Assessment Criteria**"). All bids made after the Opening Bid must be Overbids and made and received on an open basis. All material terms of the highest and best Overbid shall be fully disclosed to all other Qualified Bidders that are participating in the Auction. The Monitor shall maintain a record of the Opening Bid and all Overbids made and announced at the Auction.

6. Terms of Overbids. An "**Overbid**" is any bid made at the Auction subsequent to the Monitor's announcement of the Opening Bid. To submit an Overbid, in any round of the Auction, a Qualified Bidder must comply with the following conditions:

(a) *Minimum Overbid Increment*: Any Overbid shall be made in minimum purchase price increments of $100,000, in cash, above the Opening Bid, or such increments as the Monitor, in consultation with the Applicants, may determine in order to facilitate the Auction (the "**Minimum Overbid Increment**"). For greater certainty, no Overbid may be less than the purchase price or consideration offered under the applicable Opening Bid, plus the Minimum Overbid Increment(s).

(b) *Bid Requirements Same as for Qualified Bids*: An Overbid must comply with the Bid Requirements (except as modified in accordance with the terms of these Auction Procedures), provided, however, that the Bid Deadline shall not apply. Any Overbid made by a Qualified Bidder must provide that it remains irrevocable and binding on the Qualified Bidder and open for acceptance as a Back-Up Bid until the closing of the Successful Bid.

(c) *Announcing Overbids*: At the end of each round of bidding, the Monitor shall announce the identity of the Qualified Bidder with the highest and/or best Overbid, together with the material terms thereof, including the nature of the transaction, the assets proposed to be acquired, the liabilities proposed to be assumed, if any, and the basis for calculating the total consideration offered in such Overbid based on, among other things, the Bid Assessment Criteria.

(d) *Consideration of Overbids*: The Monitor, in consultation with the Applicants, reserves the right to make one or more adjournments in the Auction to, among other things: (A) allow individual Qualified Bidders to consider how they wish to proceed; (B) consider and determine the current highest and/or best Overbid at any given time during the Auction; and (C) give Qualified Bidders the opportunity to provide the Applicants and the Monitor with such additional evidence as the Applicants and the Monitor may require to satisfy themselves that the Qualified Bidder has obtained all necessary internal approvals, has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount. The Monitor and the Applicants may have clarifying discussions with Qualified Bidders, and the Applicants and the Monitor may allow a Qualified Bidder to make technical clarifying changes to its Overbid following such discussions. Bidders must obtain all necessary approvals and funding commitments in advance of the Auction.

(e) *Failure to Bid*: If at the end of any round of bidding a Qualified Bidder (other than the Qualified Bidder that submitted the highest and/or best Overbid or Opening Bid for the applicable round) fails to submit an Overbid, then such Qualified Bidder shall not be entitled to continue to participate in the next round of the Auction.

7. Additional Procedures. The Monitor, in consultation with the Applicants, may adopt additional or alternative rules for the Auction at or prior to the Auction that will better promote the goals of the Auction, including rules pertaining to the structure of the Auction and the order of bidding, provided that they are not inconsistent with any of the provisions of the Bidding Procedures. No such rule adoptions may change the requirement that all material terms of the then highest and/or best Overbid at the end of each round of bidding will be fully disclosed to all other Qualified Bidders.

8. Closing the Auction. The Auction shall be closed once the Applicants and the Monitor have: (i) reviewed the final Overbid of each Qualified Bidder on the basis of financial and contractual terms and the Bid Assessment Criteria; and (ii) identified the Successful Bid and the Back-Up Bid and the Monitor has advised the Qualified Bidders participating in the Auction of such determination.

9. Finalizing Documentation. Promptly following a Qualified Bid being declared the Successful Bid or the Back-Up Bid, the Successful Bidder shall complete, execute and deliver such revised and updated definitive transaction agreement(s) as may be required to reflect and evidence the Successful Bid or Back-Up Bid, as applicable. For greater certainty, every bid made at the Auction is deemed to be a signed and binding bid based on the Qualified Bidder's original Qualified Bid.

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

SALE PROCESS APPROVAL ORDER

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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.

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MOTION RECORD
(Returnable February 13, 2026)

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